

## Access NQM & Edge NQM – LLC and Corporation Checklist

Access & Edge – Vesting in the Name of an Entity		
<p><b>This checklist provides an overview of Entity (LLC or Corporation) title vesting eligibility and documentation requirements.</b> Additional information and/or documentation may be required as a result of the legal review. This checklist is not meant to include all guideline requirements; satisfying the requirements of this checklist does not guarantee loan or Entity vesting approval.</p>		
<b>Borrower Name:</b>	<b>SPARC Loan Number:</b>	<b>Subject Property Address:</b>
<b>Entity Name:</b>		<b>Entity Tax Identification Number (EIN):</b>
Entity Eligibility Requirements		
Entity is LLC or Corporation (partnership not permitted)		
Transaction is Access Non-QM or Edge Non-QM loan program		
Occupancy is "Investment Property"		
Entity business purpose and activities are limited exclusively to ownership and management of real estate		
Entity ownership does not exceed four (4) individual owners/members/shareholders		
All Entity owners are natural persons (layered entities not permitted)		
Title vesting for the transaction is limited to a single Entity		
Use of a Power of Attorney is not permitted		
The Entity is domiciled in a U.S. state (entities domiciled in a U.S. territory or U.S. possession not permitted)		
The Entity percentage of ownership must not have changed within 90 days prior to loan application date		
For Refinance transactions, Entity must be established at least 90 days prior to loan application date		
All owners provided unanimous consent/shareholder approval (separate agreement/personal guarantee not required)		
When the co-mortgagors are both the Entity and a natural person(s): <ul style="list-style-type: none"> <li>• At least one owner must complete the application (URLA) and, as applicable, may be subject to a full underwrite for credit, income, assets.</li> <li>• The owner(s) completing the application must, in aggregate, directly and personally own at least 25% of the Entity.</li> <li>• "Title will be held in what Name(s)" section of URLA must be completed with only the Entity name.</li> <li>• The Note must be executed by borrowers and the Entity (borrower will sign on behalf of Entity)</li> <li>• The Deed and Security Instrument <b>MUST</b> be signed/executed by the Entity (Borrower will sign on behalf of Entity)</li> </ul>		
In <b>Delegated Correspondent</b> , if the Entity is the sole mortgagor, the following is required: <ul style="list-style-type: none"> <li>• A personal guarantee must be provided by each member of the Entity</li> <li>• Each Entity member providing a personal guarantee must:               <ul style="list-style-type: none"> <li>○ Complete the application (URLA) or similar credit application indicating clearly that such document is being provided in the capacity of guarantor. Only debt appearing on personal credit report of individual(s) providing the personal guarantee needs to be reflected on the loan application (URLA). The application of each member providing a personal guarantee and their credit score/creditworthiness will be used to determine qualification and pricing.                   <ul style="list-style-type: none"> <li>▪ "Title will be held in what Name(s)" section of URLA must be completed with only the Entity name.</li> </ul> </li> <li>○ Sign the following documents as an authorized signatory of the Entity:                   <ul style="list-style-type: none"> <li>▪ Application (URLA)</li> <li>▪ All disclosures (e.g., GFE, TIL, ECOA, etc.)</li> <li>▪ Any state or federally required settlement statements</li> <li>▪ Note, Deed of Trust/Mortgage, and all Riders</li> </ul> </li> <li>○ Guarantee must be executed at loan closing and be dated the same date as the Note</li> </ul> </li> </ul>		

	<ul style="list-style-type: none"> <li>○ A Spousal Consent to Pledge is required for all loan amounts of \$1,000,000 or more</li> <li>○ A personal guarantee from community property state (AK, AZ, ID, LA, NM, TX, WA, WI) must be accompanied with Spousal Consent to Pledge</li> <li>○ A Business Loan Rider must be executed. Correspondent may not suggest or encourage formation of an Entity for purpose of obtaining a mortgage loan; such structures shall be initiated/arranged by members of the Entity.</li> </ul>
<b>Entity Documentation – Limited Liability Company</b>	
	Certified copy of LLC Formation Documents and all amendments
	<p>Complete copy of LLC Operating Agreement, if any, and all amendments (including provisions that permit the acquisition, improvement and/or maintenance of the property, and ability to mortgage the property)</p> <ul style="list-style-type: none"> <li>• If Secretary of State from LLC’s home state does not require an Operating Agreement, an Officer’s Certificate is required</li> <li>• The mortgage transaction may only be executed by those individuals who are designated as an authorized signatory for the LLC (as indicated within the LLC Operating Agreement, Corporate Resolution, or Officer’s Certificate)</li> </ul>
	Corporate documents that contain a list of owners and their respective titles
	<p>Certificate of Good Standing (or the equivalent thereof) issued by the Secretary of State from the LLC’s home state issued not less than 45 days prior to date of closing</p> <ul style="list-style-type: none"> <li>• If a Certificate of Good Standing is not available, evidence from the applicable Secretary of State website confirming the LLC is still Active AND an Officer’s Certification (prepared/signed by an officer of the LLC) indicating the LLC is in good standing may be used</li> </ul>
	Federally issued ID number such as, but not limited to, EIN or Federal Tax ID number
	<p>Copy of Borrowing Resolution and Incumbency Certificate to evidence LLC’s approval and authorization of the underlying mortgage transaction</p> <ul style="list-style-type: none"> <li>• All operating members must re-sign if the loan amount exceeds the approved loan amount noted in the Borrowing Resolution and Incumbency Certificate</li> </ul>
	At Arc Home’s discretion, an Attorney Opinion Letter (addressed to Arc Home LLC, and its successors and assigns, in satisfactory form and substance to Arc Home LLC and its counsel) and/or additional information and documentation may be required if the documentation provided does not satisfy all applicable requirements.
<b>Entity Documentation – Corporation</b>	
	Certified copy of filed Certificate/Articles of Incorporation and all amendments
	Corporate By-Laws and all amendments (including provisions that permit the acquisition, improvement and/or maintenance of the property, and ability to mortgage the property)
	Certificate of Good Standing (or the equivalent thereof) issued by the Secretary of State from the Corporation’s home state issued not less than 45 days prior to date of closing
	Federally issued ID number such as, but not limited to, EIN or Federal Tax ID number
	<p>Copy of Borrowing Resolution and Incumbency Certificate to evidence Corporation’s approval and authorization of the underlying mortgage transaction</p> <ul style="list-style-type: none"> <li>• All directors must re-sign if the loan amount exceeds the approved loan amount noted in the Borrowing Resolution and Incumbency Certificate</li> </ul>
	Evidence of current year franchise tax payment (or clear search)
	Business entity must be registered to conduct business in the state where the property is located.
	At Arc Home’s discretion, an Attorney Opinion Letter (addressed to Arc Home LLC, and its successors and assigns, in satisfactory form and substance to Arc Home LLC and its counsel) and/or additional information and documentation may be required if the documentation provided does not satisfy all applicable requirements.