

ENTITY VESTING QUESTIONNAIRE CHECKLIST

Initial questions to ask broker and / or borrower regarding entity vesting:

1. Is the Borrower vesting in an entity? If yes, go to next question; otherwise confirm vesting is in an individual and STOP
2. What type of entity (**Borrowing** entity)? **Select only one**:

<input type="checkbox"/> Trust	<input type="checkbox"/> Corporation (Inc.) S or C Corp.
<input type="checkbox"/> Limited Liability Company (LLC)	<input type="checkbox"/> Partnership (LP or LLP)

If **Borrowing** entity is a Trust

3. If it is a Trust, confirm they will be able to provide both of the following documents if necessary and submit at least the signed and notarized Certificate of Trust to Legal along with the loan documents (**check one**):

<input type="checkbox"/> Entire Trust Agreement; or
<input type="checkbox"/> Signed & notarized Certificate of Trust

If **Borrowing** entity is a company (e.g., LLC, Inc./Corp., or Partnership), **continue to the following questions**:

❖ Domestic Entity

4. ☐ Please confirm that the **Borrowing** entity is a domestic entity formed in the US; if the answer is no, STOP as Acra Lending does **not** accept non-US entities.
5. If the **Borrowing** entity is not yet formed, do not submit until a stamped Articles of Formation is available.
 - a. Also, Acra Lending cannot continue without an IRS issued Letter containing either an Employer Identification Number (EIN) or a Tax Identification Number (TIN); please only submit entity vesting review after both the Articles of Formation & an IRS EIN or TIN are provided.

❖ Entity State of Registration

6. Please confirm whether the **Borrowing** entity is in the same state as the subject property.
7. ☐ If the **Borrowing** entity is formed in the same state as the subject property, continue to the next section.
8. ☐ If the **Borrowing** entity is NOT formed the same state as the subject property, please confirm that the **Borrowing** entity is registered to do business in the state where the subject property is located (*i.e.*, foreign registration via the Secretary of State's website by requesting a foreign registration from the **Borrowing** entity); please only submit entity vesting review once the foreign registration has been provided.

❖ Single Purpose Entity

9. ☐ Please confirm that the **Borrowing** entity is single purpose entity (as defined by our Seller Guide); otherwise STOP as Acra Lending does **not** accept Series LLCs, restricted entities, or non-profit companies.

❖ Nested Entity

10. ☐ Are the members / shareholders / partners with 20% or more interest in the **Borrowing** entity individuals?
 - a. If yes, STOP and proceed to next section; ok to submit for review.
 - b. If no, and the borrowing entity's members / shareholders / partners are another entity or a trust, then you must request the formation documentation for such entity so we may determine if such entity is then owned by an individual to determine if we may accept this **Nested** entity.
11. If the Borrowing entity is not owned by an individual, we **cannot** proceed with vesting in an entity because per our guidelines, Acra Lending only permits one **Nested** entity and multiple **Nested** entities are not permitted (e.g., one LLC owned by another LLC is permitted provided that the owning LLC is then owned by an individual).

❖ **General Reminders: ALL documents are required for Borrowing AND Nested entities.** (*failure to provide all documents will result in delays)

1. Any person with 20% or more interest in the company must
 - ☐ Complete a loan application; and
 - ☐ Be a personal guarantor
2. ☐ IRS Tax registration EIN / TIN for each entity
3. ☐ Stamped Articles or Certificate of Formation / Organization with all amendments, as applicable
4. ☐ *Signed and dated Operating Agreement for limited liability companies (LLC) and partnerships; or Bylaws for corporation (Inc.), with all exhibits and amendments as applicable, which clearly provides:
 - ☐ Authorization to borrower, mortgage, and pledge security; and
 - ☐ Designates signer on behalf of and to bind the company

Note, there are **NO EXCEPTIONS to this requirement, even if the state does not require one or the borrower does not currently have an Operating Agreement.*
5. ☐ Certificate of Good Standing or Entity Status Report by the Secretary of State from the state in which the entity was formed within the **last 90 days** confirming entity is authorized to do business, and is not dissolved, revoked, suspended, terminated, etcetera
 - a. Certificate of Foreign Qualification / Entity Registration within the last 90 days if entity is formed in a state other than where the mortgaged property is located
 - i. If registration is not available, then copy of complete signed application with proof of payment
6. ☐ If required by the Operating Agreement or Bylaws, Unanimous Member Consent or Board Resolution, signed by all members/shareholders/partners with their name & titles, authorizing the mortgage loan transaction and identifying authorized signer(s) on behalf of the company or Entity Consent.

If Borrowing entity is an LLC (check all):

- ☐ For multi-member LLC, Operating Agreement or exhibit specifies name and ownership interest of each member
- ☐ For manager-managed LLC, Operating Agreement specifies names of authorized manager(s) and their authority
- ☐ Provide all Membership Certificates, if issued by LLC.
- ☐ Certificate of Formation

Additional requirements for Inc. / Corp:

- ☐ **Bylaws do not need to be signed but must be adopted by the corporation
- ☐ Stock Certificate(s) for **ALL** outstanding shares (listed on the Art. of Formation) issued by the corp. to every shareholder
- ☐ If Stock Certificates are lost or unavailable, a notarized Affidavit of Lost Stock Certificate **and** Stock Ledger accounting for all outstanding shares issued by the corporation.

****Reminder: A separate power of attorney is required if a guarantor wants a third party to sign a personal guarantee on his/her/their behalf; a unanimous consent only grants another a right to sign on behalf the entity and not a personal guarantor.*