



CHICAGO TITLE

LIMITED LIABILITY COMPANY

Requirements Needed for a Successful
Title Transaction



GENERAL LLC INFORMATION

A limited liability company (LLC) may be best thought of as a hybrid of a partnership and a corporation. The owners of a corporation own shares of stock and are referred to as shareholders, whereas the owners of the interests in an LLC are generally referred to as members. Similar to shareholders of a corporation, members of an LLC have reduced personal liability for the debts incurred by that LLC but, like partners of a partnership, can actively manage its affairs.

As with corporations, an LLC must also file with the state authority and be in good standing. The operating agreement, the document on which the entity is based, provides the names of all member and managers and the authority of any manager to act on the behalf of the LLC. However, an LLC is not required to have an operating agreement. If that is the case, then there is an additional required document in lieu of the operating agreement.

LLC TITLE REQUIREMENT CHECKLIST

1. A copy of the operating agreement.
2. A copy of the Articles of Organization and all amendments, if any.
3. Verification of LLC status.
4. Verification of authority
5. If there is no operating agreement, each member and manager of the LLC without an operating agreement must execute in the presence of a notary public the Certificate of California LLC (Without an Operating Agreement) Status and Authority form.

TITLE PROCESSES

The title company may research, verify and act on the following items. Each transaction is unique and may require additional verifications and documentation.

1. Verify that an LLC is in "Good Standing" in the State of California from evidence provided and also through the Secretary of State website. Including out of state created LLC's.
2. Verification of Authority, a review of the operating agreement is necessary to verify the names of each member or manager authorized to act on the behalf of the LLC. The operating agreement will specifically describe any limitations to the Manager's authority regarding real estate transactions.
3. Review and address any recent changes in the state filings of the entity that adds or deletes parties with authority or a change in the operating agreement that attempts to do the same.
4. Review and address "Self-Dealing" - Any transaction that involves a conveyance or financing of land by or to a member or affiliate of the entity.
5. Review and address any recent amendment to the operating agreement adding or deleting parties to the partnership.
6. Review and address any recent conveyance without corresponding financing.
7. Review and address any variation in name, no matter how minor, in the chain of title or the documents submitted to support our documentation requirements.

NOTE: This document provides a basic overview of an LLC transaction. Additional documentation and verifications may be necessary. Underwriting approvals might be required. Maintaining open communication with the Title Unit during these transactions is essential for a seamless process.