

SELLING & BUYING OUT OF A CORPORATION

CORPORATIONS ARE SOMETIMES USED TO BUY OR SELL INVESTMENT PROPERTIES. IF YOUR CLIENT IS COMPLETING A TRANSACTION THROUGH A CORPORATION, FOLLOW THESE GUIDELINES TO HELP ENSURE A SMOOTH AND EFFICIENT PROCESS:

1 The corporation must be legally organized in the state where it was formed.

The State of formation for a corporation carries significant implications, not only from a legal standpoint but also in terms of regulatory compliance and strategic considerations.

2 The Corporation must be in good standing. The title company will obtain this information from the State.

By liaising with the State to verify the corporation's good standing, the title company acts as the vigilant custodian, ensuring that the transactional landscape remains fertile – and free from legal encumbrances.

3 The Corporation must have a set of Bylaws.

Bylaws outline the business structure and governs how the LLC operates. They delineate the roles and responsibilities of key stakeholders, establish decision-making protocols, and provide a framework for conflict resolution.

4 The Bylaws must state who has the authority to sign.



HELPFUL HINTS

- If the corporation doesn't have bylaws, we can assist in creating what's needed for the transaction.
- Bylaws can be complex - we'll work directly with your client to ensure we get the specific provisions required.
- If signing authority is unclear or if any listed directors are no longer active, the title company may need to prepare a corporate resolution.
- Purchasing property through a corporation with a traditional loan can be challenging. Cash transactions are more common in these scenarios.