

# TITLE REQUIREMENTS FOR ENTITIES

## Who buy or sell real property

The legal capacity of the seller and buyer to execute closing documents is a common issue that arises in real estate closings when entities are involved. Knowing what title requirements will be for different entities allows you to prepare your clients for those requested items and prevent any delays, confusion, or “fire-drills” that can be very stressful as the property heads to closing.

Many types of entities may acquire and convey real property. The list below shows examples of common entities:

- Corporations
- Limited Liability Companies
- Partnerships
- Limited Partnerships
- Foreign Entities
- Trusts
- Joint Ventures
- Trade Names



### Examples of entities that may buy or sell real property!

A title insurance company may require documentation of the existence of the entity in good standing (if applicable) from the state of formation. For the most common forms of entities shown below, a title insurance company may make the following requirements:

#### CORPORATION

- A. bylaws of the corporation, and
- B. a corporate resolution identifying the person who may sign on behalf of the corporation

#### LIMITED LIABILITY COMPANY

- A. the operating agreement, and
- B. a statement of authority<sup>i</sup> executed by a person with authority to bind the company designating the name and position of the person authorized to execute instruments affecting title to real property on behalf of the company

#### TRUST

- A. the trust agreement, and
- B. a statement of authority<sup>ii</sup> executed by a trustee of the trust designating the authority of one or more trustees to act on behalf of the trust

<sup>i</sup> C.R.S. 38-30-172(2)

<sup>ii</sup> C.R.S. 38-30-108.5(2) (“In order to evidence the existence of a trust and the authority of one or more trustees to act on behalf of the trust with respect to an interest in real property held in the name of the trust, any trustee of the trust may execute and record with the county clerk and recorder of the county in which the real property is located, a statement of authority pursuant to 38-30-172(2)”)