



## Entities & Authority



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# Why is signing authority important?


A failure of authority or capacity to sign can result in a complete failure of title.

- Signatory never had authority, but is affiliated with the entity
- Authority was revoked – fraud
- Signatory had no relationship to the entity whatsoever – forgery

# Good Standing

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 Corporations and Charities Filing System

## Advanced Business Search

ADVANCED BUSINESS SEARCH

Search Type:

Business Name:

Business Type:

Business Status:

Expiration Date:

Date of Incorporation/Formation/Registration

Start Date:

End Date:

Registered Agent/Governor Search

Search By:  Registered Agent  Governor

Registered Agent Name:

Agent Address:

Country: United States

Address 1:

Address 2:

Zip:   City:

State: Washington

# Good Standing



## Business Search

### BUSINESS SEARCH RESULTS

Business Name	UBI#	Business Type	Principal Office Address	Registered Agent Name	Status
CHICAGO TITLE AGENCY, LLC	603 036 007	FOREIGN LIMITED LIABILITY COMPANY	601 RIVERSIDE AVE, JACKSONVILLE, FL, 32204, UNITED STATES	C T CORPORATION SYSTEM	TERMINATED
CHICAGO TITLE COMPANY LLC	604 280 769	WA LIMITED LIABILITY COMPANY	3324 W 19TH AVE TRLR 18, KENNEWICK, WA, 99338-2288, UNITED STATES	TEREZA KORI	DELINQUENT
CHICAGO TITLE COMPANY OF WASHINGTON	153 001 271	WA PROFIT CORPORATION	601 RIVERSIDE AVE, JACKSONVILLE, FL, 32204-2901, UNITED STATES	C T CORPORATION SYSTEM	ACTIVE
CHICAGO TITLE MERGER SUBSIDIARY, INC.	601 929 957	WA PROFIT CORPORATION		WILLIAM E MASSEY	INACTIVE

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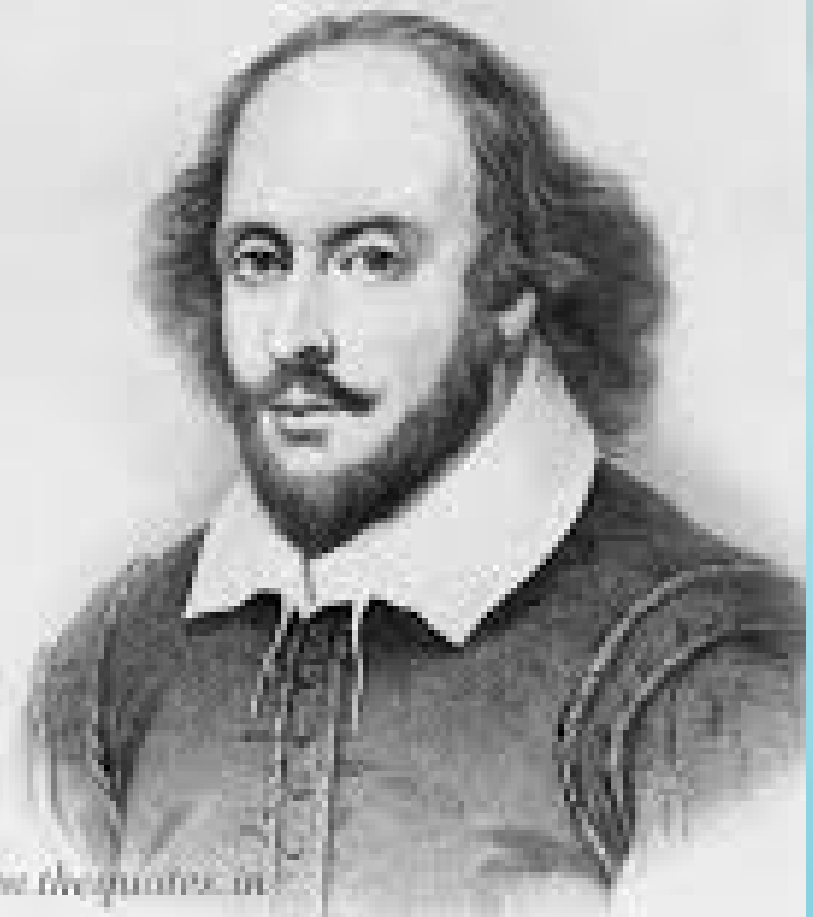


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# Good Standing

What's in a name? That which we  
call a rose by any other name  
would smell as sweet.

*William Shakespeare*



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# Good Standing

The screenshot shows a web browser window with the URL [ccfs.sos.wa.gov/#/BusinessSearch/BusinessInformation](https://ccfs.sos.wa.gov/#/BusinessSearch/BusinessInformation). The page title is "Corporations and Charities Filing System". The main content is divided into three sections: BUSINESS INFORMATION, REGISTERED AGENT INFORMATION, and GOVERNORS.

**BUSINESS INFORMATION**

Business Name: CHICAGO TITLE COMPANY OF WASHINGTON  
Business Type: WA PROFIT CORPORATION  
Principal Office Street Address: 601 RIVERSIDE AVE, JACKSONVILLE, FL, 32204-2901, UNITED STATES  
Expiration Date: 02/28/2020  
Formation/ Registration Date: 02/13/1964  
Inactive Date:  
Nature of Business: OTHER SERVICES, TITLE AND ESCROW SERVICES

UBI Number: 153 001 271  
Business Status: ACTIVE  
Principal Office Mailing Address: 3210 EL CAMINO REAL, C/O MGM LOVEJOY, IRVINE, CA, 92602-1368, UNITED STATES  
Jurisdiction: UNITED STATES, WASHINGTON  
Period of Duration: PERPETUAL

**REGISTERED AGENT INFORMATION**


Registered Agent Name: C T CORPORATION SYSTEM  
Street Address: 711 CAPITOL WAY S STE 204, OLYMPIA, WA, 98501, UNITED STATES  
Mailing Address: 711 CAPITOL WAY S STE 204, OLYMPIA, WA, 98501, UNITED STATES

**GOVERNORS**

Title	Governors Type	Entity Name	First Name	Last Name
GOVERNOR	INDIVIDUAL		RAYMOND	MARINE
GOVERNOR	INDIVIDUAL		MICHAEL	GRAVELLE
GOVERNOR	INDIVIDUAL		DANIEL	MURPHY
GOVERNOR	INDIVIDUAL		RAYMOND	QUIRK

At the bottom of the page, there are buttons for "Back", "Filing History", "Name History", "Print", and "Return to Business Search".

# Good Standing

 Corporations and Charities Filing System

## Business Search

**BUSINESS INFORMATION**

Business Name: CHICAGO TITLE COMPANY OF WASHINGTON      UBI Number: 153 001 271

**FILING HISTORY**

Filing Number	Filing Date Time	Effective Date	Filing Type	Action
0011523367	01/10/2019 04:10:34 PM	01/10/2019	ANNUAL REPORT	<a href="#">View Documents</a>
0011471309	01/01/2019 04:55:44 AM	01/01/2019	ANNUAL REPORT DUE DATE NOTICE	<a href="#">View Documents</a>
0010023488	01/30/2018 05:18:11 PM	01/30/2018	ANNUAL REPORT	<a href="#">View Documents</a>
0009937236	01/01/2018 04:13:53 AM	01/01/2018	ANNUAL REPORT DUE DATE NOTICE	<a href="#">View Documents</a>
0002486671	06/08/2017 09:44:23 AM		STATEMENT OF CHANGE	<a href="#">View Documents</a>
0009356181	02/07/2017 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0001792335	04/29/2016 01:31:08 PM		STATEMENT OF CHANGE	<a href="#">View Documents</a>
0008991081	02/09/2016 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0008624970	02/02/2015 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0008310865	08/29/2014 12:00:00 AM		STATEMENT OF CHANGE	<a href="#">View Documents</a>
0008251006	02/05/2014 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0007839358	01/31/2013 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0007623417	02/09/2012 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0007199488	01/28/2011 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0007717764	02/26/2010 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0006553135	02/11/2009 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>
0006337092	02/11/2008 12:00:00 AM		ANNUAL REPORT	<a href="#">View Documents</a>

# Good Standing

If the selling entity no longer has good standing, is that a deal breaker?

No – the entity may still be able to conduct limited transactions as part of its winding up process.

If the purchasing / borrowing entity no longer has good standing is that a deal breaker?

Yes, but, the entity can often be reinstated by payment of a fee and filing of forms.



# Capacity - Documentation

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## Corporations

- Articles of Incorporation
- By-Laws
- Resolutions or written consents
- Amendments
- Non-Profit Corporations may have additional requirements

## Limited Liability Companies

- Articles of Organization
- Operating Agreement
- Amendments

## Limited Partnership / Limited Liability LP

- Certificate of Limited Partnership
- Partnership Agreement
- Amendments

## Trusts

- Trust Agreement
- Amendments

# Capacity

Sample Capacity Language (Specific): “2.6 **Purpose.** The purpose of the Company shall be to acquire the real property described on Exhibit B (the “**Property**”) and to own, develop, redevelop, rehabilitate, improve, hold, manage, operate, finance, refinance, lease, sell and otherwise deal with and dispose of the Property as a first-class self-storage facility and to conduct all activities reasonably necessary or desirable to accomplish the foregoing purposes.”

Sample Capacity Language (General):

The purposes of the Limited Liability Company are to incur indebtedness, secured and unsecured; to enter into and perform contracts and agreements of any kind necessary to, in connection with or incidental to the business of the Limited Liability Company; and to carry on any other activities necessary to, in connection with or incidental to the foregoing, as the Managing Members in their discretion may deem desirable.

# Capacity

Sample individual capacity: “5.1 Management of Day to Day Operations. The management of the routine and day to day operations of the Company shall be vested in Laura Smith as the Manager of the Company. Except as otherwise expressly provided in this Agreement, Smith and any person or Member who shall replace Smith as the Manager pursuant to this Agreement shall have full and complete authority, power and discretion to manage and control the day to day business, affairs and properties of the Company, to make reasonable decisions regarding those matters and to perform any and all other acts or activities customary or incident to the day to day management of the Company's business provided that the Manager shall not have authority to act on behalf of the Company outside the scope of the business purposes set forth in Article III.”

# Capacity

Profiteer L.L.C., a Washington limited liability company

By:

Laura Smith, Manager

The notary block must also reflect capacity:

On this . . . . day of September, 2019 before me personally appeared Laura Smith to me known to be the Manager of the limited liability company that executed the within and foregoing instrument ...

Or

Laura Smith as Manager of Profiteer L.L.C. a Washington limited liability company personally appeared...

# Capacity

Document signatures must properly reflect all entities and the signer's authority or capacity:

Profiteer L.L.C., a Washington limited liability company

By: The Opportunist Corporation, a Delaware corporation

Its: Manager

By:

Jane Doe, Vice President

The Notary acknowledgement blocks must also properly reflect signer's capacity and all entity names:

Jane Doe as Vice President of The Opportunist Corporation, a Delaware corporation, Manager of Profiteer L.L.C. a Washington limited liability company.

# Ordinary Course of Business

Managers, partners, officers, directors are agents of their entities with authority to carry on their ordinary course of business.

Actions outside of ordinary business do not bind the entity unless authorized by all appropriate parties.

We can proceed IF the transaction is approved by 100% of directors, members (not just managers), general and limited partners of a partnership, trustors and beneficiaries of a trust (all equity holders).

# Ordinary Course of Business

“Sale of all or substantially all of the assets”

# Types of entities

FOREIGN BANK CORPORATION  
FOREIGN BANK LIMITED LIABILITY COMPANY  
FOREIGN COOPERATIVE ASSOCIATION  
FOREIGN CREDIT UNION  
FOREIGN INSURANCE COMPANY  
FOREIGN LIMITED LIABILITY COMPANY  
FOREIGN LIMITED LIABILITY LIMITED PARTNERSHIP  
FOREIGN LIMITED LIABILITY PARTNERSHIP  
FOREIGN LIMITED PARTNERSHIP  
FOREIGN MASSACHUSETTS TRUST  
FOREIGN NAME REGISTRATION  
FOREIGN NONPROFIT CORPORATION  
FOREIGN NONPROFIT PROFESSIONAL SERVICE CORPORATION  
FOREIGN PROFESSIONAL LIMITED LIABILITY COMPANY  
FOREIGN PROFESSIONAL LIMITED LIABILITY PARTNERSHIP  
FOREIGN PROFESSIONAL SERVICE CORPORATION  
FOREIGN PROFIT CORPORATION  
FOREIGN PUBLIC UTILITY CORPORATION  
FOREIGN SAVINGS AND LOAN ASSOCIATION

JOINT MUNICIPAL UTILITY SERVICE  
MILITARY CORPORATION  
WA ASSOCIATION UNDER FISH MARKETING ACT  
WA BANK CORPORATION  
WA BANK LIMITED LIABILITY COMPANY  
WA BUILDING SOCIETY COMPOSED OF FRATERNAL MEMBERS  
WA COOPERATIVE ASSOCIATION  
WA CORP SOLE  
WA CREDIT UNION  
WA EMPLOYEE COOPERATIVE  
WA FRATERNAL SOCIETY  
WA GRANGE  
WA INSURANCE COMPANY  
WA LIMITED LIABILITY COMPANY  
WA LIMITED LIABILITY LIMITED PARTNERSHIP  
WA LIMITED LIABILITY PARTNERSHIP  
WA LIMITED PARTNERSHIP  
WA MASSACHUSETTS TRUST  
WA MISCELLANEOUS AND MUTUAL CORPORATION  
WA NONPROFIT CORPORATION

WA NONPROFIT PROFESSIONAL SERVICE CORPORATION  
WA PROFESSIONAL LIMITED LIABILITY COMPANY  
WA PROFESSIONAL LIMITED LIABILITY PARTNERSHIP  
WA PROFESSIONAL SERVICE CORPORATION  
WA PROFIT CORPORATION  
WA PUBLIC BENEFIT CORPORATION  
WA PUBLIC UTILITY CORPORATION  
WA SAVINGS AND LOAN ASSOCIATION





State or federal law may require additional conditions for specific entities including public corporations, railroads, and Indian tribes or tribal entities.

# Corporations (profit)

Request: Articles of Incorporation, By Laws, Annual Meeting Minutes, and Authorizing Resolution.

## Corporate Resolution Requirements

- Certified by Secretary or other Officer
- Are transaction details spelled out? (sales price or loan amount, relevant terms, etc.)
- Determine who is authorized to sign
- If Minutes , Resolution or By-Laws authorize a specific Officer to sign (e.g., President or CEO) request the Board of Directors Resolution electing that officer

# Corporations (profit)

Determine whether shareholder consent is required under the ByLaws or if the transaction is outside the ordinary course of business.

# Corporations (non-profit)

Request: Articles of Incorporation, By Laws, Annual Meeting Minutes, and Authorizing Resolution.

Non-profits vary greatly from each other and serve many purposes.

# Corporations (non-profit)

In reviewing the Articles of Incorporation be on the lookout for:

- Existence or lack of members
- Any duties owed to a national, regional or affiliated entity
- Any reversion of title upon dissolution
- Any reversion of title upon severing affiliation with a national, regional or other entity
- Prohibitions on certain types of transactions

# Corporations (non-profit)

In reviewing the ByLaws be on the lookout for:

- Types of officers and their duties
- Different types of governing boards, possibly more than one
- Membership and rights of members
- Steps involved to create binding authority for a transaction

# Corporations (non-profit)

Common steps needed for binding decisions:

- Did the members, board of directors, committees (as applicable) hold all necessary meetings?
- Was adequate notice given?
- Was there a quorum present to vote?
- Was there a formal resolution created?
- Does the resolution indicate the appropriate signers to bind the corporation?

# “Real Life” Entity Authority Problem





# Corporations Sole

- Banned in Washington in 2009.
- A corporation sole that existed prior to 2009 may continue pursuant to the requirements of RCW 24.12.040
- Created in reliance upon rules or discipline of any religious denomination, society, or church.
- Registered with the Secretary of State
- Request the Articles of Incorporation and Bylaws to confirm it was created prior to 2009 and continuing to exist under the laws of the state of Washington



Fraudulent persons attempt to use Corporation Sole as a format for avoiding taxes and conducting other frauds.

# General Partnerships

Convey or mortgage in the same style or manner in which title was acquired.

All partners must join in the execution of the instrument, or specific authority from other partners must be secured.

Search for liens/judgments against all partners.

# Limited Partnerships and Limited Liability Partnerships

Consists of two types of partners:

- (1) General Partner is the agent of the partnership for purposes of carrying on the ordinary business of the partnership.
- (2) Limited partners normally do not have any authority to bind a limited partnership.

# Limited Liability Companies

Statutes do not require an Operating Agreement.

- LLC with a single member generally okay.
- LLC with multiple members - review Certificate of Formation to determine original members.
- Affidavit of No Operating Agreement
- Affidavit of No Changes

# Limited Liability Companies

Member managed – either:

- unanimous, agreement of all members, or
- percentage identified in Operating Agreement

Managers (might not be members) – either:

- like a general partner of a limited partnership, or
- always subject to consent of members, or
- subject to member consent for certain types of transactions

Officers and/or Boards of Directors – either:

- like a corporation, or
- always subject to member consent, or
- subject to member consent for certain types of transactions.



The main management section of an Operating Agreement may grant a manager authority but a later section may give non-managers a right to consent or deny.

Always review the entire operating agreement!

# Layered Entities

Profiteer L.L.C., a Washington limited liability company

By: The Opportunist Corporation, a Delaware corporation

Its: Manager  
By:

Jane Doe, Vice President





# Estate Planning Trusts

- Trust Agreement
  - Intent to create a valid Trust
  - Acceptance by Trustee
  - Parties: Trustee and Beneficiary are identifiable
  - Competency of Settlers and Trustees
  - Duties of Trustee contemplate your transaction (purchase, sale, mortgage)
- Deed of Property into the Trust
- Is it a Revocable Trust?
  - If so, run a search on the Settlor(s) name(s) to look for liens, judgments, etc.

# Estate Planning Trusts

- Certification of Trust permitted under RCW 11.98.075
- Requirements contained within the statute
- Protection for reliance in good faith under Part (7) of the statute

# Land Trusts

How do we know we are dealing with a Land Trust?

- Transferable beneficiary interests
- Equity owners hidden from public record
- Often have a name similar to [address] Trust

# Custodian for an IRA Account

- Individual using IRA funds to purchase land.
- Custodian must hold title for federal tax reasons.
- Individual investor makes all decisions and directs the custodian to act.
- Judgments and liens against the investor will attach to title.

# Profit Sharing and Pension/Retirement Plans

- Individual using tax exempt account to purchase land.
- Trustee of the Plan holds title.
- Usually individual investor makes all decisions & directs the trustee to act. Review the agreement between the investor and the trustee.
- Judgments and liens against the investor will attach to title.

# Dissolved Entities

- Laws of state of formation control
- In Washington a dissolved entity may continue after dissolution for the purpose of winding up its activities
- Reinstatement of administratively dissolved entities within 5 years



## Business Information

### BUSINESS INFORMATION

Business Name: **CHICAGO TITLE MERGER SUBSIDIARY, INC.**  
Business Type: **WA PROFIT CORPORATION**  
Principal Office Street Address:  
Expiration Date: **02/28/2000**  
Formation/ Registration Date: **02/03/1999**  
Inactive Date:  
Nature of Business:

UBI Number: **601 29 957**  
Business Status: **INACTIVE**  
Principal Office Mailing Address:  
Jurisdiction: **UNITED STATES, WASHINGTON**  
Period of Duration: **PERPETUAL**



# RED FLAGS





# Red Flags- Dissolved Entities

- A new entity formed with the same name of a dissolved entity is NOT the same entity.

# Red Flags – Self Dealing

The transaction should only benefit the entity or beneficiaries as appropriate.

A mortgage should only benefit the owner of the land unless all directors / shareholders, members, partners, trustors and beneficiaries approve.

Third party verification – long time accountant or attorney for the entity.

# Red Flags – Powers of Attorney

Parties signing in a fiduciary capacity generally cannot transfer their powers via a power of attorney.

Members or Partners signing only on their own behalf can grant a POA. i.e. single member LLCs

Some Trust Agreements specifically allow the Trustee to grant a power of attorney to a third party.

# Red Flags – Bankruptcy of a governing party

Questions to consider:

- Does the bankruptcy impact the ability of the entity to transact business without a court order.
- Was the property or the entity interest listed in the Schedules of assets and liabilities? How that interest was disclosed?

If the court is attempting to convey property of the entity without the joinder by all other principals, the court will not acquire jurisdiction over the entity and other principals without an Adversary Action being filed against those parties.

# Red Flags – Recent Amendment

- A recent change in the state filings of the entity that adds or deletes parties with authority.
- Recent amendments to the entity documents adding or deleting individuals.

# Red Flags

- Unoccupied Land
- A recent conveyance without corresponding financing and title insurance.
- When signing parties are located outside the U.S. or the owners reside outside the U.S.
- Variation in name, no matter how minor, in the chain of title or the entity documentation.
- Corporate resolution appointing an “authorized signer” who is not a normal officer.

# Questions?

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