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HSTX TITLE

SELLING & BUYING OUT OF A CORPORATION

CORPORATIONS ARE OCCASIONALLY USED TO PURCHASE AND SELL INVESTMENT PROPERTY. WHEN YOUR CLIENT SELLS OR PURCHASES THROUGH A CORPORATION, HERE ARE SOME GUIDELINES TO ENSURE THAT THE PROCESS GOES SMOOTHLY:

1 The Corporation must be organized through the State in which 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 DOES NOT HAVE BYLAWS, WE CAN ASSIST.
- + BYLAWS CAN BE EXTREMELY COMPLICATED. WE CAN WORK WITH YOUR CLIENT TO ENSURE WE GET THE SPECIFIC PROVISIONS WE NEED.
- + THE TITLE COMPANY MAY NEED TO DRAFT A RESOLUTION IF THE AUTHORITY TO SIGN IS UNCLEAR, OR IF DIRECTORS ARE NO LONGER PART OF THE CORPORATION.
- + IT CAN BE DIFFICULT TO PURCHASE PROPERTY THROUGH A CORPORATION USING A TRADITIONAL LOAN. WITH CORPORATIONS, CASH TRANSACTIONS ARE MORE COMMON.