

AB 683: Business Entities: Limited Liability Companies

Assemblymember Laurie Davies

IN BRIEF

AB 683 authorizes Limited Liability Companies (LLCs) to use a Certification of Limited Liability Company Existence and Authority, creating a statutory, standardized method for disclosing key authority and existence information relied upon in escrow and title transactions.

THE ISSUE

Under current practice, escrow transactions involving LLCs are often delayed due to uncertainty around who has authority to act on behalf of the entity. Delays frequently arise from requests for legal review, conflicting interpretations of operating agreements, or missing/outdated amendments. Verifying basis LLC authority can require extensive document review and attorney involvement, increasing costs and slowing transactions for all parties involved.

CURRENT LAW

Current California law does not provide a statutory mechanism for LLCs to issue a binding relied upon certificate of authority. Unlike corporations, LLCs do not have a statutorily recognized equivalent to a corporate ‘secretary’s certificate’ that clearly identifies authorized signers and may be relied upon by third parties. As a result, escrow and title professionals must independently review and interpret LLC governing documents to determine authority, often without clear statutory reliance protections.

THE SOLUTION

AB 683 establishes a Certification of LLC Existence and Authority that standardizes the information an LLC may provide in escrow and title transactions. The certification may include...

- LLC’s legal name
- The Jurisdiction in which it was formed
- The filing date of its articles of organization
- Confirmation the LLC is in good standing
- Whether one or multiple authorized signers are required for LLC actions

This bill allows third parties to rely on this certification absent actual knowledge of its inaccuracy, makes transactions entered into in reliance of the certification enforceable against the LLC, and imposes perjury liability for false certifications. AB 683 improves certainty, reduces delays, and streamlines escrow and title transactions while maintaining appropriate safeguards.

FOR MORE INFORMATION

Staff: Daniel Foncello

O: (916) 319-2074

C: (760) 691-9675

Email address: Daniel.Foncello@asm.ca.gov