

Completing the RPA when Buyer or Seller is an Entity

Entity buyers and sellers are commonplace

Buying and selling residential real estate isn't just for individuals. Holding title to real estate using revocable trusts, LLCs, single-purpose and multi-purpose corporations, partnerships, or selling via a power of attorney or decedent's estate is now commonplace. The reason the entity is created may be for tax purposes, liability avoidance, financial or estate planning, business necessity, or the owner is elderly or has passed away.

Legally authorized signers

Since entities can only act through individuals, real estate contracts entered into on behalf of an entity must be signed by an individual person who is legally authorized to sign for the entity. The legally authorized signer is acting not in the person's individual capacity but rather in a representative capacity for the entity. Therefore, the signature, or initials, binds the entity but does not create a legal obligation for the individual.

Completing the C.A.R. RPA, ad related disclosures, addenda, or other documents

A contract entered into on behalf of an entity should identify the entity as the buyer or seller and should also identify the signer authorized to bind the entity - each in its own place. This can be complicated. Some trusts have long official names and because of that a shortened version of the name is used for identification purposes. And, since a trust cannot legally contract in its own name but can only act by and through a trustee, it can be confusing how to identify the principal acting through a trust. For purposes of the C.A.R. contracts, identifying the trust by either a shortened name or the trustee is acceptable, as long as the full name is provided on the signature page, or a Representative Capacity Signature Disclosure (C.A.R. Form RCSD) form attached to the contract. The legally authorized signer must also provide proof of the authority to sign, pursuant to paragraphs 3N(5) and 28 of the RPA (and similar provisions in other C.A.R. contracts).

Trust example: If the buyer intends to hold title in the name of a trust, such as the "Wayne Family Trust fbo (for benefit of) Orphaned children throughout the city of Gotham, Bruce Wayne, Trustee" the buyer can be named in paragraphs 1 and 32 D of the RPA simply as Bruce Wayne Trustee, or Wayne Family Trust. The full name of the trust must be identified in RPA paragraph 32B(4) and the legally authorized signer identified in RPA paragraph 32B(3).

Estate Example: If property is being sold through a decedent's estate, such as "Estate of Tony Stark, aka Iron Man, filed December 31, 2019, Pepper Potts, Executor" the seller can be identified in 33 D of the RPA simply as Estate of Tony Stark, or Pepper Potts, Executor. The full name of the estate must be identified in RPA paragraph 33B(4) and the legally authorized signer identified in RPA paragraph 33B(3).

Power of Attorney Example: If the property is being sold by a person holding a power of attorney for the seller, such as Peter Parker holding a power of attorney from Aunt May, the seller can be identified in 33D of the RPA as Peter Parker under POA, The legally authorized signer must be identified in RPA paragraph 33B(3),.

Once properly identified in the RPA, for purposes of the transaction, wherever the legally authorized signer's signature or initials appear all parties are deemed to understand that the entity, regardless of type, not the individual, is bound.

(Specific signing examples can be found in Appendix 1 and Appendix 2.)

Entity Notices, Appendix 1. Trust buyer. Corporate buyer. Trust seller. Individual seller.

Buyer 1: Wayne Family Trust fbo (for benefit of) Orphaned children throughout the city of Gotham, Bruce Wayne, Trustee

Buyer 2: Wayne Industries, Inc.

Seller 1: Jonathan Kent and Martha Kent Smallville Family Farm Trust 1, for the benefit of Clark Joseph Kent and Lois Lane, dated January 1, 2001, Diana Prince, Trustee

Seller 2: Clark Kent (an individual)

1. OFFER:

- A. THIS IS AN OFFER FROM Bruce Wayne, Trustee, Wayne Industries, Inc. ("Buyer").
B. THE PROPERTY to be acquired is 123245 Somewhere St., situated

B. ENTITY BUYERS: (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)

- (1) One or more Buyers is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.
(2) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not in an individual capacity. See paragraph 28 for additional terms.
(3) The name(s) of the Legally Authorized Signer(s) is/are: Bruce Wayne, Alfred.
(4) If a trust, identify Buyer as trustee(s) of the trust or by simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust). If the entity is a trust or under probate, the following is the full name of the trust or probate case, including case #: Wayne Family Trust fbo Orphaned children throughout the city of Gotham, Bruce Wayne, Trustee

C. The RPA has 16 pages. Buyer acknowledges receipt of, and has read and understands, every page and all attachments that make up the Agreement.

D. BUYER SIGNATURE(S):

(Signature) By, _____ Date: _____

Printed name of BUYER: Bruce Wayne, Trustee

Printed Name of Legally Authorized Signer: Bruce Wayne Title, if applicable, trustee

(Signature) By, _____ Date: _____

Printed name of BUYER: Wayne Industries, Inc.

Printed name of Legally Authorized Signer: Alfred Title, if applicable, CFO

IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).

B. Entity Sellers: (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure form (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)

- (1) One or more Sellers is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.
(2) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not in an individual capacity. See paragraph 28 for additional terms.
(3) The name(s) of the Legally Authorized Signer(s) is/are: Diana Prince.
(4) If a trust, identify Seller as trustee(s) of the trust or by simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust). If the entity is a trust or under probate, the following is the full name of the trust or probate case, including case #: Jonathan Kent and Martha Kent Smallville Family Farm Trust 1, for the benefit of Clark Joseph Kent and Lois Lane, dated January 1, 2001, Diana Prince, trustee

C. The RPA has 16 pages. Seller acknowledges receipt of, and has read and understands, every page and all attachments that make up the Agreement.

D. SELLER SIGNATURE(S):

(Signature) By, _____ Date: _____

Printed name of SELLER: Kent Family Trust

Printed Name of Legally Authorized Signer: Diana Prince Title, if applicable, trustee

(Signature) By, _____ Date: _____

Printed name of SELLER: Clark Kent

Printed Name of Legally Authorized Signer: _____ Title, if applicable, _____

IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).

Entity Signature, Appendix 2. LLC buyer. Partnership buyer. Estate seller. Power of Attorney seller.

Buyer 1: Hulk Development, LLC

Buyer 2: Avengers Enterprises Partnership

Seller 1: Estate of Tony Stark

Seller 2: Peter Parker under Power of Attorney for Aunt May

1. OFFER:

- A. THIS IS AN OFFER FROM Hulk Development, LLC, Avengers Enterprises Partnership ("Buyer").
- B. THE PROPERTY to be acquired is 0000-1A Pretend Place, situated in Marvel Cinematic Universe (City), _____ (County), California, _____ (Zip Code), Assessor's Parcel No(s). _____ ("Property").

Buyer's Authorized Agent: Seller has no obligation to respond to an offer made.

- B. ENTITY BUYERS: (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)
- (1) One or more Buyers is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.
- (2) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not in an individual capacity. See paragraph 28 for additional terms.
- (3) The name(s) of the Legally Authorized Signer(s) is/are: Bruce Banner, Nick Fury.
- (4) If a trust, identify Buyer as trustee(s) of the trust or by simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust). If the entity is a trust or under probate, the following is the full name of the trust or probate case, including case #: _____
- C. The RPA has 16 pages. Buyer acknowledges receipt of, and has read and understands, every page and all attachments that make up the Agreement.
- D. BUYER SIGNATURE(S):

(Signature) By, _____ Date: _____
Printed name of BUYER: Hulk Development, LLC

Printed Name of Legally Authorized Signer: Bruce Banner Title, if applicable, Managing Member

(Signature) By, _____ Date: _____
Printed name of BUYER: Avengers Enterprises Partnership

Printed name of Legally Authorized Signer: Nick Fury Title, if applicable, Senior Partner

IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).

- B. Entity Sellers: (Note: If this paragraph is completed, a Representative Capacity Signature Disclosure form (C.A.R. Form RCSD) is not required for the Legally Authorized Signers designated below.)
- (1) One or more Sellers is a trust, corporation, LLC, probate estate, partnership, holding a power of attorney or other entity.
- (2) This Agreement is being Signed by a Legally Authorized Signer in a representative capacity and not in an individual capacity. See paragraph 28 for additional terms.
- (3) The name(s) of the Legally Authorized Signer(s) is/are: Pepper Potts, Peter Parker.
- (4) If a trust, identify Seller as trustee(s) of the trust or by simplified trust name (ex. John Doe, co-trustee, Jane Doe, co-trustee or Doe Revocable Family Trust). If the entity is a trust or under probate, the following is the full name of the trust or probate case, including case #: Estate of Tony Stark, aka Iron Man, filed December 31, 2019, Pepper Potts, Executor

C. The RPA has 16 pages. Seller acknowledges receipt of, and has read and understands, every page and all attachments that make up the Agreement.

D. SELLER SIGNATURE(S):

(Signature) By, _____ Date: _____
Printed name of SELLER: Estate of Tony Stark

Printed Name of Legally Authorized Signer: Pepper Potts Title, if applicable, Executor

(Signature) By, _____ Date: _____
Printed name of SELLER: Peter Parker under Power of Attorney for Aunt May

Printed Name of Legally Authorized Signer: Peter Parker Title, if applicable, POA

IF MORE THAN TWO SIGNERS, USE Additional Signature Addendum (C.A.R. Form ASA).