

Date of Hearing: January 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 683 (Davies) – As Amended January 14, 2026

Policy Committee: Banking and Finance

Vote: 8 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill authorizes a limited liability company (LLC) to present a certification of the LLC's existence for certain purposes and authorizes a person to record an LLC certificate that relates to an interest in real property.

Specifically, this bill:

- 1) Authorizes an LLC to present a certification of the LLC's existence and authority to a licensed escrow agent, licensed real estate broker, and title company to establish the present existence of the LLC and identify persons with authority to act on the LLC's behalf (LLC certification). The certification must contain certain information.
- 2) Authorizes a person whose interests may be affected by the LLC's certification to rely on the representations in the certification without actual knowledge of whether the representations are correct. If the person's action relies upon the certification's representations, the person is relieved from resulting liability if the representations are unknowingly incorrect. However, a transaction and lien created thereby, entered into by an LLC and the person acting in reliance upon the certification's representation, must be enforceable against the LLC's assets, unless the person has actual knowledge the LLC's authorized signer is acting outside the scope of the LLC's operating agreement.
- 3) Authorizes a person to record an LLC certification that relates to an interest in real property with the county recorder in a county in which the property is located. The recorder must impose a recording fee sufficient to cover reasonable costs.

FISCAL EFFECT:

- 1) No costs to the Secretary of State (SOS).
- 2) Costs of an unknown amount to county recorders to record an LLC certification. However, local costs resulting from this bill are non-reimbursable by the state, as this bill requires the recorder to impose a fee sufficient to cover reasonable costs.

COMMENTS:

- 1) **Purpose.** According to the author:

[This] bill would facilitate sharing needed information that sellers and buyers find important to them. It would standardize certain specific information that the parties would have at the inception of a sales transaction. The bottom line: Sellers and buyers do not like surprises during the pendency of a transaction.

This bill is sponsored by the Escrow Institute of California.

- 2) **Background. *LLC Administration.*** An LLC is a legal entity distinct from the member or members that form the LLC. Existing law requires the LLC organizer to file articles of organization with the SOS that contain specified information, such as the name and address of the LLC and the LLC's initial agent for service of process. Existing law also requires an LLC to establish and maintain an operating agreement that governs: (a) relations among the members and between the members and the LLC, (b) the rights and duties of the LLC manager, (c) the activities of the LLC and conduct of those activities, and (d) the means and conditions for amending the operating agreement. The operating agreement is not filed with the SOS, but is an internal document functionally required for most transactions binding the LLC, such as opening a bank account.

LLC Property Transactions. Although LLC documents filed with the SOS are publicly available online, the contents of the articles of organization and subsequent statements of information do not generally contain the information needed to facilitate property transactions involving an LLC. To bind an LLC in a property purchase, authorized members, as determined by the operating agreement, must agree to the transaction. The sponsor of this bill describes a growing frustration among buyers and sellers of real property when an LLC fails to provide necessary facts that delay property conveyance. This bill creates an LLC certification to demonstrate authority for certain transactions and allows a person to record such a certificate that relates to an interest in real property.

Analysis Prepared by: Irene Ho / APPR. / (916) 319-2081