

BANKING LAW ALERT NEWSLETTER

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HOW DO YOU DETERMINE IF AN ENTITY IS IN GOOD STANDING?

As many of us become technologically savvy, we are becoming ever more reliant on the internet to do business. A common practice to determine if your borrower or guarantor entity (corporation, limited liability company, or limited partnership) is active and in good standing with the State of Tennessee (or any other state) is to check the Secretary of State's website. This website contains much helpful information, but you should NOT rely upon the information on the website to determine good standing.

We sometimes have entities who are shown as "active" on the Tennessee Secretary of State website, but when a Certificate of Existence is obtained, it contains additional information that the entity is delinquent in the payment of fees to the Tennessee Secretary of State or is delinquent on the filing of returns and/or payment of taxes to the Tennessee Department of Revenue. Typically, you will want to require the entity to correct these deficiencies prior to closing a loan. Therefore, to be certain of the status of your borrower or guarantor entity with the State of Tennessee, request a written Certificate of Existence from the Tennessee Secretary of State. These certificates usually can be obtained within 1-2 business days and at minimal cost.

AREAS OF PRACTICE

Litigation

Professional Malpractice
Defense

Tort and Insurance
Defense

Employment and Civil
Rights

Healthcare

Mediation

Business and Finance

Estate Planning, Wills
and Trusts



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