

Who Can Sign on Behalf of a Trust?



Who can sign on behalf of a Trust

A Comprehensive Guide by The Housing Assistant



Who Can Sign a Mortgage Promissory Note on Behalf of a Trust

1. The Trustee

The trustee is the only party legally authorized to sign a Mortgage Promissory Note on behalf of a trust. A trustee is the person or entity appointed in the trust document to manage and handle the trust's affairs, including buying or financing property.

2. Requirements for the Trustee to Sign:

- The trustee must be identified in the trust agreement or a Certification/Abstract of Trust.
- The trustee must have explicit authority in the trust document to borrow money or encumber property.
- Lenders typically require:
 - A copy of the trust or a Trust Certification.
 - Verification that the trust is revocable and in good standing.
 - Identification of the trustee's legal capacity to act.

3. Co-Trustees (if applicable):

If more than one trustee is listed, all co-trustees may need to sign unless the trust allows one to act independently. Lenders may request signatures from all co-trustees for clarity or risk management.

Common Types of Trusts with Overviews

Type of Trust	Overview
Revocable Living Trust (RLT)	Created during the grantor's lifetime and can be altered or revoked at any time. Often used to avoid probate and for estate planning. The grantor usually acts as trustee.
Irrevocable Trust	Cannot be changed or revoked without court approval or consent of all beneficiaries. Used to remove assets from the grantor's estate

	for tax or liability protection. Trustee must act independently of the grantor.
Land Trust	Holds title to real estate for privacy and ease of transfer. The trustee holds legal title, but the beneficiary retains control. Often used for investment properties.
Testamentary Trust	Created through a will and goes into effect after the grantor's death. Cannot be used to sign loan documents during the grantor's lifetime.
Special Needs Trust	Designed to provide for a disabled beneficiary without disqualifying them from government benefits. The trustee manages and distributes the funds.
Charitable Trust	Created to benefit a charitable organization or purpose. May offer tax advantages and can be structured to provide income to the donor or beneficiaries before the charity.
Qualified Personal Residence Trust (QPRT)	Allows the transfer of a residence to beneficiaries at a reduced gift tax value while retaining the right to live in the home for a period. Irrevocable and used for estate planning.