UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250

Notice FLP-29

1941-A, 1943-A, 1945-D

For: State and County Offices

Limited Liability Companies (LLC) Eligibility for FLP Loans

Approved by: Deputy Administrator, Farm Loan Programs

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1 Overview

A Background

FmHA Instructions on loan eligibility authorize direct farm loans to the following entities:

- cooperatives
- corporations
- partnerships
- joint operations.

Several States have enacted legislation to recognize LLC's as a new form of business organization. The LLC form of organization combines tax benefits of a traditional partnership with the limited civil liability of a corporation. Many farm businesses are organizing under these new laws:

B Purpose

This notice clarifies the treatment of LLC's as eligible entities for FLP loans.

C Contact

State Offices shall direct questions about this notice to the Direct Loans and Funds Management Branch, LMD.

Disposal Date	Distribution
March 1, 2000	State Offices; State Offices relay to County Offices

2 Implementation

A Treatment of LLC's

In States where LLC's are recognized entities, LLC's with more than 1 member may be treated as joint operations under appropriate FmHA Instructions. When processing loan applications:

- LLC must meet all eligibility criteria applying to entities
- the members of LLC must sign the debt instruments:
  - for LLC
  - as individuals to evidence personal liability for the debt
- the loan applicants must provide evidence that the organization is recognized as LLC under the laws of the States in which LLC will operate.

B OGC Consultation

State Offices should consult with their regional OGC regarding any special requirements when lending to LLC, such as signatures on promissory notes or security instruments, and any unique characteristics of State LLC statutes.

C Obsolete Notice

Notice FC-182 is obsolete.