

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
P.O. Box 2415
Washington, DC 20013-2415

Notice FC-92

For: State and County Offices

Limited Liability Company (LLC) Eligibility for Farm Credit Loans

Approved by: Acting Deputy Administrator, Farm Credit Programs



1 Overview

**A
Background**

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

- cooperatives
- corporations
- partnerships
- joint operations.

Recently, 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 farm credit loans.

| | |
|---|---|
| Disposal Date October 1, 1997 | Distribution State Offices; State Offices relay to County Offices |
|---|---|

Notice FC-92

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

Note: Certain members of LLC may not be required to sign as individuals, as provided in FmHA Instructions.

- the loan applicants must provide evidence that the organization is recognized as LLC under State laws.
-

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

Contact

State Offices shall contact Steve Ford or Bob Bonnet, LMD, through the Area Office, for more information.
