

For: State and County Offices

FSFL Signature Requirements for Entities and Joint Operations

Approved by: Deputy Administrator, Farm Programs



1 Overview

A Background

The FSFL program has followed FSA signature requirements in 1-CM for signature authority. Notice CM-640 recently revised the documentation FSA requires County Offices to request and maintain as evidence of signature authority for entities and joint operations.

B Purpose

This notice:

- provides County Offices with the signature authority required for all FSFL documents for entities and joint operations
- ensures that CCC's security interests are legally protected when disbursing FSFL's.

Note: Sufficient documentation of signature authority is required.

C Contact

State Specialist with questions about this notice shall contact DeAnn Allen by either of the following:

- telephone at 202-720-9889
- e-mail at deann.allen@wdc.usda.gov.

Disposal Date	Distribution
May 1, 2010	State Offices; State Offices relay to County Offices

Notice FSFL-54

2 General Information on FSFL

A Applicable Entities and Joint Operations

Applicable entities and joint operations and the specific paragraph reference are provided in the following.

IF the operation is a...	THEN see paragraph...
<ul style="list-style-type: none">• corporation• limited partnership• limited liability company	3.
joint venture	4.
general partnership	5.
<ul style="list-style-type: none">• estate• trust• conservatorship• guardianship	6.
charitable/tax-exempt organization	7.
Indian tribe	8.
sole proprietorship/doing business as (DBA)	9.

B Other Applicable Information

The FSFL program will continue to follow FSA signature authority requirements for individuals according to 1-CM.

The signatory authority for spouses and attorney-in-fact for entities and joint operations is clarified in paragraph 10.

Notice FSFL-54

3 FSFL Signature Authority Documentation Requirements for Corporations, Limited Partnerships, Limited Liability Companies, and Other Similar Entities

A Entity Signature Authority for FSFL's

For **all** forms and documents for FSFL's for corporations, limited partnerships, limited liability companies, and other similar entities, the signature authority will consist of a copy of any of the following applicable documents:

- the corporate charter, bylaws, articles of organization, operating agreement, or partnership papers executed according to State law, that designates officers, members, or managers as authorized signatories
- resolution by the corporation's board of directors, signed by the corporation's secretary, or an officer other than the signatory being extended signature authority
- corporate minutes signed by the corporation's secretary or an officer other than the signatory being extended signature authority.

Notes: If the intent of the resolution is to extend signature authority to all officers of a corporation, then all officers **must** sign the resolution.

Exception: For a **1 person corporation**, that person is authorized to sign for the corporation by default if documentation, such as a corporate charter, is on file in the County Office which **both**:

- identifies the "1 person"
- validates that 100 percent of the corporation's shares are held by that "1 person".

It is the respective entity's responsibility to inform the County Offices of all changes in signature authority and to ensure that current documentation is provided accordingly with respect to FSFL program requirements.

The identification/listing of officers and/or shareholders of a corporation does **not**, by itself, provide sufficient evidence of who has authority to act on behalf of the corporation.

Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices. In addition, all affidavits filed after July 18, 2001, must be witnessed by an FSA employee or notarized to be considered acceptable.

County Offices shall review CCC-902E, Part C to ensure that members and their respective shares have **not** changed if FSA-211 or an affidavit executed before July 20, 2004, is used as evidence of signature authority.

Notice FSFL-54

3 **FSFL Signature Authority Documentation Requirements for Corporations, Limited Partnerships, Limited Liability Companies, and Other Similar Entities (Continued)**

B Redelegation of FSFL Signature Authority

Determine how an agent may be granted authority to sign FSFL forms and documents for a corporation, limited partnership, limited liability company, or other similar entity according to the following.

IF the entity documents...	THEN...
allow for redelegation of signature authority	<p>the person authorized to sign for the entity according to subparagraph A may redelegate their authority to an agent on FSA-211.</p> <p>Important: The person authorized to sign for the entity according to subparagraph A shall not redelegate this authority if the entity documents do not allow for redelegation of signature authority.</p> <p>Example 1: The XYZ Corporation charter designates Mary Brown as the corporate officer with signature authority for the corporation. The corporate charter provides that the authority to sign for XYZ Corporation may be redelegated. Mary Brown may redelegate her signature authority for XYZ Corporation to an agent by completing FSA-211.</p> <p>Example 2: The ABC Corporation charter designates Mike Jones as the corporate officer with signature authority for the corporation. The corporate charter does not indicate that the authority to sign for ABC Corporation may be redelegated. Mike Jones shall not redelegate his signature authority for ABC Corporation.</p>

Notice FSFL-54

3 FSFL Signature Authority Documentation Requirements for Corporations, Limited Partnerships, Limited Liability Companies, and Other Similar Entities (Continued)

B Redelegation of FSFL Signature Authority (Continued)

IF the entity documents...	THEN...
<p>do not allow for redelegation of signature authority</p>	<p>the following may be used to authorize an agent to sign for the entity for:</p> <ul style="list-style-type: none"> • corporations, either of the following: <ul style="list-style-type: none"> • FSA-211 signed by all officers • resolution of the board of directors, signed by an officer of the corporation, providing name of agent authorized to sign for the corporation • limited partnership, and other similar entities, FSA-211 signed by all members of the entity • limited liability companies, FSA-211 signed by all members or authorized managers. <p>Notes: Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices. In addition, all affidavits filed after July 18, 2001, must be witnessed by an FSA employee or notarized to be considered acceptable.</p> <p>County Offices shall review CCC-902E, Part C to ensure that the members and their respective shares have not changed if FSA-211 or an affidavit executed before July 20, 2004, is used as evidence of signature authority.</p> <p>Example: The ABC Corporation charter designates Mike Jones as the corporate officer with signature authority for the corporation. The corporate charter does not indicate that the authority to sign for ABC Corporation may be redelegated. Mike Jones shall not redelegate his signature to sign for ABC Corporation. However, an agent may be authorized to sign for ABC Corporation if all officers of ABC Corporation sign FSA-211.</p>

Notice FSFL-54

4 Signature Authority Documentation Requirements for Joint Ventures on All FSFL's

A Joint Venture Signature Authority for All FSFL's

Members of a joint venture may appoint an individual on FSA-211 to **request** FSFL on CCC-185. **All** members of the joint venture must sign FSA-211. The members of the joint venture are appointing an attorney-in-fact to act on behalf of the joint venture.

Note: If an attorney-in-fact has **not** been appointed on FSA-211 to act on behalf of the joint venture, all members must sign CCC-185.

All members of a joint venture, including spouses if required by State law, are required to sign all FSFL security documents. The following are the applicable FSFL security documents:

- CCC-186
- CCC-186-1
- CCC-193
- CCC-193-D
- CCC-298
- CCC-400
- all other real estate lien forms approved for use by a State Regional Attorney
- UCC-1, if signatures are required.

Note: FSA-211 for the joint venture does **not** authorize the appointed person to sign for individual members on FSFL security documents.

County Offices shall review CCC-902E, Part C, or CCC-901, Part A, for the joint ventures for the names of the members to ensure that all members have signed FSA-211 and all applicable FSFL security documents.

B Acceptable Evidence of FSFL Signature Authority for a Joint Venture

Determine acceptable evidence of signature authority for a joint venture as an entity according to the following.

IF the individual signing for the joint venture is...	THEN acceptable evidence of authority is...
a member of the joint venture	a valid power of attorney signed by all members of the joint venture for CCC-185 only. Note: Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices if the members and their respective shares are unchanged. In addition, all affidavits filed after July 18, 2001, must be witnessed by an FSA employee or notarized to be considered acceptable.
an agent	a valid power of attorney signed by all members of the joint venture.

Notice FSFL-54

4 Signature Authority Documentation Requirements for Joint Ventures on All FSFL's (Continued)

C Examples of FSFL Signature Requirements for Joint Ventures

The following are examples of FSFL signature requirements for joint ventures.

Example 1: ABC Joint Venture:

- has a permanent tax ID number
- is comprised of Jane Black, Bob Green, and Mike Brown.

ABC Joint Venture is the owner and operator of a farm and submits CCC-185 requesting FSFL. FSA-211 is on file in the County Office authorizing Mike Brown to sign for ABC Joint Venture. For CCC-186 and all applicable security documents listing in subparagraph A, all 3 members, including spouses if required by State law, will be required to sign. The loan disbursement will be issued to ABC Joint Venture using their permanent tax ID number.

Example 2: DEF Joint Venture:

- does **not** have a permanent tax ID number
- is composed of Mike Smith and Tom Williams.

DEF Joint Venture is the operator of a farm and requests CCC-185 for FSFL. Because DEF Joint Venture does **not** have a permanent tax ID number, the application must be submitted in the names of the 2 members with Mike Smith designated as the contact borrower. Both members shall be listed as co-applicants on all loan documents. Both members, including spouses if required by State law, will be required to sign CCC-186 and all applicable security documents listed in subparagraph A. The loan disbursement will be issued under Mike Smith's ID number as the contact borrower.

Notice FSFL-54

5 FSFL Signature Authority Documentation Requirements for General Partnerships

A General Partnership Signature Authority for FSFL's

For all FSFL's issued to general partnerships, the partnership must provide the Articles of Partnership. If no Articles of Partnership are available, IRS documents such as Form 1065 (Schedule K-1) showing members and their respective shares may be used. A written statement identifying all members and shares of the partnership and signed by all members of the partnership may be used as acceptable documentation the first year the partnership is in effect or if the membership of the partnership has changed and the partnership has not filed any IRS forms.

Notes: Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices. In addition, all affidavits filed after July 18, 2001, must be witnessed by an FSA employee or notarized to be considered acceptable.

Before November 20, 2006, general partnerships that did **not** have an individual authorized to act on behalf of the general partnership could execute FSA-211 to appoint an attorney-in-fact to act on behalf of the general partnership and bind all members. FSA-211's executed before November 20, 2006, according to these instructions, shall continue to be honored as acceptable evidence of signature authority by State and County Offices. The general partnership will be required to provide additional documentation only if the structure and/or membership of the general partnership changes.

County Offices shall review the general partnerships CCC-902E, Part E to ensure that the members and their respective shares have not changed if FSA-211 was executed before November 20, 2006, or an affidavit executed before July 20, 2004, is used as evidence of signature authority.

Any member of a general partnership may sign for the general partnership and bind all members unless the Articles of Partnership are more restrictive.

Note: This policy is adopted by FSA because the majority of States have laws that provide for this; however, this is **not** the case for any other business enterprise.

A member of a general partnership may execute FSA-211 to appoint an attorney-in-fact to act on behalf of the general partnership and bind all members, unless the Articles of Partnership restrict member's authority.

Notice FSFL-54

6 FSFL Signature Authority Documentation Requirements for Estates, Trusts, Conservatorships, or Guardianships

A Estate, Trust, Conservatorship, or Guardianship Signature Authority for FSFL's

For an individual to sign FSFL forms and documents as administrator, executor, trustee, guardian, receiver, or conservator, evidence of authority consisting of 1 of the following documents, which was executed according to State law, is required:

- court orders of appointment
- court-approved certificate or letter of administration
- trust agreement or last will and testament that established the trust
- similar document approved by regional attorney.

B Restrictions on Evidence of Authority

Documents presented in subparagraph A, except for trust agreements and documents approved by regional attorney, shall contain the following:

- signature of an officer of the issuing court
- certification by an officer of the issuing court that evidence of authority is in full force and effect.

7 FSFL Signatory Authority Documentation Requirements for Charitable/Tax-Exempt Organizations

A Charitable/Tax-Exempt Organizations Signatory Authority for FSFL's

Either of the following documents will authorize an individual to sign on behalf of a charitable organization, church, society, or fraternal organization on all FSFL forms and documents:

- letter of authorization signed by either of the following:
 - legal head of the church or organization
 - head of the local church body, if applicable
- individuals authorized in this subparagraph may redelegate authority to an agent on FSA-211.

Notice FSFL-54

8 FSFL Signatory Authority Documentation for Indian Tribes

A Indian Tribe Signatory Authority for FSFL's

On all FSFL forms and documents for an Indian tribe, a copy of tribal bylaws designating members authorized to sign and bind other members of the venture will be required to authorize a member to sign and obligate other members of the Indian tribal venture.

Note: Certain properly executed and completed affidavits, on file in a County Office before July 20, 2004, have been used as evidence of signature authority. These affidavits shall continue to be honored by State and County Offices. In addition, all affidavits filed after July 18, 2001, must be witnessed by an FSA employee or notarized to be considered acceptable.

9 FSFL Signatory Authority Documentation for Sole Proprietorships/DBA

A Sole Proprietorship/DBA Signatory Authority for FSFL's

A sole proprietorship is a business operation conducted by an individual under a name other than the name of the individual. This individual may sign all FSFL forms and documents for the business operation if a signed CCC-902E, Part C lists only this 1 individual as a member of the proprietorship.

10 FSFL Signatory Authority for Spouses and Attorneys-in-Fact for Entities and Joint Operations

A Spouse and Attorney-in-Fact Signatory Authority for Entities and Joint Operations

For any of the entities and joint operations listed in subparagraph 2 A:

- spouses shall **not** sign on behalf of each other as an authorized signatory
- individuals appointed an attorney-in-fact for another individual shall **not** sign for that individual as an authorize signatory.

Example: Joe Blue is a member of B Inc. The charter for B Inc., authorizes Joe Blue to sign for the corporation. Joe Blue's spouse shall **not** sign for Joe Blue as the authorized signatory for B Inc. Joe Blue appointed Mary Smith as his personal attorney-in-fact on FSA-211. Mary Smith shall **not** sign for Joe Blue as the authorized signature for B Inc.

Notice FSFL-54

10 FSFL Signatory Authority for Spouses and Attorneys-in-Fact for Entities and Joint Operations

A Spouse and Attorney-in-Fact Signatory Authority for Entities and Joint Operations (Continued)

Spouses may sign on behalf on each other's **individual** interest in a corporation, limited partnership, limited liability company, joint venture, or other similar entity; unless a written notification denying a spouse this authority is provided to the County Office. Individuals who are appointed as an attorney-in-fact for another individual may sign for that **individual's** interest in a corporation, limited partnership, limited liability company, joint venture, or other similar entity.

Examples: Jane Brown is a member of JBB Inc. The corporate charter for JBB Inc., requires all members to sign documents for the corporation. Jane Brown's spouse may sign for Jane Brown's individual member interest in the corporation. Jane Brown appointed Mike Black as her personal attorney-in-fact on FSA-211. Mike Black may sign for Jane Brown's individual member interest in the corporation.

Jack Green is a member of JJJ Joint Venture. All members of JJJ Joint Venture signed FSA-211 appointing Jack Green attorney-in-fact for the joint venture. Jack Green's spouse shall **not** sign for Jack Green as the authorized signatory for JJJ Joint Venture. Jack Green appointed Bill Brown as his personal attorney-in-fact on FSA-211. Bill Brown shall **not** sign for Jack Green as the authorized signatory for JJJ Joint Venture.

Jill White is a member of EE Joint Venture. No member of EE Joint Venture is authorized to sign for the joint venture and bind all members; therefore, all members must sign all documents for the joint venture. Jill White's spouse may sign for Jill White's individual interest in the joint venture. Jill White appointed Mike Jones as her personal attorney-in-fact on FSA-211. Mike Jones may sign for Jill White's individual interest in the joint venture.

Notice FSFL-54

11 Action

A County Office Action

County Office employees shall:

- comply with the policy in this notice effective immediately
- obtain a copy of the required documentation and keep on file in the office

Note: The entire document presented does **not** have to be maintained. However, all applicable pages that identify the entity, pertinent authority, and any limitations, etc., **must** be maintained.

- contact the State Office for guidance:
 - if there are questions or concerns about FSFL signature authority for entities and joint operations contained in this notice
 - on the FSFL signature authority requirements for any entities and joint operations not contained in this notice.

B State Office Action

State Office FSFL Program Specialists shall:

- ensure that County Offices comply with this notice effective immediately
- assist County Offices with concerns about information provided by entities and joint operations
- contact PSD for guidance on the FSFL signature authority requirements for any entities and joint operations not contained in this notice.