

LLC Documentation Guide

An LLC is a non-corporate business whose owners actively participate in the organization's management and are protected against personal liability for the organization's debts and obligations. Domestic LLC's whose holdings are limited to the subject property or mortgage loan secured by the subject property are eligible subject to the requirements below.

- Must be legal in the state in which the LLC is being formed
- LLC should be formed in the same state where property is located or provide a Foreign LLC Certificate or Resolution that it is approved to do business in the subject property state.
- Maximum 4 members who may be U.S. Citizens, Permanent Resident Aliens, Non-Permanent Resident Alien. No other LLC or Entity can be a member of the LLC.
- Members of the LLC must be beneficial owners of the property
- Entity documents that list members/managers and their ownership percentage
- The operating agreement or other similar document must provide the term of the LLC and the members authorized to encumber the LLC as guarantors
- All members of an LLC are required to qualify for the loan and individually sign the note
- LLCs are only acceptable on business purpose DSCR loans.

Documentation Requirements

- Articles of Organization or similar documentation supporting ownership, purpose, members, etc.
- Operating Agreement (If required in the state where the LLC was formed)
- Unanimous Consent (Multiple Members only) and Resolution to Borrow if not specified within Articles of Organization or Operating Agreement
- SS-4 Form listing tax ID Number or if a Single Member LLC a W-9 with the borrower's social is also acceptable
- Certificate of Good Standing from the applicable Secretary of State's office

The LLC must be reviewed and deemed acceptable by a Nations Direct Mortgage underwriter and could also require management review at the discretion of the underwriter.

Signature Requirements

The note must be signed by the Borrowers in their individual capacity and as member and/or manager of the LLC. All members of the LLC must sign the note as a member of the LLC, in addition to any other signature requirements. The mortgage/deed of trust/security instrument should be signed by all the members of the LLC in their capacity as member and/or manager of the LLC.

Example:

Promissory Note

John Smith

John Smith, as member of ABC, LLC

Mortgage/Deed of Trust

John Smith, as member of ABC, LLC