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**My single member LLC has borrowed money from several investors and then loaned the money to my wholly owned S Corporation to develop properties. Are there any special considerations I should be concerned about?**

A

An often overlooked result from using a single member LLC as a conduit in this way, is that it can create a nonrecourse situation for you as the owner of both the LLC and the S Corporation. While limited liability is the primary benefit of the LLC, the amounts advanced to the S Corporation by the LLC are nonrecourse to you as the sole shareholder. Therefore, you are not at risk for those loans, and losses incurred by the S Corporation could be limited. The losses may not exceed your own directly invested capital amounts and/or previously taxed but undistributed income, if they do, you would likely not be able to deduct those losses.