

State of South Dakota

EIGHTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2012

283T0670

SENATE BILL NO. 158

Introduced by: Senators Juhnke, Maher, Nygaard, Rampelberg, and Rave and
Representatives Perry, Cronin, Fargen, Solum, and Street

1 FOR AN ACT ENTITLED, An Act to create an exception to the loan or credit limitations of
2 state chartered banks.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That chapter 51A-12 be amended by adding thereto a NEW SECTION to read
5 as follows:

6 A state chartered bank in satisfactory condition, with the consent of its governing board, may
7 request an exception to the loan or credit limitation as provided in § 51A-12-2 from the director.

8 The bank shall apply for such an exception on forms prescribed by the director. The director
9 may approve the exception if the loan is not on the loan watch list or problem loan report of the
10 bank, or classified at the most recent regulatory examination, and the loan shall be:

11 (1) Fully secured by the fair market value of the collateral and may not exceed one
12 hundred percent of the discounted value assigned by the bank to the collateral;

13 (2) An agricultural loan in the bank's normal trade area; and

14 (3) Originated by the requesting bank.

15 No loan approved under this section may exceed an amount greater than the sum of twenty-



1 five percent of the bank's capital stock or members' equity, surplus, and undivided profits. Such
2 limit shall be determined each quarter on the basis of the bank's quarterly report of condition for
3 the immediately previous calendar quarter.

4 Section 2. That chapter 51A-12 be amended by adding thereto a NEW SECTION to read
5 as follows:

6 Any exception granted by the director under this Act expires when the agricultural operating
7 loan matures or twelve months after the exception is granted, whichever occurs first. A new
8 exception request shall be submitted prior to the renewal of the agricultural operating loan if the
9 loan to be renewed would exceed the loan or credit limitation as provided in § 51A-12-2, unless
10 otherwise approved by the director. The aggregate balance of all loans or extensions of credit
11 made by a bank pursuant to this section may not exceed one hundred percent of the bank's tier
12 one leverage capital.