

AN ACT

ENTITLED, An Act to create an exception to the loan or credit limitations of state chartered banks.

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

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

A state chartered bank in satisfactory condition, with the consent of its governing board, may request an exception to the loan or credit limitation as provided in § 51A-12-2 from the director. The bank shall apply for such an exception on forms prescribed by the director. The director may approve the exception if the loan is not on the loan watch list or problem loan report of the bank, or classified at the most recent regulatory examination, and the loan shall be:

- (1) Fully secured by the fair market value of the collateral and may not exceed one hundred percent of the discounted value assigned by the bank to the collateral;
- (2) An agricultural loan in the bank's normal trade area; and
- (3) Originated by the requesting bank.

No loan approved under this section may exceed an amount greater than the sum of twenty-five percent of the bank's capital stock or members' equity, surplus, and undivided profits. Such limit shall be determined on the basis of the bank's quarterly report of condition for the immediately previous calendar quarter and remain in effect until the loan expires as provided in this Act. The aggregate balance of all loans or extensions of credit made by a bank pursuant to this section may not exceed one hundred percent of the bank's tier one leverage capital.

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

Any exception granted by the director under this Act expires when the agricultural operating loan matures or twelve months after the exception is granted, whichever occurs first. A new exception

request shall be submitted prior to the renewal of the agricultural operating loan if the loan to be renewed would exceed the loan or credit limitation as provided in § 51A-12-2, unless otherwise approved by the director.

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I certify that the attached Act
originated in the
SENATE as Bill No. 158

Secretary of the Senate
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President of the Senate

Attest:

Secretary of the Senate

Speaker of the House

Attest:

Chief Clerk

Senate Bill No. 158
File No. _____
Chapter No. _____

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Received at this Executive Office
this ____ day of _____ ,
20__ at _____ M.

By _____
for the Governor
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The attached Act is hereby
approved this _____ day of
_____, A.D., 20__

Governor

=====
STATE OF SOUTH DAKOTA,
ss.
Office of the Secretary of State

Filed _____, 20__
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State