

# State of South Dakota

EIGHTY-SEVENTH SESSION  
LEGISLATIVE ASSEMBLY, 2012

283T0670

## SENATE COMMERCE AND ENERGY ENGROSSED NO. **SB 158** - 2/9/2012

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.



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

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

9       Any exception granted by the director under this Act expires when the agricultural operating  
10      loan matures or twelve months after the exception is granted, whichever occurs first. A new  
11      exception request shall be submitted prior to the renewal of the agricultural operating loan if the  
12      loan to be renewed would exceed the loan or credit limitation as provided in § 51A-12-2, unless  
13      otherwise approved by the director.