

FOR 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:

Banks in satisfactory condition may request an exception to the loan or credit limitation as provided in 51A-12-2. Banks shall apply for such an exception on forms prescribed by the director. To be considered for an exception, the loan must not be on the loan watch list or problem loan report of the bank and must be:

- (1) Fully secured by marketable collateral;
- (2) An agricultural loan in the bank's normal trade area; and
- (3) Originated by the requesting bank.

Any loan approved under this section shall not 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 for each quarter on the basis of the bank's quarterly report of condition for the immediately previous calendar quarter.

Any exception granted by the director under this section shall expire when the agricultural operating loan matures or after twelve months from the date the exception is granted, whichever occurs first. A new exception request must 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 section 51A-12-2, unless otherwise approved by the director. The aggregate balance of all loans or

extensions of credit made by a bank pursuant to this section shall not exceed one hundred percent of the bank's tier one leverage capital.