

Lending to County Townships

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Why Banks Loan to Townships

The rain and snow the past two years have devastated the condition of county roadways in South Dakota. In order to prevent further destruction, many townships have secured small loans for the purpose of repairing roadways before the situation further deteriorates. Provided in this presentation are a few “how-to’s” that ease this process for Community Bankers and Townships.



Required Documentation for Loan

- Township Officers Elected – available at office of County Auditor
- Signed & Notarized Oath of Township Officers – available at office of County Auditor
- Most recent year tax assessment income information from County – available at office of County Auditor



Required Documentation for Loan (Cont'd)

- Resolution for Opt Out signed by Township Board Members – available at office of County Auditor
- Copy of Published Notification of Resolution for Opt Out – available at office of County Auditor



Required Documentation for Loan (Cont'd)

- Most recent Corporate Resolution – available at Township Depository Bank
- Ledger balances for Depository Accounts – available at Township Depository Bank
- Minutes of 3 previous regular Township meetings – available from Township Board Chairman



Required Documentation for Loan (Cont'd)

- 3 years reports of income and expenses – available from Township Treasurer
- Copies of account statement for 3 previous years – available from Depository Bank

Terms of Loan

- Loan is unsecured
- \$125 fee, interest rate to be determined by Lender and Bank
- Maturity date is 30 days after the election of new Township Board Members. Loan will be renewed after new Township Board members are determined
- Chairman, and 2 other Board Members are signors for Township



Required Documents

- Promissory Note
- Business Loan Agreement
- Disbursement Request and Authorization

Personal Liability of Township Board Members

- Board Members sign Promissory Note as Representatives of the Township Board
- Board Members **DO NOT** sign Promissory Note as individuals, therefore no personal liability exists!

