
DIVISION OF BANKING

1601 N. Harrison Avenue, Suite 1, Pierre, SD 57501
605-773-3421

MEMORANDUM

NUMBER: 20-017
DATE: November 22, 2016
TO: SOUTH DAKOTA MONEY LENDERS
FROM: BRET AFDAHL, Director
RE: INITIATED MEASURE 21 (IM 21)

All South Dakota money lenders licensed pursuant to the provisions of SDCL Chapter 54-4 are required to comply with the provisions of IM 21, which includes a 36 percent rate limit. Retail installment contracts are installment loans in South Dakota for purposes of SDCL Chapter 54-4. Financial institutions in South Dakota that service, acquire, or purchase retail installment contracts are required to obtain and maintain money lender licenses pursuant to SDCL Chapter 54-4. As such, financial institutions in South Dakota that service, acquire, or purchase retail installment contracts are required to comply with the provisions of IM 21, and the other substantive requirements of SDCL Chapter 54-4.

The types of services, products, charges, or fees that are to be included in annual rate calculations for purposes of the rate limitations imposed by IM 21 are “all charges for any ancillary product or service and any other charge or fee incident to the extension of credit.” See IM 21, Section 2. These services, products, charges, and fees may, depending on the circumstances, include vehicle service and maintenance contracts, official fees and taxes, guaranteed asset protection waivers, sales taxes, title fees, lien registration fees, dealer documentary fees, returned check fees, attorney fees, and credit life or accident and health insurance.

Finally, please note that the provisions of IM 21 became effective on November 16, 2016. South Dakota money lenders were required to be in full compliance with the provisions of IM 21 on such date.

If you would like additional information regarding IM 21, or if you have any questions, please do not hesitate to contact the South Dakota Division of Banking at 605-773-3421.