

## 2020 South Dakota Legislature

**House Bill 1283****AMENDMENT 1283B FOR THE INTRODUCED BILL**

1 **An Act to ~~revise the liability of a guarantor~~ require notice of a cross default clause.**

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

3 **Section 1.** That a NEW SECTION be added:

4 **56-1-29. Cross-default clause—Notice.**

5 If a loan agreement contains a cross-default clause, the lender shall, at the time  
6 of signing, provide the borrower and any co-signor with a separate notice that:

7 (1) Reprints the cross-default clause in its entirety, in at least 10-point bold type;

8 (2) Contains a plain-language summary of the rights and duties created by the clause;  
9 and

10 (3) Provides for a signature line wherein the borrower acknowledges that the borrower  
11 has been made aware of the provision by the lender and that the borrower  
12 comprehends and knowingly accepts the potential consequences of the clause.

13 A cross-default clause that is not supported by the notice requirements of this  
14 section is void and unenforceable.