

# State of South Dakota

NINETIETH SESSION  
LEGISLATIVE ASSEMBLY, 2015

951W0650

## HOUSE BILL NO. 1209

Introduced by: Representatives Conzet, Harrison, Mickelson, Solum, and Willadsen and  
Senators Rave, Lederman, Novstrup (David), Rampelberg, Sutton, and Vehle

1 FOR AN ACT ENTITLED, An Act to revise certain provisions relating to changes in terms of  
2 credit card agreements.

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

4 Section 1. That § 54-11-10 be repealed.

5 ~~54-11-10. Upon written notice, a credit card issuer may change the terms of any credit card~~  
6 ~~agreement, if such right of amendment has been reserved, regardless of whether the card holder~~  
7 ~~can use the card for new purchases. However, the following changes to the credit card~~  
8 ~~agreement, effective as to existing balances, do not become binding on the parties if the card~~  
9 ~~holder, within twenty-five days of the effective date of the change, furnishes written notice to~~  
10 ~~the issuer, at the address designated by the issuer, that the card holder does not agree to abide~~  
11 ~~by such changes:~~

12 ~~(1) Modifying the circumstances under which a finance charge will be imposed;~~

13 ~~(2) Altering the method used to calculate finance charges; or~~

14 ~~(3) Increasing finance charges, fees, and other costs.~~

15 ~~Any other change to the credit card agreement modifying the manner in which the issuer and~~



1 ~~card holder resolve disputes arising out of their relationship do not become binding on the~~  
2 ~~parties if the card holder, within twenty-five days of the effective date of the change, furnishes~~  
3 ~~written notice to the issuer, at the address designated by the issuer, that the card holder does not~~  
4 ~~agree to abide by such changes.~~

5 ~~— Use of the card after the effective date of the change of terms is deemed to be an acceptance~~  
6 ~~of the new terms, even if the twenty-five-day period has not expired. Unless otherwise required~~  
7 ~~by 12 C.F.R. § 226, in effect on February 22, 2010, a written change of terms notice is not~~  
8 ~~required if the proposed change in terms has been communicated by the issuer to the card holder~~  
9 ~~and the card holder agrees.~~

10 Section 2. That § 54-11-11 be repealed.

11 ~~— 54-11-11. In lieu of the card holder's right to reject certain changes in terms within twenty-~~  
12 ~~five days pursuant to § 54-11-10, the issuer may require the card holder to provide written notice~~  
13 ~~of such rejection not less than five days prior to the effective date of the change if the issuer has~~  
14 ~~sent notice of the proposed change in terms under §§ 54-11-10 and 54-11-11 to the card holder~~  
15 ~~not less than thirty days prior to the effective date of the change. The issuer may provide the~~  
16 ~~card holder an alternative means by which to communicate the card holder's rejection of the~~  
17 ~~change in terms, so long as the alternative means is not more burdensome to the card holder.~~

18 Section 3. That chapter 54-11 be amended by adding thereto a NEW SECTION to read as  
19 follows:

20 A credit card issuer may change the terms of any credit card agreement if such right of  
21 amendment has been reserved. A credit card issuer shall provide notice of such change, and the  
22 right to reject such change, in accordance with, and solely to the extent required by 12 C.F.R.  
23 1026, in effect on January 1, 2015. No credit card issuer may make a change that is specifically  
24 prohibited by 12 C.F.R. 1026.