

SENATE BILL NO. 285—SENATOR CARE

MARCH 13, 2003

Referred to Committee on Judiciary

SUMMARY—Makes various changes to provisions pertaining to Uniform Commercial Code. (BDR 8-360)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to commercial transactions; making various changes to provisions pertaining to the Uniform Commercial Code; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 104.3103 is hereby amended to read as
2 follows:
3 104.3103 1. In this article:
4 (a) “Acceptor” means a drawee who has accepted a draft.
5 (b) *“Consumer account” means an account established by a*
6 *natural person primarily for personal, family or household*
7 *purposes.*
8 (c) *“Consumer transaction” means a transaction in which a*
9 *natural person incurs an obligation primarily for personal, family*
10 *or household purposes.*
11 (d) “Drawee” means a person ordered in a draft to make
12 payment.
13 ~~[(e)]~~ (e) “Drawer” means a person who signs or is identified in a
14 draft as a person ordering payment.
15 ~~[(f)]~~ (f) “Good faith” means honesty in fact and the observance
16 of reasonable commercial standards of fair dealing.
17 ~~[(g)]~~ (g) “Maker” means a person who signs or is identified in a
18 note as a person undertaking to pay.



1 ~~[(h)]~~ (h) "Order" means a written instruction to pay money
2 signed by the person giving the instruction. The instruction may be
3 addressed to any person, including the person giving the instruction,
4 or to one or more persons jointly or in the alternative but not in
5 succession. An authorization to pay is not an order unless the person
6 authorized to pay is also instructed to pay.

7 ~~[(e)]~~ (i) "Ordinary care" in the case of a person engaged in
8 business means observance of reasonable commercial standards,
9 prevailing in the area in which he is located, with respect to the
10 business in which he is engaged. In the case of a bank that takes an
11 instrument for processing for collection or payment by automated
12 means, reasonable commercial standards do not require the bank to
13 examine the instrument if the failure to examine does not violate its
14 prescribed procedures and its procedures do not vary unreasonably
15 from general banking usage not disapproved by this article or
16 article 4.

17 ~~[(h)]~~ (j) "Party" means a party to an instrument.

18 ~~[(h)]~~ (k) "*Principal obligor,*" *with respect to an instrument,*
19 *means the accommodated party or any other party to the*
20 *instrument against whom a secondary obligor has recourse under*
21 *this article.*

22 (l) "Promise" means a written undertaking to pay money signed
23 by the person undertaking to pay. An acknowledgment of an
24 obligation by the obligor is not a promise unless the obligor also
25 undertakes to pay the obligation.

26 ~~[(h)]~~ (m) "Prove" with respect to a fact means to meet the burden
27 of establishing the fact (subsection 8 of NRS 104.1201).

28 ~~[(h)]~~ (n) "*Record*" *means information that is inscribed on a*
29 *tangible medium or that is stored in an electronic or other medium*
30 *and is retrievable in perceivable form.*

31 (o) "Remitter" means a person who purchases an instrument
32 from its issuer if the instrument is payable to an identified person
33 other than the purchaser.

34 (p) "*Remotely created consumer item*" *means an item drawn*
35 *on a consumer account, which is not created by the payor bank*
36 *and does not bear a handwritten signature purporting to be the*
37 *signature of the drawer.*

38 (q) "*Secondary obligor,*" *with respect to an instrument, means:*

39 (1) *An endorser or an accommodation party;*

40 (2) *A drawer having the obligation described in*
41 *subsection 4 of NRS 104.3414; or*

42 (3) *Any other party to the instrument that has recourse*
43 *against another party to the instrument pursuant to subsection 2*
44 *of NRS 104.3116.*



2. Other definitions applying to this article and the sections in which they appear are:

“Acceptance.” NRS 104.3409.
“Accommodated party.” NRS 104.3419.
“Accommodation party.” NRS 104.3419.
“Account.” NRS 104.4104.
“Alteration.” NRS 104.3407.
“Anomalous endorsement.” NRS 104.3205.
“Blank endorsement.” NRS 104.3205.
“Cashier’s check.” NRS 104.3104.
“Certificate of deposit.” NRS 104.3104.
“Certified check.” NRS 104.3409.
“Check.” NRS 104.3104.
“Consideration.” NRS 104.3303.
“Draft.” NRS 104.3104.
“Endorsement.” NRS 104.3204.
“Endorser.” NRS 104.3204.
“Holder in due course.” NRS 104.3302.
“Incomplete instrument.” NRS 104.3115.
“Instrument.” NRS 104.3104.
“Issue.” NRS 104.3105.
“Issuer.” NRS 104.3105.
“Negotiable instrument.” NRS 104.3104.
“Negotiation.” NRS 104.3201.
“Note.” NRS 104.3104.
“Payable at a definite time.” NRS 104.3108.
“Payable on demand.” NRS 104.3108.
“Payable to bearer.” NRS 104.3109.
“Payable to order.” NRS 104.3109.
“Payment.” NRS 104.3602.
“Person entitled to enforce.” NRS 104.3301.
“Presentment.” NRS 104.3501.
“Reacquisition.” NRS 104.3207.
“Special endorsement.” NRS 104.3205.
“Teller’s check.” NRS 104.3104.
“Transfer of instrument.” NRS 104.3203.
“Traveler’s check.” NRS 104.3104.
“Value.” NRS 104.3303.

3. The following definitions in other articles apply to this article:

~~“Bank.” NRS 104.4105.~~
“Banking day.” NRS 104.4104.



1 "Clearinghouse." NRS 104.4104.
2 "Collecting bank." NRS 104.4105.
3 "Customer." NRS 104.4104.
4 "Depository bank." NRS 104.4105.
5 "Documentary draft." NRS 104.4104.
6 "Intermediary bank." NRS 104.4105.
7 "Item." NRS 104.4104.
8 "Payor bank." NRS 104.4105.
9 "Suspends payments." NRS 104.4104.

10
11 4. In addition , article 1 contains general definitions and
12 principles of construction and interpretation applicable throughout
13 this article.

14 **Sec. 2.** NRS 104.3106 is hereby amended to read as follows:

15 104.3106 1. Except as otherwise provided in this section, for
16 the purposes of subsection 1 of NRS 104.3104, a promise or order is
17 unconditional unless it states:

18 (a) An express condition to payment;

19 (b) That the promise or order is subject to or governed by
20 another ~~{writing}~~ **record**; or

21 (c) That rights or obligations with respect to the promise or
22 order are stated in another ~~{writing}~~ **record**.

23 A reference to another ~~{writing}~~ **record** does not of itself make the
24 promise or order conditional.

25 2. A promise or order is not made conditional by a reference to
26 another ~~{writing}~~ **record** for a statement of rights with respect to
27 collateral, prepayment or acceleration, or because payment is
28 limited to resort to a particular fund or source.

29 3. If a promise or order requires, as a condition to payment, a
30 countersignature by a person whose specimen signature appears on
31 the promise or order, the condition does not make the promise or
32 order conditional for the purposes of subsection 1 of NRS 104.3104.
33 If the person whose specimen signature appears on an instrument
34 fails to countersign the instrument, the failure to countersign is a
35 defense to the obligation of the issuer, but the failure does not
36 prevent a transferee of the instrument from becoming a holder of the
37 instrument.

38 4. If a promise or order at the time it is issued or first comes
39 into possession of a holder contains a statement, required by
40 applicable statutory or administrative law, to the effect that the
41 rights of a holder or transferee are subject to claims or defenses that
42 the issuer could assert against the original payee, the promise or
43 order is not thereby made conditional for the purposes of
44 subsection 1 of NRS 104.3104 , ~~{H}~~ but if the promise or order is an
45 instrument, there cannot be a holder in due course of the instrument.



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1 **Sec. 3.** NRS 104.3116 is hereby amended to read as follows:
2 104.3116 1. Except as otherwise provided in the instrument,
3 two or more persons who have the same liability on an instrument as
4 makers, drawers, acceptors, endorsers who endorse as joint payees,
5 or anomalous endorsers are jointly and severally liable in the
6 capacity in which they sign.

7 2. Except as otherwise provided in subsection ~~[5]~~ 6 of NRS
8 104.3419 or by agreement of the affected parties, a party having
9 joint and several liability who pays the instrument is entitled to
10 receive from any party having the same joint and several liability
11 contribution in accordance with applicable law.

12 ~~[3.—Discharge of one party having joint and several liability by~~
13 ~~a person entitled to enforce the instrument does not affect the right~~
14 ~~under subsection 2 of a party having the same joint and several~~
15 ~~liability to receive contribution from the party discharged.]~~

16 **Sec. 4.** NRS 104.3119 is hereby amended to read as follows:
17 104.3119 In an action for breach of an obligation for which a
18 third person is answerable over pursuant to this article or article 4,
19 the defendant may give the third person ~~[written]~~ notice of the
20 litigation ~~[]~~ *in a record*, and the person notified may then give
21 similar notice to any other person who is answerable over. If the
22 notice states that the person notified may come in and defend and
23 that failure to do so will bind the person notified in an action later
24 brought by the person giving the notice as to any determination of
25 fact common to the two litigations, the person notified is so bound
26 unless after seasonable receipt of the notice the person notified does
27 come in and defend.

28 **Sec. 5.** NRS 104.3305 is hereby amended to read as follows:
29 104.3305 1. Except as otherwise provided in ~~[subsection 2,]~~
30 *this section*, the right to enforce the obligation of a party to pay an
31 instrument is subject to the following:

- 32 (a) A defense of the obligor based on:
- 33 (1) Infancy of the obligor to the extent it is a defense to a
34 simple contract;
- 35 (2) Duress, lack of legal capacity or illegality of the
36 transaction which, under other law, nullifies the obligation of the
37 obligor;
- 38 (3) Fraud that induced the obligor to sign the instrument with
39 neither knowledge nor reasonable opportunity to learn of its
40 character or its essential terms; or
- 41 (4) Discharge of the obligor in insolvency proceedings;
- 42 (b) A defense of the obligor stated in another section of this
43 article or a defense of the obligor that would be available if the
44 person entitled to enforce the instrument were enforcing a right to
45 payment under a simple contract; and



1 (c) A claim in recoupment of the obligor against the original
2 payee of the instrument if the claim arose from the transaction that
3 gave rise to the instrument , ~~§~~ but the claim of the obligor may be
4 asserted against a transferee of the instrument only to reduce the
5 amount owing on the instrument at the time the action is brought.

6 2. The right of a holder in due course to enforce the obligation
7 of a party to pay the instrument is subject to defenses of the obligor
8 stated in paragraph (a) of subsection 1, but is not subject to defenses
9 of the obligor stated in paragraph (b) of subsection 1 or claims in
10 recoupment stated in paragraph (c) of subsection 1 against a person
11 other than the holder.

12 3. Except as otherwise provided in subsection 4, in an action to
13 enforce the obligation of a party to pay the instrument, the obligor
14 may not assert against the person entitled to enforce the instrument a
15 defense, claim in recoupment or claim to the instrument (NRS
16 104.3306) of another person, but the other person's claim to the
17 instrument may be asserted by the obligor if the other person is
18 joined in the action and personally asserts the claim against the
19 person entitled to enforce the instrument. An obligor is not obliged
20 to pay the instrument if the person seeking enforcement of the
21 instrument does not have rights of a holder in due course and the
22 obligor proves that the instrument is a lost or stolen instrument.

23 4. In an action to enforce the obligation of an accommodation
24 party to pay an instrument, the accommodation party may assert
25 against the person entitled to enforce the instrument any defense or
26 claim in recoupment under subsection 1 that the accommodated
27 party could assert against the person entitled to enforce the
28 instrument, except the defenses of discharge in insolvency
29 proceedings, infancy and lack of legal capacity.

30 5. *In a consumer transaction, if law other than this article*
31 *requires that an instrument include a statement to the effect that*
32 *the rights of a holder or transferee are subject to a claim or*
33 *defense that the issuer could assert against the original payee, and*
34 *the instrument does not include such a statement:*

35 (a) *The instrument has the same effect as if the instrument*
36 *included such a statement;*

37 (b) *The issuer may assert against the holder or transferee all*
38 *claims and defenses that would have been available if the*
39 *instrument included such a statement; and*

40 (c) *The extent to which claims may be asserted against the*
41 *holder or transferee is determined as if the instrument included*
42 *such a statement.*

43 6. *This section is subject to law other than this article that*
44 *establishes a different rule for consumer transactions.*



1 **Sec. 6.** NRS 104.3309 is hereby amended to read as follows:
2 104.3309 1. A person not in possession of an instrument is
3 entitled to enforce the instrument if:

4 (a) He was ~~in possession of the instrument and~~ entitled to
5 enforce ~~it~~ *the instrument* when loss of possession occurred ~~it~~ *or*
6 *he has directly or indirectly acquired ownership of the instrument*
7 *from a person who was entitled to enforce the instrument when*
8 *loss of possession occurred;*

9 (b) The loss of possession was not the result of a transfer by him
10 or a lawful seizure; and

11 (c) He cannot reasonably obtain possession of the instrument
12 because the instrument was destroyed, its whereabouts cannot be
13 determined, or it is in the wrongful possession of an unknown
14 person or a person that cannot be found or is not amenable to service
15 of process.

16 2. A person seeking enforcement of an instrument under
17 subsection 1 must prove the terms of the instrument and his right to
18 enforce the instrument. If that proof is made, NRS 104.3308 applies
19 to the case as if the person seeking enforcement had produced the
20 instrument. The court may not enter judgment in favor of the person
21 seeking enforcement unless it finds that the person required to pay
22 the instrument is adequately protected against loss that might occur
23 by reason of a claim by another person to enforce the instrument.
24 Adequate protection may be provided by any reasonable means.

25 **Sec. 7.** NRS 104.3312 is hereby amended to read as follows:

26 104.3312 1. In this section:

27 (a) "Check" means a cashier's check, teller's check or certified
28 check.

29 (b) "Claimant" means a person who claims the right to receive
30 the amount of a cashier's check, teller's check or certified check that
31 was lost, destroyed or stolen.

32 (c) "Declaration of loss" means a ~~written~~ statement, made *in a*
33 *record* under penalty of perjury, to the effect that:

34 (1) The declarer lost possession of a check;

35 (2) The declarer is the drawer or payee of the check, in the
36 case of a certified check, or the remitter or payee of the check, in the
37 case of a cashier's check or teller's check;

38 (3) The loss of possession was not the result of a transfer by
39 the declarer or a lawful seizure; and

40 (4) The declarer cannot reasonably obtain possession of the
41 check because the check was destroyed, its whereabouts cannot be
42 determined, or it is in the wrongful possession of an unknown
43 person or a person that cannot be found or is not amenable to service
44 of process.



1 (d) "Obligated bank" means the issuer of a cashier's check or
2 teller's check or the acceptor of a certified check.

3 2. A claimant may assert a claim to the amount of a check by a
4 communication to the obligated bank describing the check with
5 reasonable certainty and requesting payment of the amount of the
6 check, if:

7 (a) The claimant is the drawer or payee of a certified check or
8 the remitter or payee of a cashier's check or teller's check;

9 (b) The communication contains or is accompanied by a
10 declaration of loss of the claimant with respect to the check;

11 (c) The communication is received at a time and in a manner
12 affording the bank a reasonable time to act on it before the check is
13 paid; and

14 (d) The claimant provides reasonable identification if requested
15 by the obligated bank.

16 3. Delivery of a declaration of loss is a warranty of the truth of
17 the statements made in the declaration. If a claim is asserted in
18 compliance with this subsection, the following rules apply:

19 (a) The claim becomes enforceable at the later of:

20 (1) The time the claim is asserted; or

21 (2) The 90th day following the date of the check, in the case
22 of a cashier's check or teller's check, or the 90th day following the
23 date of the acceptance, in the case of a certified check.

24 (b) Until the claim becomes enforceable, it has no legal effect
25 and the obligated bank may pay the check or, in the case of a teller's
26 check, may permit the drawee to pay the check. Payment to a person
27 entitled to enforce the check discharges all liability of the obligated
28 bank with respect to the check.

29 (c) If the claim becomes enforceable before the check is
30 presented for payment, the obligated bank is not obliged to pay the
31 check.

32 (d) When the claim becomes enforceable, the obligated bank
33 becomes obliged to pay the amount of the check to the claimant if
34 payment of the check has not been made to a person entitled to
35 enforce the check. Subject to paragraph (a) of subsection 1 of NRS
36 104.4302, payment to the claimant discharges all liability of the
37 obligated bank with respect to the check.

38 4. If the obligated bank pays the amount of a check to a
39 claimant under paragraph (d) of subsection 2 and the check is
40 presented for payment by a person having rights of a holder in due
41 course, the claimant is obliged to refund the payment to the
42 obligated bank if the check is paid, or pay the amount of the check
43 to the person having rights of a holder in due course if the check is
44 dishonored.



1 5. If a claimant has the right to assert a claim under
2 subsection 2 and is also a person entitled to enforce a cashier's
3 check, teller's check or certified check which is lost, destroyed or
4 stolen, the claimant may assert rights with respect to the check
5 either under this section or NRS 104.3309.

6 **Sec. 8.** NRS 104.3416 is hereby amended to read as follows:

7 104.3416 1. A person who transfers an instrument for
8 consideration warrants to the transferee and, if the transfer is by
9 endorsement, to any subsequent transferee that:

10 (a) The warrantor is a person entitled to enforce the instrument;

11 (b) All signatures on the instrument are authentic and
12 authorized;

13 (c) The instrument has not been altered;

14 (d) The instrument is not subject to a defense or claim in
15 recoupment of any party which can be asserted against the
16 warrantor; ~~and~~

17 (e) The warrantor has no knowledge of any insolvency
18 proceeding commenced with respect to the maker or acceptor or, in
19 the case of an unaccepted draft, the drawer ~~is~~; and

20 (f) *With respect to a remotely created consumer item, that the*
21 *person on whose account the item is drawn authorized the*
22 *issuance of the item in the amount for which the item is drawn.*

23 2. A person to whom the warranties under subsection 1 are
24 made and who took the instrument in good faith may recover from
25 the warrantor as damages for breach of warranty an amount equal to
26 the loss suffered as a result of the breach, but not more than the
27 amount of the instrument plus expenses and loss of interest incurred
28 as a result of the breach.

29 3. The warranties stated in subsection 1 cannot be disclaimed
30 with respect to checks. Unless notice of a claim for breach of
31 warranty is given to the warrantor within 30 days after the claimant
32 has reason to know of the breach and the identity of the warrantor,
33 the liability of the warrantor under subsection 2 is discharged to the
34 extent of any loss caused by the delay in giving notice of the claim.

35 4. A cause of action for breach of warranty under this section
36 accrues when the claimant has reason to know of the breach.

37 **Sec. 9.** NRS 104.3417 is hereby amended to read as follows:

38 104.3417 1. If an unaccepted draft is presented to the drawee
39 for payment or acceptance and the drawee pays or accepts the draft,
40 the person obtaining payment or acceptance, at the time of
41 presentment, and a previous transferor of the draft, at the time of
42 transfer, warrant to the drawee making payment or accepting the
43 draft in good faith that:

44 (a) The warrantor is, or was, at the time the warrantor
45 transferred the draft, a person entitled to enforce the draft or



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1 authorized to obtain payment or acceptance of the draft on behalf of
2 a person entitled to enforce the draft;

3 (b) The draft has not been altered; ~~and~~

4 (c) The warrantor has no knowledge that the signature of the
5 drawer of the draft is unauthorized ~~and~~; and

6 *(d) With respect to any remotely created consumer item, that*
7 *the person on whose account the item is drawn authorized the*
8 *issuance of the item in the amount for which the item is drawn.*

9 2. A drawee making payment may recover from any warrantor
10 damages for breach of warranty equal to the amount paid by the
11 drawee less the amount the drawee received or is entitled to receive
12 from the drawer because of the payment. In addition, the drawee is
13 entitled to compensation for expenses and loss of interest resulting
14 from the breach. The right of the drawee to recover damages under
15 this subsection is not affected by any failure of the drawee to
16 exercise ordinary care in making payment. If the drawee accepts the
17 draft, breach of warranty is a defense to the obligation of the
18 acceptor. If the acceptor makes payment with respect to the draft,
19 the acceptor is entitled to recover from any warrantor for breach of
20 warranty the amounts stated in this subsection.

21 3. If a drawee asserts a claim for breach of warranty under
22 subsection 1 based on an unauthorized endorsement of the draft or
23 an alteration of the draft, the warrantor may defend by proving that
24 the endorsement is effective under NRS 104.3404 or 104.3405 or
25 the drawer is precluded under NRS 104.3406 or 104.4406 from
26 asserting against the drawee the unauthorized endorsement or
27 alteration.

28 4. If a dishonored draft is presented for payment to the drawer
29 or an endorser or any other instrument is presented for payment to a
30 party obliged to pay the instrument, and payment is received, the
31 following rules apply:

32 (a) The person obtaining payment and a prior transferor of the
33 instrument warrant to the person making payment in good faith that
34 the warrantor is, or was at the time he transferred the instrument, a
35 person entitled to enforce the instrument or authorized to obtain
36 payment on behalf of a person entitled to enforce the instrument.

37 (b) The person making payment may recover from any
38 warrantor for breach of warranty an amount equal to the amount
39 paid plus expenses and loss of interest resulting from the breach.

40 5. The warranties stated in subsections 1 and 4 cannot be
41 disclaimed with respect to checks. Unless notice of a claim for
42 breach of warranty is given to the warrantor within 30 days after the
43 claimant has reason to know of the breach and the identity of the
44 warrantor, the liability of the warrantor under subsection 2 or 4 is



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1 discharged to the extent of any loss caused by the delay in giving
2 notice of the claim.

3 6. A cause of action for breach of warranty under this section
4 accrues when the claimant has reason to know of the breach.

5 **Sec. 10.** NRS 104.3419 is hereby amended to read as follows:

6 104.3419 1. If an instrument is issued for value given for the
7 benefit of a party to the instrument ("accommodated party") and
8 another party to the instrument ("accommodation party") signs the
9 instrument for the purpose of incurring liability on the instrument
10 without being a direct beneficiary of the value given for the
11 instrument, the instrument is signed by the accommodation party
12 "for accommodation."

13 2. An accommodation party may sign the instrument as maker,
14 drawer, acceptor or endorser and, subject to subsection 4, is obliged
15 to pay the instrument in the capacity in which he signs. The
16 obligation of an accommodation party may be enforced
17 notwithstanding any statute of frauds and whether or not he receives
18 consideration for the accommodation.

19 3. A person signing an instrument is presumed to be an
20 accommodation party and there is notice that the instrument is
21 signed for accommodation if the signature is an anomalous
22 endorsement or is accompanied by words indicating that the signer
23 is acting as surety or guarantor with respect to the obligation of
24 another party to the instrument. Except as otherwise provided in
25 NRS 104.3605, the obligation of an accommodation party to pay the
26 instrument is not affected by the fact that the person enforcing the
27 obligation had notice when the instrument was taken by that person
28 that the accommodation party signed the instrument for
29 accommodation.

30 4. If the signature of a party to an instrument is accompanied
31 by words indicating unambiguously that the party is guaranteeing
32 collection rather than payment of the obligation of another party to
33 the instrument, the signer is obliged to pay the amount due on the
34 instrument to a person entitled to enforce the instrument only if:

35 (a) Execution of judgment against the other party has been
36 returned unsatisfied;

37 (b) The other party is insolvent or in an insolvency proceeding;

38 (c) The other party cannot be served with process; or

39 (d) It is otherwise apparent that payment cannot be obtained
40 from the other party.

41 5. *If the signature of a party to an instrument is accompanied*
42 *by words indicating that the party guarantees payment or the*
43 *signer signs the instrument as an accommodation party in some*
44 *other manner that does not unambiguously indicate an intention*
45 *to guarantee collection rather than payment, the signer is obliged*



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1 *to pay the amount due on the instrument to a person entitled to*
2 *enforce the instrument in the same circumstances as the*
3 *accommodated party would be obliged, without prior resort to*
4 *the accommodated party by the person entitled to enforce the*
5 *instrument.*

6 6. An accommodation party who pays the instrument is entitled
7 to reimbursement from the accommodated party and is entitled to
8 enforce the instrument against the accommodated party. *In proper*
9 *circumstances, an accommodation party may obtain relief that*
10 *requires the accommodated party to perform its obligations on the*
11 *instrument.* An accommodated party ~~[who]~~ *that* pays the instrument
12 has no right of recourse against, and is not entitled to contribution
13 from, an accommodation party.

14 **Sec. 11.** NRS 104.3602 is hereby amended to read as follows:

15 104.3602 1. Except as otherwise provided in subsection ~~[2,]~~
16 *5*, an instrument is paid to the extent payment is made by or on
17 behalf of a party obliged to pay the instrument, and to a person
18 entitled to enforce the instrument. ~~[To]~~

19 2. *Except as otherwise provided in subsection 5, a note is paid*
20 *to the extent payment is made by or on behalf of a party obliged to*
21 *pay the note to a person that formerly was entitled to enforce the*
22 *note only if at the time of the payment, the party obliged to pay has*
23 *not received adequate notification that the note has been*
24 *transferred and that payment is to be made to the transferee. A*
25 *notification is adequate only if it is signed by the transferor or the*
26 *transferee, reasonably identifies the transferred note and provides*
27 *an address at which payments subsequently are to be made. Upon*
28 *request, a transferee shall seasonably furnish reasonable proof*
29 *that the note has been transferred. Unless the transferee complies*
30 *with the request, a payment to the person that formerly was*
31 *entitled to enforce the note is effective for purposes of subsection 3*
32 *even if the party obliged to pay the note has received a notification*
33 *under this subsection.*

34 3. *Except as otherwise provided in subsection 5, to the extent*
35 *of ~~[the payment,]~~ a payment under subsections 1 and 2,* the
36 obligation of the party obliged to pay the instrument is discharged
37 even though payment is made with knowledge of a claim to the
38 instrument under NRS 104.3306 by another person.

39 ~~[2,]~~ 4. *Except as otherwise provided in subsection 5, a*
40 *transferee, or any party that has acquired rights in the instrument*
41 *directly or indirectly from a transferee, including any such party*
42 *that has rights as a holder in due course, is deemed to have notice*
43 *of any payment that is made under subsection 2 after the date that*
44 *the note is transferred to the transferee but before the party*



1 *obliged to pay the note receives adequate notification of the*
2 *transfer.*

3 5. The obligation of a party to pay the instrument is not
4 discharged under ~~[subsection]~~ *subsections 1 to 4, inclusive*, if:

5 (a) A claim to the instrument under NRS 104.3306 is
6 enforceable against the party receiving payment and:

7 (1) Payment is made with knowledge by the payor that
8 payment is prohibited by injunction or similar process of a court of
9 competent jurisdiction; or

10 (2) In the case of an instrument other than a cashier's check,
11 teller's check or certified check, the party making payment
12 accepted, from the person having a claim to the instrument,
13 indemnity against loss resulting from refusal to pay the person
14 entitled to enforce the instrument; or

15 (b) The person making payment knows that the instrument is a
16 stolen instrument and pays a person he knows is in wrongful
17 possession of the instrument.

18 6. *As used in this section, "signed," with respect to a record*
19 *that is not a writing, includes the attachment to or logical*
20 *association with the record of an electronic symbol, sound or*
21 *process to or with the record with the present intent to adopt or*
22 *accept the record.*

23 **Sec. 12.** NRS 104.3604 is hereby amended to read as follows:

24 104.3604 1. A person entitled to enforce an instrument, with
25 or without consideration, may discharge the obligation of a party to
26 pay the instrument:

27 (a) By an intentional voluntary act, such as surrender of the
28 instrument to the party, destruction, mutilation or cancellation of the
29 instrument, cancellation or striking out of the party's signature, or
30 the addition of words to the instrument indicating discharge; or

31 (b) By agreeing not to sue or otherwise renouncing rights
32 against the party by a signed ~~[writing]~~ *record.*

33 2. Cancellation or striking out of an endorsement pursuant to
34 subsection 1 does not affect the status and rights of a party derived
35 from the endorsement.

36 3. *As used in this section, "signed," with respect to a record*
37 *that is not a writing, includes the attachment to or logical*
38 *association with the record of an electronic symbol, sound or*
39 *process to or with the record with the present intent to adopt or*
40 *accept the record.*

41 **Sec. 13.** NRS 104.3605 is hereby amended to read as follows:

42 104.3605 1. ~~[In this section, the term "endorser" includes a~~
43 ~~drawer having the obligation described in subsection 4 of~~
44 ~~NRS 104.3414.~~



1 ~~—2. Discharge, under NRS 104.3604, of the obligation of a party~~
2 ~~to pay an instrument does not discharge the obligation of an~~
3 ~~endorser or accommodation party having a right of recourse against~~
4 ~~the discharged party.~~
5 ~~—3.] If a person entitled to enforce an instrument [agrees, with or~~
6 ~~without consideration, to an extension of the due date of the~~
7 ~~obligation of a party to pay the instrument, the extension discharges~~
8 ~~an endorser or accommodation party having a right of recourse~~
9 ~~against the party whose obligation is extended to the extent the~~
10 ~~endorser or accommodation party proves that the extension caused~~
11 ~~loss to him with respect to the right of recourse.~~
12 ~~—4. If a person entitled to enforce an instrument agrees, with or~~
13 ~~without consideration, to a material modification of the obligation of~~
14 ~~a party other than an extension of the due date, the modification~~
15 ~~discharges the obligation of an endorser or accommodation party~~
16 ~~having a right of recourse against the person whose obligation is~~
17 ~~modified to the extent the modification causes loss to the endorser~~
18 ~~or accommodation party with respect to the right of recourse. The~~
19 ~~loss suffered by the endorser or accommodation party as a result of~~
20 ~~the modification is equal to the amount of the right of recourse~~
21 ~~unless the person enforcing the instrument proves that no loss was~~
22 ~~caused by the modification or that the loss caused by the~~
23 ~~modification was an amount less than the amount of the right of~~
24 ~~recourse.~~
25 ~~—5. If the obligation of a party to pay an instrument is secured by~~
26 ~~an interest in collateral and a person entitled to enforce the~~
27 ~~instrument impairs the value of the interest in collateral, the~~
28 ~~obligation of an endorser or accommodation party having a right of~~
29 ~~recourse against the obligor is discharged to the extent of the~~
30 ~~impairment. The value of an interest in collateral is impaired to the~~
31 ~~extent the value of the interest is reduced to an amount less than~~
32 ~~the amount of the right of recourse of the party asserting discharge,~~
33 ~~or the reduction in value of the interest causes an increase in the~~
34 ~~amount by which the amount of the right of recourse exceeds the~~
35 ~~value of the interest. The burden of proving impairment is on~~
36 ~~the party asserting discharge.~~
37 ~~—6. If the obligation of a party is secured by an interest in~~
38 ~~collateral not provided by an accommodation party and a person~~
39 ~~entitled to enforce the instrument impairs the value of the interest in~~
40 ~~collateral, the obligation of any party who is jointly and severally~~
41 ~~liable with respect to the secured obligation is discharged to the~~
42 ~~extent the impairment causes the party asserting discharge to pay~~
43 ~~more than he would have been obliged to pay, taking into account~~
44 ~~rights of contribution, if impairment had not occurred. If the party~~
45 ~~asserting discharge is an accommodation party not entitled to~~



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1 ~~discharge under subsection 5, he is deemed to have a right to~~
2 ~~contribution based on joint and several liability rather than a right to~~
3 ~~reimbursement. The burden of proving impairment is on the party~~
4 ~~asserting discharge.~~
5 ~~7. Under subsection 5 or 6, impairing value of an interest in~~
6 ~~collateral includes:~~
7 ~~—(a) Failure to obtain or maintain perfection or recordation of the~~
8 ~~interest in collateral;~~
9 ~~—(b) Release of collateral without substitution of collateral of~~
10 ~~equal value;~~
11 ~~—(c) Failure to perform a duty to preserve the value of collateral~~
12 ~~owed under article 9 or other law to a debtor or surety or other~~
13 ~~person secondarily liable; or~~
14 ~~—(d) Failure to comply with applicable law in disposing of~~
15 ~~collateral.~~
16 ~~8. An accommodation party is not discharged under~~
17 ~~subsection 3, 4 or 5 unless the person entitled to enforce the~~
18 ~~instrument knows of the accommodation or has notice under~~
19 ~~subsection 3 of NRS 104.3419 that the instrument was signed for~~
20 ~~accommodation.~~
21 ~~9. A party is not discharged under this section if:~~
22 ~~—(a) The party asserting discharge consents to the event or~~
23 ~~conduct that is the basis of the discharge; or~~
24 ~~—(b) The instrument or a separate agreement of the party provides~~
25 ~~for waiver of discharge under this section either specifically or by~~
26 ~~general language indicating that parties waive defenses based on~~
27 ~~suretyship or impairment of collateral.] releases the obligation of a~~
28 ~~principal obligor in whole or in part, and another party to the~~
29 ~~instrument is a secondary obligor with respect to the obligation of~~
30 ~~that principal obligor, the following rules apply:~~
31 ~~(a) Any obligations of the principal obligor to the secondary~~
32 ~~obligor with respect to any previous payment by the secondary~~
33 ~~obligor are not affected. Unless the terms of the release preserve~~
34 ~~the secondary obligor's recourse, the principal obligor is~~
35 ~~discharged, to the extent of the release, from any other duties to~~
36 ~~the secondary obligor under this article.~~
37 ~~(b) Unless the terms of the release provide that the person~~
38 ~~entitled to enforce the instrument retains the right to enforce the~~
39 ~~instrument against the secondary obligor, the secondary obligor is~~
40 ~~discharged to the same extent as the principal obligor from any~~
41 ~~unperformed portion of its obligation on the instrument. If the~~
42 ~~instrument is a check and the obligation of the secondary obligor~~
43 ~~is based on an endorsement of the check, the secondary obligor is~~
44 ~~discharged without regard to the language or circumstances of the~~
45 ~~discharge or other release.~~



1 (c) *If the secondary obligor is not discharged under paragraph*
2 *(b), the secondary obligor is discharged to the extent of the value*
3 *of the consideration for the release, and to the extent that the*
4 *release would otherwise cause the secondary obligor a loss.*

5 2. *If a person entitled to enforce an instrument grants a*
6 *principal obligor an extension of the time at which one or more*
7 *payments are due on the instrument and another party to the*
8 *instrument is a secondary obligor with respect to the obligation of*
9 *that principal obligor, the following rules apply:*

10 (a) *Any obligations of the principal obligor to the secondary*
11 *obligor with respect to any previous payment by the secondary*
12 *obligor are not affected. Unless the terms of the extension preserve*
13 *the secondary obligor's recourse, the extension correspondingly*
14 *extends the time for performance of any other duties owed to the*
15 *secondary obligor by the principal obligor under this article.*

16 (b) *The secondary obligor is discharged to the extent that the*
17 *extension would otherwise cause the secondary obligor a loss.*

18 (c) *To the extent that the secondary obligor is not discharged*
19 *under paragraph (b), the secondary obligor may perform its*
20 *obligations to a person entitled to enforce the instrument as if the*
21 *time for payment had not been extended or, unless the terms of*
22 *the extension provide that the person entitled to enforce the*
23 *instrument retains the right to enforce the instrument against*
24 *the secondary obligor as if the time for payment had not been*
25 *extended, treat the time for performance of its obligations as*
26 *having been extended correspondingly.*

27 3. *If a person entitled to enforce an instrument agrees, with*
28 *or without consideration, to a modification of the obligation of a*
29 *principal obligor other than a complete or partial release or an*
30 *extension of the due date and another party to the instrument is a*
31 *secondary obligor with respect to the obligation of that principal*
32 *obligor, the following rules apply:*

33 (a) *Any obligations of the principal obligor to the secondary*
34 *obligor with respect to any previous payment by the secondary*
35 *obligor are not affected. The modification correspondingly*
36 *modifies any other duties owed to the secondary obligor by the*
37 *principal obligor under this article.*

38 (b) *The secondary obligor is discharged from any unperformed*
39 *portion of its obligation to the extent that the modification would*
40 *otherwise cause the secondary obligor a loss.*

41 (c) *To the extent that the secondary obligor is not discharged*
42 *under paragraph (b), the secondary obligor may satisfy its*
43 *obligation on the instrument as if the modification had not*
44 *occurred, or treat its obligation on the instrument as having been*
45 *modified correspondingly.*



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1 4. *If the obligation of a principal obligor is secured by an*
2 *interest in collateral, another party to the instrument is a*
3 *secondary obligor with respect to that obligation, and a person*
4 *entitled to enforce the instrument impairs the value of the interest*
5 *in collateral, the obligation of the secondary obligor is discharged*
6 *to the extent of the impairment. The value of an interest in*
7 *collateral is impaired to the extent the value of the interest is*
8 *reduced to an amount less than the amount of the recourse of the*
9 *secondary obligor, or the reduction in value of the interest causes*
10 *an increase in the amount by which the amount of the recourse*
11 *exceeds the value of the interest. For purposes of this subsection,*
12 *impairing the value of an interest in collateral includes failure to*
13 *obtain or maintain perfection or recordation of the interest in*
14 *collateral, release of collateral without substitution of collateral of*
15 *equal value or equivalent reduction of the underlying obligation,*
16 *failure to perform a duty to preserve the value of collateral owed,*
17 *under article 9 or other law, to a debtor or other person*
18 *secondarily liable, and failure to comply with applicable law in*
19 *disposing of or otherwise enforcing the interest in collateral.*

20 5. *A secondary obligor is not discharged under subsection 1,*
21 *2, 3 or 4 unless the person entitled to enforce the instrument*
22 *knows that the person is a secondary obligor or has notice under*
23 *subsection 3 of NRS 104.3419 that the instrument was signed for*
24 *accommodation.*

25 6. *A secondary obligor is not discharged under this section if*
26 *the secondary obligor consents to the event or conduct that is the*
27 *basis of the discharge, or the instrument or a separate agreement*
28 *of the party provides for waiver of discharge under this section*
29 *specifically or by general language indicating that parties waive*
30 *defenses based on suretyship or impairment of collateral. Unless*
31 *the circumstances indicate otherwise, consent by the principal*
32 *obligor to an act that would lead to a discharge under this section*
33 *constitutes consent to that act by the secondary obligor if the*
34 *secondary obligor controls the principal obligor or deals with the*
35 *person entitled to enforce the instrument on behalf of the principal*
36 *obligor.*

37 7. *A release or extension preserves a secondary obligor's*
38 *recourse if the terms of the release or extension provide that the*
39 *person entitled to enforce the instrument retains the right to*
40 *enforce the instrument against the secondary obligor, and the*
41 *recourse of the secondary obligor continues as though the release*
42 *or extension had not been granted.*

43 8. *Except as otherwise provided in subsection 9, a secondary*
44 *obligor asserting discharge under this section has the burden of*
45 *persuasion both with respect to the occurrence of the acts alleged*



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1 *to harm the secondary obligor and loss or prejudice caused by*
2 *those acts.*

3 *9. If the secondary obligor demonstrates prejudice caused by*
4 *an impairment of its recourse, and the circumstances of the case*
5 *indicate that the amount of loss is not reasonably susceptible of*
6 *calculation or requires proof of facts that are not ascertainable, it*
7 *is presumed that the act impairing recourse caused a loss or*
8 *impairment equal to the liability of the secondary obligor on the*
9 *instrument. In that event, the burden of persuasion as to any*
10 *lesser amount of the loss is on the person entitled to enforce the*
11 *instrument.*

12 **Sec. 14.** NRS 104.4104 is hereby amended to read as follows:

13 104.4104 1. In this article, unless the context otherwise
14 requires:

15 (a) "Account" means any deposit or credit account with a bank ,
16 including a demand, time, savings, passbook, share draft or like
17 account, other than an account evidenced by a certificate of deposit.

18 (b) "Afternoon" means the period of a day between noon and
19 midnight.

20 (c) "Banking day" means that part of any day on which a bank is
21 open to the public for carrying on substantially all of its banking
22 functions.

23 (d) "Clearinghouse" means any association of banks or other
24 payors regularly clearing items.

25 (e) "Customer" means any person having an account with a
26 bank or for whom a bank has agreed to collect items, including a
27 bank that maintains an account at another bank.

28 (f) "Documentary draft" means a draft to be presented for
29 acceptance or payment if specified documents, certificated securities
30 or instructions for uncertificated securities, or other certificates,
31 statements or the like are to be received by the drawee or other
32 payor before acceptance or payment of the draft.

33 (g) "Draft" means a draft as defined in NRS 104.3104 or an
34 item, other than an instrument, that is an order.

35 (h) "Drawee" means a person ordered in a draft to make
36 payment.

37 (i) "Item" means an instrument or a promise or order to pay
38 money handled by a bank for collection or payment. The term does
39 not include a payment order governed by article 4A or a credit or
40 debit card slip.

41 (j) "Midnight deadline" with respect to a bank is midnight on its
42 next banking day following the banking day on which it receives the
43 relevant item or notice or from which the time for taking action
44 commences to run, whichever is later.



1 (k) "Settle" means to pay in cash, by clearinghouse settlement,
2 in a charge or credit or by remittance, or otherwise as instructed. A
3 settlement may be either provisional or final.

4 (l) "Suspends payments" with respect to a bank means that it has
5 been closed by order of the supervisory authorities, that a public
6 officer has been appointed to take it over or that it ceases or refuses
7 to make payments in the ordinary course of business.

8 2. Other definitions applying to this article and the sections in
9 which they appear are:

10 "Agreement for electronic presentment." NRS 104.4110.

11 ~~"Bank." NRS 104.4105.~~

12 "Collecting bank." NRS 104.4105.

13 "Depository bank." NRS 104.4105.

14 "Intermediary bank." NRS 104.4105.

15 "Payor bank." NRS 104.4105.

16 "Presenting bank." NRS 104.4105.

17 "Presentment notice." NRS 104.4110.

18
19
20 3. The following definitions in other articles apply to this
21 article:

22
23 "Acceptance." NRS 104.3409.

24 "Alteration." NRS 104.3407.

25 "Cashier's check." NRS 104.3104.

26 "Certificate of deposit." NRS 104.3104.

27 "Certified check." NRS 104.3409.

28 "Check." NRS 104.3104.

29 "Good faith." NRS 104.3103.

30 "Holder in due course." NRS 104.3302.

31 "Instrument." NRS 104.3104.

32 "Notice of dishonor." NRS 104.3503.

33 "Order." NRS 104.3103.

34 "Ordinary care." NRS 104.3103.

35 "Person entitled to enforce." NRS 104.3301.

36 "Presentment." NRS 104.3501.

37 "Promise." NRS 104.3103.

38 "Prove." NRS 104.3103.

39 *"Record." NRS 104.3103.*

40 *"Remotely created consumer item." NRS 104.3103.*

41 "Teller's check." NRS 104.3104.

42 "Unauthorized signature." NRS 104.3403.



1 4. In addition, article 1 contains general definitions and
2 principles of construction and interpretation applicable throughout
3 this article.

4 **Sec. 15.** NRS 104.4207 is hereby amended to read as follows:

5 104.4207 1. A customer or collecting bank that transfers an
6 item and receives a settlement or other consideration warrants to the
7 transferee and to any subsequent collecting bank that:

- 8 (a) The warrantor is a person entitled to enforce the item;
9 (b) All signatures on the item are authentic and authorized;
10 (c) The item has not been altered;
11 (d) The item is not subject to a defense or claim in recoupment
12 (subsection 1 of NRS 104.3305) of any party that can be asserted
13 against the warrantor; ~~and~~

14 (e) The warrantor has no knowledge of any insolvency
15 proceeding commenced with respect to the maker or acceptor or, in
16 the case of an unaccepted draft, the drawer ~~;~~; and

17 *(f) With respect to any remotely created consumer item, that*
18 *the person on whose account the item is drawn authorized the*
19 *issuance of the item in the amount for which the item is drawn.*

20 2. If an item is dishonored, a customer or collecting bank
21 transferring the item and receiving settlement or other consideration
22 is obliged to pay the amount due on the item according to the terms
23 of the item at the time it was transferred, or if the transfer was of an
24 incomplete item, according to its terms when completed as stated in
25 NRS 104.3115 and 104.3407. The obligation of a transferor is owed
26 to the transferee and to any subsequent collecting bank that takes the
27 item in good faith. A transferor cannot disclaim its obligation under
28 this subsection by an endorsement stating that it is made "without
29 recourse" or otherwise disclaiming liability.

30 3. A person to whom the warranties under subsection 1 are
31 made and who took the item in good faith may recover from the
32 warrantor as damages for breach of warranty an amount equal to the
33 loss suffered as a result of the breach, but not more than the amount
34 of the item plus expenses and loss of interest incurred as a result of
35 the breach.

36 4. The warranties stated in subsection 1 cannot be disclaimed
37 with respect to checks. Unless notice of a claim for breach of
38 warranty is given to the warrantor within 30 days after the claimant
39 has reason to know of the breach and the identity of the warrantor,
40 the warrantor is discharged to the extent of any loss caused by the
41 delay in giving notice of the claim.

42 5. A cause of action for breach of warranty under this section
43 accrues when the claimant has reason to know of the breach.



1 **Sec. 16.** NRS 104.4208 is hereby amended to read as follows:

2 104.4208 1. If an unaccepted draft is presented to the drawee
3 for payment or acceptance and the drawee pays or accepts the draft,
4 the person obtaining payment or acceptance, at the time of
5 presentment, and a previous transferor of the draft, at the time of
6 transfer, warrant to the drawee that pays or accepts the draft in good
7 faith that:

8 (a) The warrantor is, or was at the time he transferred the draft, a
9 person entitled to enforce the draft or authorized to obtain payment
10 or acceptance of the draft on behalf of a person entitled to enforce
11 the draft;

12 (b) The draft has not been altered; ~~and~~

13 (c) The warrantor has no knowledge that the signature of the
14 purported drawer of the draft is unauthorized ~~and~~; and

15 (d) *With respect to any remotely created consumer item, that*
16 *the person on whose account the item is drawn authorized the*
17 *issuance of the item in the amount for which the item is drawn.*

18 2. A drawee making payment may recover from a warrantor
19 damages for breach of warranty equal to the amount paid by the
20 drawee less the amount the drawee received or is entitled to receive
21 from the drawer because of the payment. In addition, the drawee is
22 entitled to compensation for expenses and loss of interest resulting
23 from the breach. The right of the drawee to recover damages under
24 this subsection is not affected by any failure of the drawee to
25 exercise ordinary care in making payment. If the drawee accepts
26 the draft:

27 (a) Breach of warranty is a defense to the obligation of the
28 acceptor; and

29 (b) If the acceptor makes payment with respect to the draft, the
30 acceptor is entitled to recover from a warrantor for breach of
31 warranty the amounts stated in this subsection.

32 3. If a drawee asserts a claim for breach of warranty under
33 subsection 1 based on an unauthorized endorsement of the draft or
34 an alteration of the draft, the warrantor may defend by proving that
35 the endorsement is effective under NRS 104.3404 or 104.3405 or
36 the drawer is precluded under NRS 104.3406 or 104.4406 from
37 asserting against the drawee the unauthorized endorsement or
38 alteration.

39 4. If a dishonored draft is presented for payment to the drawer
40 or an endorser, or any other item is presented for payment to a party
41 obliged to pay the item, and the item is paid, the person obtaining
42 payment and a prior transferor of the item warrant to the person
43 making payment in good faith that the warrantor is, or was at the
44 time he transferred the item, a person entitled to enforce the item or
45 authorized to obtain payment on behalf of a person entitled to



1 enforce the item. The person making payment may recover from any
2 warrantor for breach of warranty an amount equal to the amount
3 paid plus expenses and loss of interest resulting from the breach.

4 5. The warranties stated in subsections 1 and 4 cannot be
5 disclaimed with respect to checks. Unless notice of a claim for
6 breach of warranty is given to the warrantor within 30 days after the
7 claimant has reason to know of the breach and the identity of the
8 warrantor, the warrantor is discharged to the extent of any loss
9 caused by the delay in giving notice of the claim.

10 6. A cause of action for breach of warranty under this section
11 accrues when the claimant has reason to know of the breach.

12 **Sec. 17.** NRS 104.4212 is hereby amended to read as follows:

13 104.4212 1. Unless otherwise instructed, a collecting bank
14 may present an item not payable by, through or at a bank by sending
15 to the party to accept or pay a ~~{written}~~ *record providing* notice that
16 the bank holds the item for acceptance or payment. The notice must
17 be sent in time to be received on or before the day when
18 presentment is due and the bank must meet any requirement of the
19 party to accept or pay under NRS 104.3501 by the close of the
20 bank's next banking day after it knows of the requirement.

21 2. If presentment is made by notice and payment, acceptance or
22 request for compliance with a requirement under NRS 104.3501 is
23 not received by the close of business on the day after maturity or in
24 the case of demand items by the close of business on the third
25 banking day after notice was sent, the presenting bank may treat the
26 item as dishonored and charge any drawer or endorser by sending
27 him notice of the facts.

28 **Sec. 18.** NRS 104.4301 is hereby amended to read as follows:

29 104.4301 1. If a payor bank settles for a demand item other
30 than a documentary draft presented otherwise than for immediate
31 payment over the counter before midnight of the banking day of
32 receipt, the payor bank may revoke the settlement and recover the
33 settlement if, before it has made final payment and before its
34 midnight deadline, it:

35 (a) Returns the item; ~~{or}~~

36 (b) *Returns an image of the item, if the party to which the*
37 *return is made has entered into an agreement to accept an image*
38 *as a return of the item and the image is returned in accordance*
39 *with that agreement; or*

40 (c) Sends ~~{written}~~ *a record providing* notice of dishonor or
41 nonpayment if the item is unavailable for return.

42 2. If a demand item is received by a payor bank for credit on its
43 books, it may return the item or send notice of dishonor and may
44 revoke any credit given or recover the amount thereof withdrawn by



1 its customer, if it acts within the time limit and in the manner
2 specified in subsection 1.

3 3. Unless previous notice of dishonor has been sent, an item is
4 dishonored at the time when for purposes of dishonor it is returned
5 or notice sent in accordance with this section.

6 4. An item is returned:

7 (a) As to an item presented through a clearinghouse, when it is
8 delivered to the presenting or last collecting bank or to the
9 clearinghouse or is sent or delivered in accordance with
10 clearinghouse rules; or

11 (b) In all other cases, when it is sent or delivered to the bank's
12 customer or transferor or pursuant to his instructions.

13 **Sec. 19.** NRS 104.4403 is hereby amended to read as follows:

14 104.4403 1. A customer or any person authorized to draw on
15 the account if there is more than one person, may stop payment of
16 any item drawn on the customer's account or close the account by
17 an order to the bank describing the item or account with reasonable
18 certainty received at a time and in a manner that affords the bank a
19 reasonable opportunity to act on it before the happening of any of
20 the events described in NRS 104.4303. If the signature of more than
21 one person is required to draw on an account, any of these persons
22 may stop payment or close the account.

23 2. A stop-payment order is effective for 6 months, but it lapses
24 after 14 calendar days if the original order was oral and was not
25 confirmed in ~~writing~~ a record within that period. A stop-payment
26 order may be renewed for additional 6-month periods by a ~~writing~~
27 record given to the bank within a period during which the stop-
28 payment order is effective.

29 3. The burden of establishing the fact and amount of loss
30 resulting from the payment of an item contrary to a stop-payment
31 order or order to close an account is on the customer. The loss from
32 payment of an item contrary to a stop-payment order may include
33 damages for dishonor of subsequent items under NRS 104.4402.

34 **Sec. 20.** NRS 104.9525 is hereby amended to read as follows:

35 104.9525 1. Except as otherwise provided in subsection 5,
36 the fee for filing and indexing a record under this part, other than an
37 initial financing statement of the kind described in subsection ~~2 of~~
38 ~~NRS 104.9502, 3~~, is:

39 (a) Twenty dollars if the record is communicated in writing and
40 consists of one or two pages;

41 (b) Forty dollars if the record is communicated in writing and
42 consists of more than two pages, and \$1 for each page over 20
43 pages;

44 (c) Ten dollars if the record is communicated by another
45 medium authorized by filing-office rule; and



- 1 (d) One dollar for each additional debtor, trade name or
2 reference to another name under which business is done.
- 3 2. The filing officer may charge and collect \$1 for each page of
4 copy or record of filings produced by him at the request of any
5 person.
- 6 3. Except as otherwise provided in subsection 5, the fee for
7 filing and indexing an initial financing statement of the *following*
8 kind ~~[described in subsection 3 of NRS 104.9502]~~ is:
- 9 (a) Forty dollars if the financing statement indicates that it is
10 filed in connection with a public-finance transaction; and
11 (b) Twenty dollars if the financing statement indicates that it is
12 filed in connection with a manufactured-home transaction.
- 13 4. The fee for responding to a request for information from the
14 filing office, including for issuing a certificate showing whether
15 there is on file any financing statement naming a particular debtor,
16 is:
- 17 (a) Twenty dollars if the request is communicated in writing;
18 and
19 (b) Fifteen dollars if the request is communicated by another
20 medium authorized by filing-office rule.
- 21 5. This section does not require a fee with respect to a
22 mortgage that is effective as a financing statement filed as a fixture
23 filing or as a financing statement covering as-extracted collateral or
24 timber to be cut under subsection 3 of NRS 104.9502. However, the
25 fees for recording and satisfaction which otherwise would be
26 applicable to the mortgage apply.

