

# ACT No. 208

2024 Regular Session

HOUSE BILL NO. 232

BY REPRESENTATIVE MUSCARELLO

1 AN ACT

2 To amend and reenact R.S. 10:3-416(b) and (c), 3-417(b), (c), and (e), 4-207(c) and (d), and  
3 4-208(b), (c), and (e), relative to warranties for negotiable instruments and bank  
4 deposits and collections; to provide for breach of warranty notice requirement  
5 procedures; to provide for liability of parties; to provide for attorney fees; and to  
6 provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 10:3-416(b) and (c), 3-417(b), (c), and (e), 4-207(c) and (d), and 4-  
9 208(b), (c), and (e) are hereby amended and reenacted to read as follows:

10 §3-416. Transfer warranties

11 \* \* \*

12 (b) A person to whom the warranties under Subsection (a) of this Section are  
13 made and who took the instrument in good faith may recover from the warrantor as  
14 damages for breach of warranty an amount equal to the loss suffered as a result of  
15 the breach, but not more than the amount of the instrument plus expenses and loss  
16 of interest incurred as a result of the breach. If the person to whom the warranties  
17 are made sends written notice by certified or registered mail or commercial courier  
18 to the warrantor of its claim for breach of warranty and the warrantor fails to pay the  
19 claim within thirty days after receiving the notice, the expenses of the person to  
20 whom the warranties are made shall include reasonable attorney fees.

21 (c) The warranties stated in Subsection (a) of this Section cannot be  
22 disclaimed with respect to checks. Unless notice of a claim for breach of warranty  
23 is given to the warrantor within 30 days after the claimant has reason to know of the  
24 breach and the identity of the warrantor, the liability of the warrantor under





1           made shall include reasonable attorney fees. The right of the drawee to recover  
 2           damages under this Subsection is not affected by any failure of the drawee to  
 3           exercise ordinary care in making payment. If the drawee accepts the draft (i) breach  
 4           of warranty is a defense to the obligation of the acceptor, and (ii) if the acceptor  
 5           makes payment with respect to the draft, the acceptor is entitled to recover from a  
 6           warrantor for breach of warranty the amounts stated in this Subsection.

7                       (c) If a drawee asserts a claim for breach of warranty under Subsection (a)  
 8           of this Section based on an unauthorized indorsement of the draft or an alteration of  
 9           the draft, the warrantor may defend by proving that the indorsement is effective  
 10          under R.S. 10:3-404 or 10:3-405 or the drawer is precluded under R.S. 10:3-406 or  
 11          10:4-406 from asserting against the drawee the unauthorized indorsement or  
 12          alteration.

13   \*       \*       \*

14                       (e) The warranties stated in Subsections (a) and (d) of this Section cannot be  
 15          disclaimed with respect to checks. Unless notice of a claim for breach of warranty  
 16          is given to the warrantor within 30 days after the claimant has reason to know of the  
 17          breach and the identity of the warrantor, the warrantor is discharged to the extent of  
 18          any loss caused by the delay in giving notice of the claim.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_