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HOUSE BILL 1525

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State of Washington

54th Legislature

1995 Regular Session

By Representatives L. Thomas, Beeksma, Benton, Smith and McMahan

Read first time 01/30/95. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to information provided by banks for customers'  
2 examination of negotiable instruments; amending RCW 62A.4-406;  
3 providing an effective date; and declaring an emergency.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 62A.4-406 and 1993 c 229 s 111 are each amended to  
6 read as follows:

7 (a) A bank that sends or makes available to a customer a statement  
8 of account showing payment of items for the account shall either return  
9 or make available to the customer the items paid, copies of the items  
10 paid, or provide information in the statement of account sufficient to  
11 allow the customer reasonably to identify the items paid. Until  
12 January 1, 1998, the statement of account provides sufficient  
13 information if the item is described by item number, amount, and date  
14 of payment. If the bank does not return the items paid or copies of  
15 the items paid, it shall provide in the statement of account the  
16 telephone number that the customer may call to request an item or copy  
17 of an item pursuant to subsection (b) of this section.

18 (b) If the items are not returned to the customer, the person  
19 retaining the items shall either retain the items or, if the items are

1 destroyed, maintain the capacity to furnish legible copies of the items  
2 until the expiration of seven years after receipt of the items. A  
3 customer may request an item from the bank that paid the item, and that  
4 bank must provide in a reasonable time either the item or, if the item  
5 has been destroyed or is not otherwise obtainable, a legible copy of  
6 the item. A bank shall provide, upon request and without charge to the  
7 customer, at least ((five)) two items or copies of items with respect  
8 to each statement of account sent to the customer. A bank may charge  
9 fees for additional items or copies of items in accordance with RCW  
10 30.22.230. Requests for ten items or less shall be processed and  
11 completed within ten business days.

12 (c) If a bank sends or makes available a statement of account or  
13 items pursuant to subsection (a), the customer must exercise reasonable  
14 promptness in examining the statement or the items to determine whether  
15 any payment was not authorized because of an alteration of an item or  
16 because a purported signature by or on behalf of the customer was not  
17 authorized. If, based on the statement or items provided, the customer  
18 should reasonably have discovered the unauthorized payment, the  
19 customer must promptly notify the bank of the relevant facts.

20 (d) If the bank proves that the customer, failed with respect to an  
21 item, to comply with the duties imposed on the customer by subsection  
22 (c) the customer is precluded from asserting against the bank:

23 (1) The customer's unauthorized signature or any alteration on the  
24 item, if the bank also proves that it suffered a loss by reason of the  
25 failure; and

26 (2) The customer's unauthorized signature or alteration by the same  
27 wrong-doer on any other item paid in good faith by the bank if the  
28 payment was made before the bank received notice from the customer of  
29 the unauthorized signature or alteration and after the customer had  
30 been afforded a reasonable period of time, not exceeding thirty days,  
31 in which to examine the item or statement of account and notify the  
32 bank.

33 (e) If subsection (d) applies and the customer proves that the bank  
34 failed to exercise ordinary care in paying the item and that the  
35 failure substantially contributed to loss, the loss is allocated  
36 between the customer precluded and the bank asserting the preclusion  
37 according to the extent to which the failure of the customer to comply  
38 with subsection (c) and the failure of the bank to exercise ordinary  
39 care contributed to the loss. If the customer proves that the bank did

1 not pay the item in good faith, the preclusion under subsection (d)  
2 does not apply.

3 (f) Without regard to care or lack of care of either the customer  
4 or the bank, a natural person whose account is primarily for personal,  
5 family, or household purposes who does not within one year, and any  
6 other customer who does not within sixty days, from the time the  
7 statement and items are made available to the customer (subsection (a))  
8 discover and report the customer's unauthorized signature or any  
9 alteration on the face or back of the item or does not within one year  
10 from that time discover and report any unauthorized indorsement is  
11 precluded from asserting against the bank such unauthorized signature  
12 or indorsement or such alteration. If there is a preclusion under this  
13 subsection, the payor bank may not recover for breach of warranty under  
14 RCW 62A.4-208 with respect to the unauthorized signature or alteration  
15 to which the preclusion applies.

16 NEW SECTION. **Sec. 2.** This act is necessary for the immediate  
17 preservation of the public peace, health, or safety, or support of the  
18 state government and its existing public institutions, and shall take  
19 effect July 1, 1995.

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