554.3104 Negotiable instrument.

1. Except as provided in subsections 3 and 4, *"negotiable instrument"* means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it:

a. is payable to bearer or to order at the time it is issued or first comes into possession of a holder;

b. is payable on demand or at a definite time; and

c. does not state any other undertaking or instruction by the person promising or ordering payment to do any act in addition to the payment of money, but the promise or order may contain an undertaking or power to give, maintain, or protect collateral to secure payment, an authorization or power to the holder to confess judgment or realize on or dispose of collateral, or a waiver of the benefit of any law intended for the advantage or protection of an obligor.

2. *"Instrument"* means a negotiable instrument.

3. An order that meets all of the requirements of subsection 1, except paragraph *"a"*, and otherwise falls within the definition of "check" in subsection 6 is a negotiable instrument and a check.

4. A promise or order other than a check is not an instrument if, at the time it is issued or first comes into possession of a holder, it contains a conspicuous statement, however expressed, to the effect that the promise or order is not negotiable or is not an instrument governed by this Article.

5. An instrument is a *"note"* if it is a promise and is a *"draft"* if it is an order. If an instrument falls within the definition of both "note" and "draft", a person entitled to enforce the instrument may treat it as either.

6. *"Check"* means a draft, other than a documentary draft, payable on demand and drawn on a bank or a cashier's check or teller's check. An instrument may be a check even though it is described on its face by another term, such as "money order".

7. *"Cashier's check"* means a draft with respect to which the drawer and drawee are the same bank or branches of the same bank.

8. *"Teller's check"* means a draft drawn by a bank on another bank, or payable at or through a bank.

9. *"Traveler's check"* means an instrument that is payable on demand, is drawn on or payable at or through a bank, is designated by the term "traveler's check" or by a substantially similar term, and requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument.

10. *"Certificate of deposit"* means an instrument containing an acknowledgment by a bank that a sum of money has been received by the bank and a promise by the bank to repay the sum of money. A certificate of deposit is a note of the bank.

11. *a. "Demand draft"* means a writing not signed by a customer as defined in section 554.4104 that is created by a third party under the purported authority of the customer for the purpose of charging the customer's account with a bank. The writing must contain the customer's account number and may contain any of the following:

(1) The customer's printed or typewritten name;

(2) A notation that the customer authorized the draft; or

(3) The statement "no signature required", "authorized on file", "signature on file", or words to that effect.

b. *"Demand draft"* does not include a check purportedly drawn by and bearing the signature of a fiduciary as defined in section 554.3307.

94 Acts, ch 1167, §13, 121, 122; 2005 Acts, ch 11, §2; 2013 Acts, ch 30, §261

Referred to in **§537.3211**, **§537.7102**, **§554.2103**, **§554.3103**, **§554.3106**, **§554.3115**, **§554.3417**, **§554.4104**, **§554.4208**, **§554.9102**, **§625.22**, **§631.14**