

**House File 2171 - Introduced**

HOUSE FILE 2171  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 532)

**A BILL FOR**

1 An Act relating to stopping payment on a negotiable instrument  
2 by using an electronic record in lieu of a writing.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 554.4403, Code 2018, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 2A. In addition to a stop-payment order  
4 made or renewed in writing as described in subsection 2, an  
5 equivalent stop-payment order may also be made or renewed  
6 as part of a record that is stored in an electronic medium,  
7 and submitted to the bank, which may include delivery via  
8 electronic transmission.

9

EXPLANATION

10 The inclusion of this explanation does not constitute agreement with  
11 the explanation's substance by the members of the general assembly.

12 This bill amends a provision in Article 4, Part 4, of the  
13 uniform commercial code ("UCC") regulating the relationship  
14 between banks and its customers.

15 Code section 554.4403 requires a customer or other  
16 authorized person to give the bank timely and adequate notice  
17 of stop-payment instructions (an "order") either verbally or in  
18 writing. The order must be received by the bank in sufficient  
19 detail (describing the item or account) and within a reasonable  
20 time sufficient for it to act (some period between the time the  
21 item left the customer's possession and before it is presented  
22 to the bank for payment from the customer's account). A verbal  
23 stop-payment order lapses 14 days after it was given. A  
24 written stop-payment order lapses after six months following  
25 the date it was given. During the period that a verbal or  
26 written stop-payment order is effective, it may be renewed for  
27 any number of additional six-month periods but only if the  
28 order is given in writing during the effectiveness of the last  
29 order given.

30 The bill amends Code section 554.4403 by allowing a customer  
31 or other authorized person to contact the customer's bank by  
32 using an electronic "record" and submitting that record (e.g.,  
33 by electronic transmission such as email) to stop payment on an  
34 item on an equivalent basis to a written stop-payment order.