

on Agriculture

A BILL

FOR AN ACT TO PROTECT PARTIES EXECUTING NEGOTIABLE INSTRUMENTS
AGAINST FRAUD IN THE PROCUREMENT OF THE SAME.

Be it enacted by the General Assembly of the State of Iowa :

SECTION 1. All notes, bills, bonds and other written evidence of indebtedness drawn by
2 any person in an individual capacity, shall, in order to vest such note, bill, bond or other
3 evidence of indebtedness with the elements of negotiability, state on the face of such in-
4 strument as above described a description of the property, thing or consideration for which
5 such instrument is given, and a failure so to state as above shall divert and eliminate from
6 such instrument all its elements or qualities of negotiability, but shall not impair the force
7 and effect of such instrument as a contract subject to all equities arising out of the instru-
8 ment itself, but it shall not be subject to an independent set-off or counter claim in the
9 hands of a third party.

SEC. 2. Any purchaser or assignee of any note, bill, bond or other written evidence of
2 indebtedness, executed as provided in the first section of this act relating to the negotiable
3 qualities thereof, shall, in order to avail such purchaser or assignee to maintain an action
4 against the maker thereof upon the plea of an "innocent purchaser without notice," take
5 notice of the property, thing or consideration for which such instrument is given, as described
6 on the face thereof, and it shall be the further duty of the purchaser or assignee upon such
7 notice and inquiry, to exercise such care and judgment as a discreet and prudent person
8 should exercise in order to discover if fraud has entered into the transaction in the procure-
9 ment of such instrument. Otherwise, the purchaser or assignee thereof, takes such instru-
10 ment subject to every defense that exists in favor of the previous party before it was trans-
11 ferred or assigned.

SEC. 3. Nothing in section one of this act shall be construed as applying to banks, bank-
2 ing associations, corporations or officers in their official capacity in the discharge of their
3 duties under any law of the State of Iowa.

By STOREY.]

[HOUSE FILE No. 123—AGRICULTURE.]

A BILL

FOR AN ACT TO AMEND SECTION 2082 OF THE CODE OF 1873, IN RELATION TO
NOTES AND BILLS.

Be it enacted by the General Assembly of the State of Iowa:

SECTION 1. That section 2082 of the Code of 1873 be and the same is hereby amended by
2 adding thereto the following: *Provided*, that fraud in the inception or procuring or trans-
3 fer of any note or bill may be shown as a defense thereto in the hands of any holder or
4 owner thereof.