

CHAPTER 127

CONSUMER AND COMMERCIAL TRANSACTIONS

SENATE BILL 04-175

BY SENATOR(S) Kester;
also REPRESENTATIVE(S) Marshall, Cadman, McFadyen, McGihon, Ragsdale, and Weddig.

AN ACT

CONCERNING THE AUTHORITY FOR A BANK TO RELY ON KNOWLEDGE OF AN ADJUDICATION OF INCOMPETENCE IN DETERMINING INCOMPETENCE OF A BANK CUSTOMER.

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

SECTION 1. 4-4-405 (a), Colorado Revised Statutes, is amended to read:

4-4-405. Death or incompetence of customer. (a) A payor or collecting bank's authority to accept, pay, or collect an item or to account for proceeds of its collection, if otherwise effective, is not rendered ineffective by incompetence of a customer of either bank existing at the time the item is issued or its collection is undertaken if the bank does not know of ~~a determination~~ AN ADJUDICATION of incompetence. Neither death nor incompetence of a customer revokes the authority to accept, pay, collect, or account until the bank knows of the fact of death or of ~~a determination~~ AN ADJUDICATION of incompetence and has reasonable opportunity to act on it.

SECTION 2. Effective date - applicability. This act shall take effect July 1, 2004, and shall apply to banks operating in the state of Colorado on or after said date.

SECTION 3. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 8, 2004

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.