

AN ACT

relating to the Uniform Commercial Code provisions relating to negotiable instruments.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subdivision (2), Subsection (a), Section 3.103, Business & Commerce Code, is amended to read as follows:

(2) Reserved [~~"Consumer account" means an account established by an individual primarily for personal, family, or household purposes~~].

SECTION 2. Subsection (b), Section 3.103, Business & Commerce Code, is amended to read as follows:

(b) Other definitions applying to this chapter and the sections in which they appear are:

"Acceptance"	Section 3.409.
"Accommodated party"	Section 3.419.
"Accommodation party"	Section 3.419.
"Account"	Section 4.104.
"Alteration"	Section 3.407.
"Anomalous indorsement"	Section 3.205.
"Blank indorsement"	Section 3.205.
"Cashier's check"	Section 3.104.
"Certificate of deposit"	Section 3.104.
"Certified check"	Section 3.409.
"Check"	Section 3.104.

1	"Consideration"	Section 3.303.
2	<del>["Demand draft"</del>	<del>Section 3.104.]</del>
3	"Draft"	Section 3.104.
4	"Holder in due course"	Section 3.302.
5	"Incomplete instrument"	Section 3.115.
6	"Indorsement"	Section 3.204.
7	"Indorser"	Section 3.204.
8	"Instrument"	Section 3.104.
9	"Issue"	Section 3.105.
10	"Issuer"	Section 3.105.
11	"Negotiable instrument"	Section 3.104.
12	"Negotiation"	Section 3.201.
13	"Note"	Section 3.104.
14	"Payable at a definite time"	Section 3.108.
15	"Payable on demand"	Section 3.108.
16	"Payable to bearer"	Section 3.109.
17	"Payable to order"	Section 3.109.
18	"Payment"	Section 3.602.
19	"Person entitled to enforce"	Section 3.301.
20	"Presentment"	Section 3.501.
21	"Reacquisition"	Section 3.207.
22	"Special indorsement"	Section 3.205.
23	"Teller's check"	Section 3.104.
24	"Transfer of instrument"	Section 3.203.
25	"Traveler's check"	Section 3.104.
26	"Value"	Section 3.303.
27	SECTION 3. Subsection (g),	Section 3.605, Business &

1 Commerce Code, is amended to read as follows:

2 (g) A release or extension preserves a secondary obligor's  
3 recourse if the terms of the release or extension provide that:

4 (1) the person entitled to enforce the instrument  
5 retains the right to enforce the instrument against the secondary  
6 obligor; and

7 (2) the [~~the~~] recourse of the secondary obligor  
8 continues as if [~~though~~] the release or extension had not been  
9 granted.

10 SECTION 4. Subsection (k), Section 3.104, Business &  
11 Commerce Code, is repealed.

12 SECTION 5. This Act takes effect September 1, 2007.

S.B. No. 1541

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1541 passed the Senate on April 19, 2007, by the following vote: Yeas 31, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1541 passed the House on May 17, 2007, by the following vote: Yeas 144, Nays 0, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor