

"AN ACT TO AMEND 3-406 AND 4-406 OF ACT 185 OF 1961 [ARK. STATS. ANN. 85-3-406 AND 85-4-406] TO PROVIDE FOR COMPARISON OF FAULT UNDER ACT 367 OF 1975 [ARK. STATS. ANN. 27-1763 THROUGH 1765]; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 3-406 of Act 185 of 1961, the same being Ark. Stats. Ann. 85-3-406, is hereby amended to read as follows:

"Section 3-406. Any person who by his negligence substantially contributes to a material alteration of the instrument or to the making of an unauthorized signature is precluded from asserting the alteration or lack of authority against a holder in due course or against a drawee or other payor who pays the instrument in good faith and in accordance with the reasonable commercial standards of the drawee's or payor's business. In all actions between banks, savings and loan associations, credit unions or industrial loan institutions and their customers where it is contended that both parties' conduct contributed to or caused the loss, their respective 'fault' in causing the loss shall be compared under Arkansas law of comparative fault (Act 367 of 1975, the same being Ark. Stats. Ann. 27-1763 through 1765)."

SECTION 2. Section 4-406(3) of Act 185 of 1961, the same being Ark. Stats. Ann. 85-4-406(3), is hereby amended to delete the current text in its entirety and to then read as follows:

"(3) In all actions between banks, savings and loan associations, credit unions or industrial loan institutions and their customers where it is contended that both parties' conduct contributed or caused the loss, their respective 'fault' in causing the loss shall be compared under Arkansas law of comparative fault (Act 367 of 1975, the same being Ark. Stats. Ann. 27-1763 through 1765)."

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: April 2, 1987

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