

## FEDERAL RESERVE BOARD

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WASHINGTON

February 15th, 1915.

My dear Governor:-

The attached letter from the Cashier of the National Bank of Flint, Flint, Michigan, raises the following questions:

- (1) Does a note with waiver of demand, notice and protest on the back thereof, over the names of all the endorsers, require protest?
- (2) What effect has waiver of demand, notice and protest printed on the face of a note?

Section 110 of the Negotiable Instruments Law, which is in force in forty-one states and the District of Columbia, provides that -

"Where the waiver is embodied in the instrument itself, it is binding upon all parties; but where it is written above the signature of an endorser, it binds him only".

In those states which have adopted this law, question number one should be answered in the affirmative since if the note contains the name of more than one endorser it will require protest to prevent the release of all endorsers except the one whose signature immediately follows the waiver.

This appears to be the safer course, also, in those states which have not adopted the Negotiable Instruments Law, since this rule was very generally followed by the courts prior to the adoption of this law by the States. Missouri and a few other states held to the contrary in some instances but the better view, which is sustained by the weight of authority, appears to be that a waiver of demand, notice and protest on the back of a note applies only to the endorser whose signature immediately follows such waiver.

In answer to question number two, it seems clear that where the waiver is printed on the face of a note it becomes a part of the contract and applies to all endorsers without reference to their position on the note.

Respectfully,

Hon. Charles S. Hamlin,  
Governor.

(Signed) M. C. ELLIOTT,  
Counsel.