

1 AN ACT in relation to banking.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Illinois Banking Act is amended by adding  
5 Section 6.5 as follows:

6 (205 ILCS 5/6.5 new)

7 Sec. 6.5. Reliance on power of attorney; notice to  
8 customer.

9 (a) Within 10 days after a bank acts in reliance upon a  
10 written power of attorney naming a bank customer as the  
11 principal, the bank shall notify the customer in writing of  
12 the reliance by certified or registered mail with restricted  
13 delivery. The notice shall be mailed to the customer at the  
14 customer's address, as set forth in the bank's records, and  
15 shall set forth sufficient information to allow the customer  
16 to identify the transaction and must include a copy of the  
17 power of attorney.

18 (b) The customer must examine the notice to determine  
19 whether any transaction was not authorized because of an  
20 alteration of the power of attorney or because a purported  
21 signature by or on behalf of the customer was not authorized.  
22 Within 30 days after receipt of the notice made pursuant to  
23 subsection (a), the customer must notify the bank of any  
24 unauthorized transaction discovered or that should have been  
25 discovered from an examination of the notice.

26 (c) If the bank proves that the customer failed, with  
27 respect to a transaction disclosed in a notice, to comply  
28 with the duties imposed on the customer by subsection (b),  
29 the customer is precluded from asserting a claim against the  
30 bank based upon:

31 (1) the customer's unauthorized signature or any

1 alteration of the power of attorney, if the bank also  
2 proves that it suffered a loss by reason of the failure;  
3 and

4 (2) the customer's unauthorized signature or  
5 alteration by the same wrongdoer on the power of attorney  
6 previously relied on in good faith by the bank if the  
7 transaction was consummated before the bank received  
8 notice from the customer of the unauthorized signature or  
9 alteration.

10 (d) If the customer proves that the bank did not rely on  
11 the power of attorney in good faith, the preclusion under  
12 subsection (c) does not apply.