MERCANTILE LAW.

PROMISSORY NOTES, BILLS OF EXCHANGE, I O U'S &C.

A promissory note or bill of exchange must be payable, absolutely and not conditionally or upon a contingency.

The words "value received" are not legally necessary in a promissory note, but should always be inserted, so as to express a consideration for the promise.

A note drawn on Sunday is not void, but the law will not aid in its collection.

If a note be lost or stolen it does not release the maker; he must pay it. But if he does pay it he is entitled to be indemnified against loss in consequence.

A note obtained by fraud, or from a person in a state of intoxication with intent to defraud, or from a person for concealment of crime, for wagers, or by way of transactions against public morals, rights and interests cannot be collected.

A valuable consideration must be given for a note to make it valid (mere love and affection or moral obligation is not a sufficient consideration) as between maker and payee, but an innocent purchaser may recover the amount from either of them (excepting notes given in settlement of gambling debts). But the note must have been bought prior to its maturity, without notice of defect, and a valuable consideration given therefor, otherwise he will not be protected against any equity existing in favor of the maker.

A note falling due on a Sunday or on a legal holiday is not payable until the day following.

A note commencing "I promise to pay," and signed by two or more parties, becomes a joint, or several note.

A note payable to order is transferable only by endorsement; a note payable to bearer, by delivery; and a note payable to the payee only, and not to order or bearer, is not transferable.

A blank endorsement requires merely the bare signature of endorser to make a note transferable to bearer; a special endorsement requires the name of payee to be written over a signature.

Notes bear interest during currency only, if so stated, and if no rate is mentioned, then only legal interest until paid. But any rate of interest may be collected if so stated; it ceases however at maturity, as thereafter legal interest is only recoverable, unless specially provided for in writing.

A note made by a minor is void, so is one made by an idiot. A note must be protested (noted) the same day on which it matures, but notice of protest may be delayed any time before noon of the following day.

Presentation or demand must be made on the last day of grace, and if payable at a bank, held there until the hour of closing; this will be sufficient demand or presentation to charge endorsers or acceptors; if no place of payment is stated the note must be presented personally or at his place of business during business hours or at his residence in reasonable hours; if a partnership note, to either of the partners or at the firm's place of business; if made by several persons jointly (not partners) demand must be made upon all.

An endorser of a note is exempt from liability if not served with a notice of its dishonor. He is also discharged from liability if the holder has given time for its payment or has taken a new bill or note from the maker or acceptor without his knowledge or consent.

An endorser of a note has a right of action against those preceding him on the note, either as endorser or maker. Endorsers may protect themselves against the claims of subsequent endorsers and holders by writing over his signature "without recourse." Signatures made with a lead pencil are good in law.

Trade orders (a form of draft used by tradesmen) should be tendered by the payee within a reasonable time, otherwise the maker will be relieved from liability if the amount cannot be recovered of the person on whom it is drawn.

Cheques are treated the same as bills of exchange and must be presented the same day, as received or the day following. Demand notes are payable upon presentation without grace and bear legal interest after demand if not so written. An endorser of a demand note is holden only for a reasonable time.

Time promissory notes are entitled to three days of grace after the time for payment has expired; if not then paid the endorsers, if any, should be legally notified to be holden.