

The Supreme Court of the State of Louisiana

BARBARA MCNORTON HOVELL

No.2020-C-01417

VS.

ORIGIN BANK F/K/A COMMUNITY TRUST
BANK

IN RE: Origin Bank F/K/A Community Trust Bank - Applicant Defendant;
Applying For Writ Of Certiorari, Parish of Ouachita, 4th Judicial District Court
Number(s) 2016-2046-3, Court of Appeal, Second Circuit, Number(s) 53,527-CA;

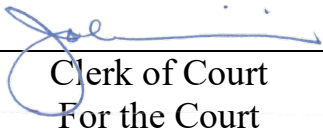
March 02, 2021

Writ application granted. See per curiam.

SJC
JDH
JTG
WJC
PDG

Weimer, C.J., would grant and docket.
McCallum, J., recused.

Supreme Court of Louisiana
March 02, 2021



Clerk of Court
For the Court

03/02/21

SUPREME COURT OF LOUISIANA

No. 2020-C-01417

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VS.

ORIGIN BANK F/K/A COMMUNITY TRUST BANK

ON WRIT OF CERTIORARI TO THE COURT OF APPEAL,
SECOND CIRCUIT, PARISH OF OUACHITA

PER CURIAM

The Louisiana Credit Agreement Statute provides: “A debtor shall not maintain an action on a credit agreement *unless the agreement is in writing*, expresses consideration, sets forth the relevant terms and conditions, and is signed by the creditor and the debtor.” La. R.S. 6:1122 (emphasis added). This Court has, on multiple occasions, considered the LCAS, finding that the statute “precludes all actions for damages arising from oral credit agreements, regardless of the legal theory of recovery asserted.” *Jesco Constr. Corp. v. Nationsbank Corp.*, 02-0057, p.4 (La. 10/25/07), 830 So. 2d 989, 992; *King v. Parish Nat’l Bank*, 04-337 (La. 10/19/04), 885 So. 2d 540 (same).¹

In this case, outside of the written loan documentation, the plaintiff alleges that the defendant bank “was supposed to obtain” additional collateral to secure a loan. He further alleges the defendant “was negligent and breached its commitment to acquire additional collateral” to secure the loan. Though the petition attaches

¹ Even earlier, in *Whitney Nat’l Bank v. Rockwell*, 94-3049 (La. 10/16/95), 661 So. 2d 1325, the Court stated: “[T]he primary legislative purpose in enacting credit agreement statutes was to establish certainty as to the *contractual* liability of financial institutions. . . . [T]he general goal behind these credit agreement statutes is to increase the certainty in contractual liability in order to reduce lender liability litigation.” 94-3049, p.8, 661 So. 2d at 1330 (emphasis in original) (internal citations omitted). At the time, however, the Court declined to “adopt a blanket rule” prohibiting all actions arising from oral credit agreements, regardless of legal theory asserted, as we later did in *Jesco*.

documents related to the sale and loan, the petition does not attach any writing expressing the defendant's supposed agreement to secure additional collateral as described above, and neither party argues that any such written agreement exists.

The plaintiff's allegations plainly constitute an action for damages based upon an oral credit agreement, which is expressly prohibited by statute. La. R.S. 6:1122. We therefore reverse the decision of the Court of Appeal and reinstate the judgment of the trial court, which granted the defendant's exception of no cause of action and dismissed plaintiff's claims with prejudice.

REVERSED.