

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962
Part 5
COLLECTION OF DOCUMENTARY DRAFTS

440.4501 Documentary draft; presentment, notice of dishonor.

Sec. 4501.

A bank which takes a documentary draft for collection must present or send the draft and accompanying documents for presentment and upon learning that the draft has not been paid or accepted in due course must seasonably notify its customer of such fact even though it may have discounted or bought the draft or extended credit available for withdrawal as of right.

History: 1962, Act 174, Eff. Jan. 1, 1964

440.4502 Documentary draft; presentment on arrival of goods, refusal for non-arrival; notice to transferor.

Sec. 4502.

When a draft or the relevant instructions require presentment "on arrival", "when goods arrive" or the like, the collecting bank need not present until in its judgment a reasonable time for arrival of the goods has expired. Refusal to pay or accept because the goods have not arrived is not dishonor; the bank must notify its transferor of such refusal but need not present the draft again until it is instructed to do so or learns of the arrival of the goods.

History: 1962, Act 174, Eff. Jan. 1, 1964

440.4503 Documentary draft; responsibility of presenting bank for documents and goods; report of reasons for dishonor; referees; expenses.

Sec. 4503.

Unless otherwise instructed and except as provided in article 5 a bank presenting a documentary draft

(a) must deliver the documents to the drawee on acceptance of the draft if it is payable more than 3 days after presentment; otherwise, only on payment; and

(b) upon dishonor, either in the case of presentment for acceptance or presentment for payment, may seek and follow instructions from any referee in case of need designated in the draft or if the presenting bank does not choose to utilize his services it must use diligence and good faith to ascertain the reason for dishonor, must notify its transferor of the dishonor and of the results of its effort to ascertain the reasons therefor and must request instructions.

But the presenting bank is under no obligation with respect to goods represented by the documents except to follow any reasonable instructions seasonably received; it has a right to reimbursement for any expense incurred in following instructions and to prepayment of or indemnity for such expenses.

History: 1962, Act 174, Eff. Jan. 1, 1964

440.4504 Documentary draft; presenting bank's right to deal with goods; lien for expenses.

Sec. 4504.

(1) A presenting bank which, following the dishonor of a documentary draft, has seasonably requested instructions but does not receive them within a reasonable time may store, sell, or otherwise deal with the goods in any reasonable manner.

(2) For its reasonable expenses incurred by action under subsection (1) the presenting bank has a lien upon the goods or their proceeds, which may be foreclosed in the same manner as an unpaid seller's lien.

History: 1962, Act 174, Eff. Jan. 1, 1964