

MAINE STATE LEGISLATURE

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PART 3

COLLECTION OF ITEMS: PAYOR BANKS

Sec.

4-301. Deferred posting; recovery of payment by return of items; time of dishonor.

4-302. Payor bank's responsibility for late return of item.

4-303. When items subject to notice, stop-order, legal process or set-off; order in which items may be charged or certified.

§ 4-301. Deferred posting; recovery of payment by return of items; time of dishonor

(1) Where an authorized settlement for a demand item (other than a documentary draft) received by a payor bank otherwise than for immediate payment over the counter has been made before midnight of the banking day of receipt, the payor bank may revoke the settlement and recover any payment, if before it has made final payment (section 4-213, subsection (1)) and before its midnight deadline it

(a) Returns the item; or

(b) Sends written notice of dishonor or nonpayment, if the item is held for protest or is otherwise unavailable for return.

(2) If a demand item is received by a payor bank for credit on its books, it may return such item or send notice of dishonor and may revoke any credit given or recover the amount thereof withdrawn by its customer, if it acts within the time limit and in the manner specified in subsection (1).

(3) Unless previous notice of dishonor has been sent, an item is dishonored at the time when for purposes of dishonor it is returned or notice sent in accordance with this section.

(4) An item is returned

(a) As to an item received through a clearing house, when it is delivered to the presenting or last collecting bank or to the clearing house or is sent or delivered in accordance with its rules; or

(b) In all other cases, when it is sent or delivered to the bank's customer or transferor or pursuant to his instructions.

1963, c. 362, § 1.

§ 4-302. Payor bank's responsibility for late return of item

In the absence of a valid defense such as breach of a presentment warranty (section 4-207, subsection (1)) settlement effected or the like, if an item is presented on and received by a payor bank the bank is accountable for the amount of

(1) A demand item other than a documentary draft whether properly payable or not if the bank, in any case where it is not also the depository bank, retains the item beyond midnight of the banking day of receipt without settling for it, or regardless of whether it is also the depository bank, does not pay or return the item or send notice of dishonor until after its midnight deadline; or

(2) Any other properly payable item, unless within the time allowed for acceptance or payment of that item the bank either accepts or pays the item or returns it and accompanying documents.

1963, c. 362, § 1.

§ 4-303. When items subject to notice, stop-order, legal process or set-off; order in which items may be charged or certified

(1) Any knowledge, notice or stop-order received by, legal process served upon or set-off exercised by a payor bank, whether or not effective under other rules of law to terminate, suspend or modify the bank's right or duty to pay an item or to charge its customer's account for the item, comes too late to so terminate, suspend or modify such right or duty if the knowledge, notice, stop-order or legal process is received or served and a reasonable time for the bank to act thereon expires or the set-off is exercised after the bank has done any of the following:

- (a) Accepted or certified the item;
- (b) Paid the item in cash;
- (c) Settled for the item without reserving a right to revoke the settlement and without having such right under statute, clearing house rule or agreement;
- (d) Completed the process of posting the item to the indicated account of the drawer, maker or other person to be charged therewith or otherwise has evidenced by examination of such indicated account and by action its decision to pay the item; or

11 § 4-303 UNIFORM COMMERCIAL CODE Title 11

(e) Become accountable for the amount of the item under section 4-213, subsection (1), paragraph (d) and under section 4-302 dealing with the payor bank's responsibility for late return of items.

(2) Subject to the provisions of subsection (1), items may be accepted, paid, certified or charged to the indicated account of its customer in any order convenient to the bank.

1963, c. 362, § 1.