

TITLE 4: ECONOMIC RESOURCES
DIVISION 6: BANKING AND FINANCIAL INSTITUTIONS

§ 6550. Indorsement and Signature Guaranty.

(a) A bank may assume secondary liability as an endorser of a negotiable or nonnegotiable instrument which it owns or has received for collection or that of the guarantor of the genuineness of a signature.

(b) A guaranty of the signature means only that:

(1) The signature is not forged;

(2) The signer is the holder or has the authority to sign in the name of the holder; and

(3) The signer has legal capacity to sign.

A guaranty of the signature does not otherwise guarantee his rightfulness of the particular transfer. A bank may disclaim all or any part of the foregoing obligation in its guaranty.

Source: PL 3-104, § 649.