

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 4: BANK DEPOSITS AND COLLECTIONS

§ 4202. Responsibility for Collection; When Action Seasonable.

(1) A collecting bank must use ordinary care in:

- (a) Presenting an item or sending it for presentment; and
- (b) Sending notice of dishonor or non-payment or returning an item other than a documentary draft to the bank's transferor after learning that the item has not been paid or accepted, as the case may be; and
- (c) Settling for an item when the bank receives final settlement; and
- (d) Making or providing for any necessary protest; and
- (e) Notifying its transferor of any loss or delay in transit within a reasonable time after discovery thereof.

(2) A collecting bank taking proper action before its midnight deadline following receipt of an item, notice or payment acts seasonably; taking proper action within a reasonably longer time may be seasonable but the bank has the burden of so establishing.

(3) Subject to subsection (1)(a) of this section, a bank is not liable for the insolvency, neglect, misconduct, mistake or default of another bank or person or for loss or destruction of an item in transit or in the possession of others.

Source: PL 3-56, § 1 (§ 4202).