

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.4201 Agency status of banks; provisional status of credits; applicability of article; endorsement with pay any bank.

Sec. 4201.

(1) Unless a contrary intent clearly appears and before the time that a settlement given by a collecting bank for an item is or becomes final, the bank, with respect to the item, is an agent or sub-agent of the owner of the item and any settlement given for the item is provisional. This provision applies regardless of the form of indorsement or lack of indorsement and even though credit given for the item is subject to immediate withdrawal as of right or is in fact withdrawn; but the continuance of ownership of an item by its owner and any rights of the owner to proceeds of the item are subject to rights of a collecting bank, such as those resulting from outstanding advances on the item and rights of setoff. If an item is handled by banks for purposes of presentment, payment, collection, or return, the relevant provisions of this article apply even though action of parties clearly establishes that a particular bank has purchased the item and is the owner of it.

(2) After an item has been indorsed with the words "pay any bank" or the like, only a bank may acquire the rights of a holder until the item has been either of the following:

- (a) Returned to the customer initiating collection.
- (b) Specially endorsed by a bank to a person who is not a bank.

History: 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 1993, Act 130, Eff. Sept. 30, 1993