**§4-207-A. Transfer warranties**

**(1).**  A customer or collecting bank that transfers an item and receives a settlement or other consideration warrants to the transferee and to any subsequent collecting bank that:

(a). The warrantor is a person entitled to enforce the item; [PL 1993, c. 293, Pt. B, §25 (NEW).]

(b). All signatures on the item are authentic and authorized; [PL 1993, c. 293, Pt. B, §25 (NEW).]

(c). The item has not been altered; [PL 1993, c. 293, Pt. B, §25 (NEW).]

(d). The item is not subject to a defense or claim in recoupment (section 3‑1305, subsection (1)) of any party that can be asserted against the warrantor; [PL 2003, c. 594, §10 (AMD).]

(e). The warrantor has no knowledge of any insolvency proceeding commenced with respect to the maker or acceptor or, in the case of an unaccepted draft, the drawer; and [PL 2003, c. 594, §10 (AMD).]

(f). If the item is a demand draft, creation of the item according to the terms on its face was authorized by the person identified as the drawer. [PL 2003, c. 594, §11 (NEW).]

[PL 2003, c. 594, §§10, 11 (AMD).]

**(2).**  If an item is dishonored, a customer or collecting bank transferring the item and receiving settlement or other consideration is obliged to pay the amount due on the item:

(a). According to the terms of the item at the time it was transferred; or [PL 1993, c. 293, Pt. B, §25 (NEW).]

(b). If the transfer was of an incomplete item, according to its terms when completed as stated in sections 3‑1115 and 3‑1407. [PL 1993, c. 293, Pt. B, §25 (NEW).]

The obligation of a transferor is owed to the transferee and to any subsequent collecting bank that takes the item in good faith. A transferor can not disclaim its obligation under this subsection by an indorsement stating that it is made "without recourse" or otherwise disclaiming liability.

[PL 1993, c. 293, Pt. B, §25 (NEW).]

**(3).**  A person to whom the warranties under subsection (1) are made and who took the item in good faith may recover from the warrantor as damages for breach of warranty an amount equal to the loss suffered as a result of the breach, but not more than the amount of the item plus expenses and loss of interest incurred as a result of the breach.

[PL 1993, c. 293, Pt. B, §25 (NEW).]

**(4).**  The warranties stated in subsection (1) can not be disclaimed with respect to checks. Unless notice of a claim for breach of warrant is given to the warrantor within 30 days after the claimant has reason to know of the breach and the identity of the warrantor, the warrantor is discharged to the extent of any loss caused by the delay in giving notice of the claim.

[PL 1993, c. 293, Pt. B, §25 (NEW).]

**(5).**  A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.

[PL 1993, c. 293, Pt. B, §25 (NEW).]

**(6).**  If the warranty in subsection (1), paragraph (f) is not given by a transferor or collecting bank under applicable conflict of laws rules, then the warranty is not given to that transferor when that transferor is a transferee nor to any prior collecting bank of that transferee.

[PL 2003, c. 594, §12 (NEW).]

SECTION HISTORY

PL 1993, c. 293, §B25 (NEW). PL 2003, c. 594, §§10-12 (AMD).

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we require that you include the following disclaimer in your publication:

*All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication reflects changes made through the Second Regular Session of the 131st Maine Legislature and is current through January 1, 2025
 . The text is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.*

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office cannot perform research for or provide legal advice or interpretation of Maine law to the public. If you need legal assistance, please contact a qualified attorney.