

**UNIFORM COMMERCIAL CODE (EXCERPT)**  
**Act 174 of 1962**

**440.4301 Demand items; recovery of settlement; time of dishonor; return of items.**

Sec. 4301.

(1) If a payor bank settles for a demand item other than a documentary draft presented otherwise than for immediate payment over the counter before midnight of the banking day of receipt the payor bank may revoke the settlement and recover the settlement if, before it has made final payment and before its midnight deadline, it does any of the following:

(a) Returns the item.

(b) Returns an image of the item, if the party to which the return is made has entered into an agreement to accept an image as a return of the item and the image is returned in accordance with that agreement.

(c) Sends a record providing notice of dishonor or nonpayment if the item is unavailable for return.

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books, it may return the item or send notice of dishonor and may revoke any credit given or recover the amount thereof withdrawn by its customer, if it acts within the time limit and in the manner specified in subsection (1).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

(a) As to an item presented 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.

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

**History:** 1962, Act 174, Eff. Jan. 1, 1964 ;-- Am. 1993, Act 130, Eff. Sept. 30, 1993 ;-- Am. 2014, Act 103, Imd. Eff. Apr. 10, 2014