

§3-1415. Obligation of indorser

(1). Subject to subsections (2), (3), (4) and (5) and to section 3-1419, subsection (4), when an instrument is dishonored, an indorser is obliged to pay the amount due on the instrument:

(a). According to the terms of the instrument at the time it was indorsed; or [PL 1993, c. 293, Pt. A, §2 (NEW).]

(b). If the indorser indorsed an incomplete instrument, according to its terms when completed, to the extent stated in sections 3-1115 and 3-1407. [PL 1993, c. 293, Pt. A, §2 (NEW).]

The obligation of the indorser is owed to a person entitled to enforce the instrument or to a subsequent indorser who paid the instrument under this section.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

(2). If an indorsement states that it is made "without recourse" or otherwise disclaims liability of the indorser, the indorser is not liable under subsection (1) to pay the instrument.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

(3). If notice of dishonor of an instrument is required by section 3-1503 and notice of dishonor complying with that section is not given to an indorser, the liability of the indorser under subsection (1) is discharged.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

(4). If a draft is accepted by a bank after an indorsement is made, the liability of the indorser under subsection (1) is discharged.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

(5). If an indorser of a check is liable under subsection (1) and the check is not presented for payment, or given to a depository bank for collection, within 30 days after the day the indorsement was made, the liability of the indorser under subsection (1) is discharged.

[PL 1993, c. 293, Pt. A, §2 (NEW).]

SECTION HISTORY

PL 1993, c. 293, §A2 (NEW).

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