

(3) *By making, drawing or accepting the party admits as against all subsequent parties including the drawee the existence of the payee and his then capacity to indorse.*

3—414. *Contract of Indorser; Order of Liability.*

(1) *Unless the indorsement otherwise specifies (as by such words as "without recourse") every indorser engages that upon dishonor and any necessary notice of dishonor and protest he will pay the instrument according to its tenor at the time of his indorsement to the holder or to any subsequent indorser who takes it up, even though the indorser who takes it up was not obligated to do so.*

(2) *Unless they otherwise agree indorsers are liable to one another in the order in which they indorse, which is presumed to be the order in which their signatures appear on the instrument.*

3—415. *Contract of Accommodation Party.*

(1) *An accommodation party is one who signs the instrument in any capacity for the purpose of lending his name to another party to it.*

(2) *When the instrument has been taken for value before it is due the accommodation party is liable in the capacity in which he has signed even though the taker knows of the accommodation.*

(3) *As against a holder in due course and without notice of the accommodation oral proof of the accommodation is not admissible to give the accommodation party the benefit of discharges dependent on his character as such. In other cases the accommodation character may be shown by oral proof.*

(4) *An indorsement which shows that it is not in the chain of title is notice of its accommodation character.*

(5) *An accommodation party is not liable to the party accommodated, and if he pays the instrument has a right of recourse on the instrument against such party.*

3—416. *Contract of Guarantor.*

(1) *"Payment guaranteed" or equivalent words added to a signature mean that the signer engages that if the instrument is not paid when due he will pay it according to its tenor without resort by the holder to any other party.*

(2) *"Collection guaranteed" or equivalent words added to a signature mean that the signer engages that if the instrument is not paid when due he will pay it according to its tenor, but only after the holder has reduced his claim against the maker or acceptor to judgment and execution has been returned unsatisfied, or after the maker or acceptor has become insolvent or it is otherwise apparent that it is useless to proceed against him.*

(3) *Words of guaranty which do not otherwise specify guarantee payment.*

(4) *No words of guaranty added to the signature of a sole maker or acceptor affect his liability on the instrument. Such words added to the signature of one of two or more makers or acceptors create a*