

(e) *correcting or reversing an entry or erroneous action with respect to the item.*

Part 2

Collection of Items; Depository and Collecting Banks

4—201. Presumption and Duration of Agency Status of Collecting Banks and Provisional Status of Credits; Applicability of Sub-title; Item Indorsed "Pay Any Bank".

(1) *Unless a contrary intent clearly appears and prior to the time that a settlement given by a collecting bank for an item is or becomes final (sub-section (3) of Section 4—211—and Sections 4—212 and 4—213) the bank 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of indorsement and even though credit given for the item is subject to immediate withdrawal as of right or is in fact withdrawn; but the continuance of ownership of an item by its owner and any rights of the owner to proceeds of the item are subject to rights of a collecting bank such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 valid rights of setoff. When an item is handled by banks for purposes of presentment, payment and collection, the relevant provisions of this Sub-title 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*

(a) *until the item has been returned to the customer initiating collection; or*

(b) *until the item has been specially indorsed by a bank to a person who is not a bank.*

4—202. Responsibility for Collection; When Action Seasonable.

(1) *A collecting bank must use ordinary care in*

(a) *presenting an item or sending it for presentment; and*

(b) *sending notice of dishonor or non-payment or returning an item other than a documentary draft to the bank's transferor or directly to the depository bank under sub-section (2) of Section 4—212 after learning that the item has not been paid or accepted, as the case may be; and*

(c) *settling for an item when the bank receives final settlement; and*

(d) *making or providing for any necessary protest; and*

(e) *notifying its transferor of any loss or delay in transit within a reasonable time after discovery thereof.*

(2) *A collecting bank taking proper action before its midnight deadline following receipt of an item, notice or payment acts seasonably; taking proper action within a reasonably longer time may be seasonable but the bank has the burden of so establishing.*