

(3) Subject to sub-section (1) (a), a bank is not liable for the insolvency, neglect, misconduct, mistake or default of another bank or person or for loss or destruction of an item in transit or in the possession of others.

4—203. *Effect of Instructions.*

Subject to the provisions of Sub-title 3 concerning conversion of instruments (Section 3—419) and the provisions of both Sub-title 3 and this Sub-title concerning restrictive indorsements only a collecting bank's transferor can give instructions which affect the bank or constitute notice to it and a collecting bank is not liable to prior parties for any action taken pursuant to such instructions or in accordance with any agreement with its transferor.

4—204. *Methods of Sending and Presenting; Sending Direct to Payor Bank.*

(1) A collecting bank must send items by reasonably prompt method taking into consideration any relevant instructions, the nature of the item, the number of such items on hand, and the cost of collection involved and the method generally used by it or others to present such items.

(2) A collecting bank may send

(a) any item direct to the payor bank;

(b) any item to any non-bank payor if authorized by its transferor; and

(c) any item other than documentary drafts to any non-bank payor, if authorized by Federal Reserve regulation or operating letter, clearing house rule or the like.

(3) Presentment may be made by a presenting bank at a place where the payor bank has requested that presentment be made.

4—205. *Supplying Missing Indorsement; No Notice From Prior Indorsement.*

(1) A depositary bank which has taken an item for collection may supply any indorsement of the customer which is necessary to title unless the item contains the words "payee's indorsement required" or the like. In the absence of such a requirement a statement placed on the item by the depositary bank to the effect that the item was deposited by a customer or credited to his account is effective as the customer's indorsement.

(2) An intermediary bank, or payor bank which is not a depositary bank, is neither given notice nor otherwise affected by a restrictive indorsement of any person except the bank's immediate transferor.

4—206. *Transfer Between Banks.*

Any agreed method which identifies the transferor bank is sufficient for the item's further transfer to another bank.

4—207. *Warranties of Customer and Collecting Bank on Transfer or Presentment of Items; Time for Claims.*