

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.

(3) Subject to subsection (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 [subtitle] TITLE 3 concerning conversion of instruments (§ 3-419) and the provisions of both [subtitle] TITLE 3 and this [subtitle] 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