

transferring the item a claim based upon the unauthorized signature or alteration giving rise to the customer's claim.

4-407. Payor bank's right to subrogation on improper payment.

If a payor bank has paid an item over the stop payment order of the drawer or maker or otherwise under circumstances giving a basis for objection by the drawer or maker, to prevent unjust enrichment and only to the extent necessary to prevent loss to the bank by reason of its payment of the item, the payor bank shall be subrogated to the rights

(a) Of any holder in due course on the item against the drawer or maker; and

(b) Of the payee or any other holder of the item against the drawer or maker either on the item or under the transaction out of which the item arose; and

(c) Of the drawer or maker against the payee or any other holder of the item with respect to the transaction out of which the item arose.

SUBTITLE 5. COLLECTION OF DOCUMENTARY DRAFTS.

4-501. Handling of documentary drafts; duty to send for presentment and to notify customer of dishonor.

A bank which takes a documentary draft for collection must present or send the draft and accompanying documents for presentment and upon learning that the draft has not been paid or accepted in due course must seasonably notify its customer of such fact even though it may have discounted or bought the draft or extended credit available for withdrawal as of right.

4-502. Presentment of "on arrival" drafts.

When a draft or the relevant instructions require presentment "on arrival," "when goods arrive" or the like, the collecting bank need not present until in its judgment a reasonable time for arrival of the goods has expired. Refusal to pay or accept because the goods have not arrived is not dishonor; the bank must notify its transferor of such refusal but need not present the draft again until it is instructed to do so or learns of the arrival of the goods.

4-503. Responsibility of presenting bank for documents and goods; report of reasons for dishonor; referee in case of need.