

Article - Commercial Law  
Section 4-406  
Annotated Code of Maryland  
(1975 Volume and 1981 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland read(s) as follows:

Article - Commercial Law

4-406.

(1) [When] IF a bank sends to its customer a statement of account accompanied by items paid in good faith in support of the debit entries [or holds the statement and items pursuant to a request or instructions of its customer or otherwise in a reasonable manner makes the statement and items available to the customer], the customer must exercise reasonable care and promptness to examine the statement and items to discover [his] AN unauthorized signature or any alteration on an item and must notify the bank promptly after discovery thereof.

(2) If the bank establishes that the customer failed with respect to an item to comply with the duties imposed on the customer by subsection (1) the customer is precluded from asserting against the bank

(a) [His] THE unauthorized signature OF THE CUSTOMER or any alteration on the item if the bank also establishes that it suffered a loss by reason of such failure; and

(b) An unauthorized signature or alteration by the same wrongdoer on any other item paid in good faith by the bank after the first item and statement was available to the customer for a reasonable period not exceeding [fourteen calendar] ~~10~~ 14 BUSINESS days and before the bank receives notification from the customer of any such unauthorized signature or alteration.

(3) The preclusion under subsection (2) does not apply if the customer establishes lack of ordinary care on the part of the bank in paying the item.

(4) Without regard to care or lack of care of either the customer or the bank, a customer who does not within [one year] 12 MONTHS from the time the statement and items are made available to the customer (subsection (1)) discover and report [his] AN unauthorized signature or any alteration on the face or back of the item or does not within [three years] 36 MONTHS from that time discover and report any unauthorized indorsement is precluded from asserting against