

ENFORCED NOTWITHSTANDING ANY STATUTE OF FRAUDS AND WHETHER OR NOT THE ACCOMMODATION PARTY RECEIVES CONSIDERATION FOR THE ACCOMMODATION.

(C) A PERSON SIGNING AN INSTRUMENT IS PRESUMED TO BE AN ACCOMMODATION PARTY AND THERE IS NOTICE THAT THE INSTRUMENT IS SIGNED FOR ACCOMMODATION IF THE SIGNATURE IS AN ANOMALOUS INDORSEMENT OR IS ACCOMPANIED BY WORDS INDICATING THAT THE SIGNER IS ACTING AS SURETY OR GUARANTOR WITH RESPECT TO THE OBLIGATION OF ANOTHER PARTY TO THE INSTRUMENT. EXCEPT AS PROVIDED IN § 3-605, THE OBLIGATION OF AN ACCOMMODATION PARTY TO PAY THE INSTRUMENT IS NOT AFFECTED BY THE FACT THAT THE PERSON ENFORCING THE OBLIGATION HAD NOTICE WHEN THE INSTRUMENT WAS TAKEN BY THAT PERSON THAT THE ACCOMMODATION PARTY SIGNED THE INSTRUMENT FOR ACCOMMODATION.

(D) IF THE SIGNATURE OF A PARTY TO AN INSTRUMENT IS ACCOMPANIED BY WORDS INDICATING UNAMBIGUOUSLY THAT THE PARTY IS GUARANTEEING COLLECTION RATHER THAN PAYMENT OF THE OBLIGATION OF ANOTHER PARTY TO THE INSTRUMENT, THE SIGNER IS OBLIGED TO PAY THE AMOUNT DUE ON THE INSTRUMENT TO A PERSON ENTITLED TO ENFORCE THE INSTRUMENT ONLY IF (I) EXECUTION OF JUDGMENT AGAINST THE OTHER PARTY HAS BEEN RETURNED UNSATISFIED, (II) THE OTHER PARTY IS INSOLVENT OR IN AN INSOLVENCY PROCEEDING, (III) THE OTHER PARTY CANNOT BE SERVED WITH PROCESS, OR (IV) IT IS OTHERWISE APPARENT THAT PAYMENT CANNOT BE OBTAINED FROM THE OTHER PARTY.

(E) AN ACCOMMODATION PARTY WHO PAYS THE INSTRUMENT IS ENTITLED TO REIMBURSEMENT FROM THE ACCOMMODATED PARTY AND IS ENTITLED TO ENFORCE THE INSTRUMENT AGAINST THE ACCOMMODATED PARTY. AN ACCOMMODATED PARTY WHO PAYS THE INSTRUMENT HAS NO RIGHT OF RECOURSE AGAINST, AND IS NOT ENTITLED TO CONTRIBUTION FROM, AN ACCOMMODATION PARTY.

3-420.

(A) THE LAW APPLICABLE TO CONVERSION OF PERSONAL PROPERTY APPLIES TO INSTRUMENTS. AN INSTRUMENT IS ALSO CONVERTED IF IT IS TAKEN BY TRANSFER, OTHER THAN A NEGOTIATION, FROM A PERSON NOT ENTITLED TO ENFORCE THE INSTRUMENT OR A BANK MAKES OR OBTAINS PAYMENT WITH RESPECT TO THE INSTRUMENT FOR A PERSON NOT ENTITLED TO ENFORCE THE INSTRUMENT OR RECEIVE PAYMENT. AN ACTION FOR CONVERSION OF AN INSTRUMENT MAY NOT BE BROUGHT BY (I) THE ISSUER OR ACCEPTOR OF THE INSTRUMENT OR (II) A PAYEE OR INDORSEE WHO DID NOT RECEIVE DELIVERY OF THE INSTRUMENT EITHER DIRECTLY OR THROUGH DELIVERY TO AN AGENT OR A CO-PAYEE.

(B) IN AN ACTION UNDER SUBSECTION (A), THE MEASURE OF LIABILITY IS PRESUMED TO BE THE AMOUNT PAYABLE ON THE INSTRUMENT, BUT RECOVERY MAY NOT EXCEED THE AMOUNT OF THE PLAINTIFF'S INTEREST IN THE INSTRUMENT.