

(d) If the item is drawn upon or payable by a person other than a bank, a cashier's check, certified check or other bank check or obligation.

(2) If before its midnight deadline the collecting bank properly dishonors a remittance check or authorization to charge on itself or presents or forwards for collection a remittance instrument of or on another bank which is of a kind approved by subsection (1) or has not been authorized by it, the collecting bank is not liable to prior parties in the event of the dishonor of such check, instrument or authorization.

(3) A settlement for an item by means of a remittance instrument or authorization to charge is or becomes a final settlement as to both the person making and the person receiving the settlement

(a) If the remittance instrument or authorization to charge is of a kind approved by subsection (1) or has not been authorized by the person receiving the settlement and in either case the person receiving the settlement acts seasonably before its midnight deadline in presenting, forwarding for collection or paying the instrument or authorization, — at the time the remittance instrument or authorization is finally paid by the payor by which it is payable;

(b) If the person receiving the settlement has authorized remittance by a nonbank check or obligation or by a cashier's check or similar primary obligation of or a check upon the payor or other remitting bank which is not of a kind approved by subsection (1) (b), — at the time of the receipt of such remittance check or obligation; or

(c) If in a case not covered by subparagraphs (a) or (b) the person receiving the settlement fails to seasonably present, forward for collection, pay or return a remittance instrument or authorization to it to charge before its midnight deadline, — at such midnight deadline.]

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(A) WITH RESPECT TO SETTLEMENT BY A BANK, THE MEDIUM AND TIME OF SETTLEMENT MAY BE PRESCRIBED BY FEDERAL RESERVE REGULATIONS OR CIRCULARS, CLEARING-HOUSE RULES, AND THE LIKE, OR AGREEMENT. IN THE ABSENCE OF SUCH PRESCRIPTION:

(1) THE MEDIUM OF SETTLEMENT IS CASH OR CREDIT TO AN ACCOUNT IN A FEDERAL RESERVE BANK OF OR SPECIFIED BY THE PERSON TO RECEIVE SETTLEMENT; AND

(2) THE TIME OF SETTLEMENT, IS:

(I) WITH RESPECT TO TENDER OF SETTLEMENT BY CASH, A CASHIER'S CHECK, OR TELLER'S CHECK, WHEN THE CASH OR CHECK IS SENT OR DELIVERED;

(II) WITH RESPECT TO TENDER OF SETTLEMENT BY CREDIT IN AN ACCOUNT IN A FEDERAL RESERVE BANK, WHEN THE CREDIT IS MADE;

(III) WITH RESPECT TO TENDER OF SETTLEMENT BY A CREDIT OR DEBIT TO AN ACCOUNT IN A BANK, WHEN THE CREDIT OR DEBIT IS MADE OR, IN