

4-406.

[(1) If a bank sends to its customer a statement of account accompanied by items or facsimiles of 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 or facsimiles of items available to the customer, the customer must exercise reasonable care and promptness to examine the statement and the items or facsimiles to discover an unauthorized signature or any alteration on an item and must notify the bank promptly after discovery thereof.]

(A) A BANK THAT SENDS OR MAKES AVAILABLE TO A CUSTOMER A STATEMENT OF ACCOUNT SHOWING PAYMENT OF ITEMS FOR THE ACCOUNT SHALL EITHER RETURN OR MAKE AVAILABLE TO THE CUSTOMER THE ITEMS PAID OR PROVIDE INFORMATION IN THE STATEMENT OF ACCOUNT SUFFICIENT TO ALLOW THE CUSTOMER REASONABLY TO IDENTIFY THE ITEMS PAID. THE STATEMENT OF ACCOUNT PROVIDES SUFFICIENT INFORMATION IF THE ITEM IS DESCRIBED BY ITEM NUMBER, AMOUNT, AND DATE OF PAYMENT.

(B) IF THE ITEMS ARE NOT RETURNED TO THE CUSTOMER, THE PERSON RETAINING THE ITEMS SHALL EITHER RETAIN THE ITEMS OR, IF THE ITEMS ARE DESTROYED, MAINTAIN THE CAPACITY TO FURNISH LEGIBLE COPIES OF THE ITEMS UNTIL THE EXPIRATION OF 7 YEARS AFTER RECEIPT OF THE ITEMS. A CUSTOMER MAY REQUEST AN ITEM FROM THE BANK THAT PAID THE ITEM, AND THAT BANK MUST PROVIDE IN A REASONABLE TIME EITHER THE ITEM OR, IF THE ITEM HAS BEEN DESTROYED OR IS NOT OTHERWISE OBTAINABLE, A LEGIBLE COPY OF THE ITEM.

(C) IF A BANK SENDS OR MAKES AVAILABLE A STATEMENT OF ACCOUNT OR ITEMS PURSUANT TO SUBSECTION (A), THE CUSTOMER MUST EXERCISE REASONABLE PROMPTNESS IN EXAMINING THE STATEMENT OR THE ITEMS TO DETERMINE WHETHER ANY PAYMENT WAS NOT AUTHORIZED BECAUSE OF AN ALTERATION OF AN ITEM OR BECAUSE A PURPORTED SIGNATURE BY OR ON BEHALF OF THE CUSTOMER WAS NOT AUTHORIZED. IF, BASED ON THE STATEMENT OR ITEMS PROVIDED, THE CUSTOMER SHOULD REASONABLY HAVE DISCOVERED THE UNAUTHORIZED PAYMENT, THE CUSTOMER MUST PROMPTLY NOTIFY THE BANK OF THE RELEVANT FACTS.

[(2)](D) If the bank [establishes] PROVES that the customer failed, with respect to an item, to comply with the duties imposed on the customer by subsection [(1)] (C) the customer is precluded from asserting against the bank:

[(a)](1) The CUSTOMER'S unauthorized signature of the customer or any alteration on the item, if the bank also [establishes] PROVES that it suffered a loss by reason of [such] THE failure; and

[(b)](2) [An] THE CUSTOMER'S 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 14 business days and before the bank receives notification from the customer of any such unauthorized signature or alteration.] IF THE PAYMENT WAS MADE BEFORE THE BANK