

4-501.

A bank [which] THAT takes a documentary draft for collection [must] SHALL 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] SHALL seasonably notify its customer of [such] THE fact even though it may have discounted or bought the draft or extended credit available for withdrawal as of right.

4-502.

[When] IF 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] THE 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.

Unless otherwise instructed and except as provided in Title 5, a bank presenting a documentary draft:

[(a)](1) Must deliver the documents to the drawee on acceptance of the draft if it is payable more than three days after presentment; otherwise, only on payment; and

[(b)](2) Upon dishonor, either in the case of presentment for acceptance or presentment for payment, may seek and follow instructions from any referee in case of need designated in the draft or if the presenting bank does not choose to utilize [his] THE REFEREE'S services, it must use diligence and good faith to ascertain the reasons for dishonor, must notify its transferor of the dishonor and of the results of its effort to ascertain the reasons therefor, and must request instructions.

[But] HOWEVER the presenting bank is under no obligation with respect to goods represented by the documents except to follow any reasonable instructions seasonably received; it has a right to reimbursement for any expense incurred in following instructions and to prepayment of or indemnity for [such] THOSE expenses.

4-504.

[(1)](A) A presenting bank [which] THAT, following the dishonor of a documentary draft, has seasonably requested instructions but does not receive them within a reasonable time may store, sell, or otherwise deal with the goods in any reasonable manner.

[(2)](B) For its reasonable expenses incurred by action under subsection [(1)](A) the presenting bank has a lien upon the goods or their proceeds, which may be foreclosed in the same manner as an unpaid seller's lien.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect January 1, 1997.

Approved April 30, 1996.