

(D) DELIVERY OF THE GOODS PURSUANT TO A NONNEGOTIABLE DOCUMENT OF TITLE MAY BE STOPPED BY A SELLER UNDER § 2-705 OR A LESSOR UNDER § 2A-526, SUBJECT TO THE REQUIREMENTS OF DUE NOTIFICATION IN THOSE SECTIONS. A BAILEE THAT HONORS THE SELLER'S OR LESSOR'S INSTRUCTIONS IS ENTITLED TO BE INDEMNIFIED BY THE SELLER OR LESSOR AGAINST ANY RESULTING LOSS OR EXPENSE.

7-505.

THE INDORSEMENT OF A TANGIBLE DOCUMENT OF TITLE ISSUED BY A BAILEE DOES NOT MAKE THE INDORSER LIABLE FOR ANY DEFAULT BY THE BAILEE OR PREVIOUS INDORSERS.

7-506.

THE TRANSFEREE OF A NEGOTIABLE TANGIBLE DOCUMENT OF TITLE HAS A SPECIFICALLY ENFORCEABLE RIGHT TO HAVE ITS TRANSFEROR SUPPLY ANY NECESSARY INDORSEMENT, BUT THE TRANSFER BECOMES A NEGOTIATION ONLY AS OF THE TIME THE INDORSEMENT IS SUPPLIED.

7-507.

IF A PERSON NEGOTIATES OR DELIVERS A DOCUMENT OF TITLE FOR VALUE, OTHERWISE THAN AS A MERE INTERMEDIARY UNDER § 7-508, UNLESS OTHERWISE AGREED, THE TRANSFEROR, IN ADDITION TO ANY WARRANTY MADE IN SELLING OR LEASING THE GOODS, WARRANTS TO ITS IMMEDIATE PURCHASER ONLY THAT:

- (1) THE DOCUMENT IS GENUINE;
- (2) THE TRANSFEROR DOES NOT HAVE KNOWLEDGE OF ANY FACT THAT WOULD IMPAIR THE DOCUMENT'S VALIDITY OR WORTH; AND
- (3) THE NEGOTIATION OR DELIVERY IS RIGHTFUL AND FULLY EFFECTIVE WITH RESPECT TO THE TITLE TO THE DOCUMENT AND THE GOODS IT REPRESENTS.

7-508.

A COLLECTING BANK OR OTHER INTERMEDIARY KNOWN TO BE ENTRUSTED WITH DOCUMENTS OF TITLE ON BEHALF OF ANOTHER OR WITH COLLECTION OF A DRAFT OR OTHER CLAIM AGAINST DELIVERY OF DOCUMENTS WARRANTS BY THE DELIVERY OF THE DOCUMENTS ONLY ITS OWN GOOD FAITH AND AUTHORITY EVEN IF THE COLLECTING BANK OR OTHER INTERMEDIARY HAS PURCHASED OR MADE ADVANCES AGAINST THE CLAIM OR DRAFT TO BE COLLECTED.

7-509.

WHETHER A DOCUMENT OF TITLE IS ADEQUATE TO FULFILL THE OBLIGATIONS OF A CONTRACT FOR SALE, A CONTRACT FOR LEASE, OR THE CONDITIONS OF A LETTER OF CREDIT IS DETERMINED BY TITLE 2, TITLE 2A, OR TITLE 5.