

(4) AS AGAINST THE BAILEE, BY GOOD-FAITH DEALINGS OF THE BAILEE WITH THE TRANSFEROR.

(C) A DIVERSION OR OTHER CHANGE OF SHIPPING INSTRUCTIONS BY THE CONSIGNOR IN A NONNEGOTIABLE BILL OF LADING WHICH CAUSES THE BAILEE NOT TO DELIVER THE GOODS TO THE CONSIGNEE DEFEATS THE CONSIGNEE'S TITLE TO THE GOODS IF THE GOODS HAVE BEEN DELIVERED TO A BUYER IN ORDINARY COURSE OF BUSINESS OR A LESSEE IN ORDINARY COURSE OF BUSINESS AND, IN ANY EVENT, DEFEATS THE CONSIGNEE'S RIGHTS AGAINST THE BAILEE.

(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