to the duty of customers to report to their financial institutions.

BY repealing and reenacting, with amendments,
Article – Commercial Law
Section 4–406
Annotated Code of Maryland
(1975 Volume and 1991 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Commercial Law

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 ~~items~~ *THE ITEMS OR FACSIMILES* to discover an unauthorized signature or any alteration on an item and must notify the bank promptly after discovery thereof.

(2) If the bank establishes that the customer failed with respect to an item to comply with the duties imposed on the customer by subsection (1) the customer is precluded from asserting against the bank

(a) The unauthorized signature of the customer or any alteration on the item if the bank also establishes that it suffered a loss by reason of such failure; and

(b) An 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.

(3) The preclusion under subsection (2) does not apply if the customer establishes lack of ordinary care on the part of the bank in paying the item.

(4) Without regard to care or lack of care of either the customer or the bank, a customer who does not within 12 months from the time the statement and items are made available to the customer (subsection (1)) discover and report an unauthorized signature or any alteration on the face or back of the item or does not within 36 months from that time discover and report any unauthorized indorsement is precluded from asserting against the bank such unauthorized signature or indorsement or such alteration.