

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.3103 Definitions; principles of construction.

Sec. 3103. (1) As used in this article:

- (a) "Acceptor" means a drawee who has accepted a draft.
- (b) "Consumer account" means an account established by an individual primarily for personal, family, or household purposes.
- (c) "Consumer transaction" means a transaction in which an individual incurs an obligation primarily for personal, family, or household purposes.
- (d) "Drawee" means a person ordered in a draft to make payment.
- (e) "Drawer" means a person who signs or is identified in a draft as a person ordering payment.
- (f) "Maker" means a person who signs or is identified in a note as a person undertaking to pay.
- (g) "Order" means a written instruction to pay money signed by the person giving the instruction. The instruction may be addressed to any person, including the person giving the instruction, or to 1 or more persons jointly or in the alternative but not in succession. An authorization to pay is not an order unless the person authorized to pay is also instructed to pay.
- (h) "Ordinary care" in the case of a person engaged in business means observance of reasonable commercial standards, prevailing in the area in which the person is located, with respect to the business in which the person is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to examine the instrument if the failure to examine does not violate the bank's prescribed procedures and the bank's procedures do not vary unreasonably from general banking usage not disapproved by this article or article 4.
- (i) "Party" means a party to an instrument.
- (j) "Principal obligor", with respect to an instrument, means the accommodated party or any other party to the instrument against whom a secondary obligor has recourse under this article.
- (k) "Promise" means a written undertaking to pay money signed by the person undertaking to pay. An acknowledgment of an obligation by the obligor is not a promise unless the obligor also undertakes to pay the obligation.
- (l) "Prove" with respect to a fact means to meet the burden of establishing the fact under section 1201(2)(h).
- (m) "Remitter" means a person who purchases an instrument from its issuer if the instrument is payable to an identified person other than the purchaser.
- (n) "Remotely created consumer item" means an item drawn on a consumer account, which is not created by the payor bank and does not bear a handwritten signature purporting to be the signature of the drawer.
- (o) "Secondary obligor", with respect to an instrument, means any of the following:
 - (i) An indorser or an accommodation party.
 - (ii) A drawer that has the obligation described in section 3414(4).
 - (iii) Any other party to the instrument that has recourse against another party to the instrument under section 3116(2).

(2) Other definitions applying to this article and the sections in which they appear are as follows:

"Acceptance"	section 3409.
"Accommodated party"	section 3419.
"Accommodation party"	section 3419.
"Account"	section 4104.
"Alteration"	section 3407.
"Anomalous endorsement"	section 3205.
"Blank endorsement"	section 3205.
"Cashier's check"	section 3104.
"Certificate of deposit"	section 3104.
"Certified check"	section 3409.
"Check"	section 3104.
"Consideration"	section 3303.
"Draft"	section 3104.
"Endorsement"	section 3204.
"Endorser"	section 3204.
"Holder in due course"	section 3304.
"Incomplete instrument"	section 3115.

"Instrument"	section 3104.
"Issue"	section 3105.
"Issuer"	section 3105.
"Negotiable instrument"	section 3104.
"Negotiation"	section 3201.
"Note"	section 3104.
"Payable at a definite time"	section 3108.
"Payable on demand"	section 3108.
"Payable to bearer"	section 3109.
"Payable to order"	section 3109.
"Payment"	section 3602.
"Person entitled to enforce"	section 3301.
"Presentment"	section 3501.
"Reacquisition"	section 3207.
"Special endorsement"	section 3205.
"Teller's check"	section 3104.
"Transfer of instrument"	section 3203.
"Traveler's check"	section 3104.
"Value"	section 3303.

(3) The following definitions in other articles apply to this article:

"Banking day"	section 4104.
"Clearing-house"	section 4104.
"Collecting bank"	section 4105.
"Depository bank"	section 4105.
"Documentary draft"	section 4104.
"Intermediary bank"	section 4105.
"Item"	section 4104.
"Payor bank"	section 4105.
"Suspends payments"	section 4104.

(4) In addition, article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1993, Act 130, Eff. Sept. 30, 1993;—Am. 2012, Act 86, Eff. July 1, 2013;—Am. 2014, Act 101, Imd. Eff. Apr. 10, 2014.

Compiler's note: In subsection (1)(g), "alterative" evidently should read "alternative."