

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.4210 Security interest of collecting bank in items, accompanying documents, or proceeds.

Sec. 4210. (1) A collecting bank has a security interest in an item and any accompanying documents or the proceeds of any of the following:

(a) If an item is deposited in an account, to the extent to which credit given for the item has been withdrawn or applied.

(b) If an item for which it has given credit is available for withdrawal as of right, to the extent of the credit given whether or not the credit is drawn upon and whether or not there is a right of charge-back.

(c) If it makes an advance on or against the item.

(2) If credit given for several items received at one time or pursuant to a single agreement is withdrawn or applied in part the security interest remains upon all the items, any accompanying documents or the proceeds of either. For the purpose of this section, credits first given are first withdrawn.

(3) Receipt by a collecting bank of a final settlement for an item is a realization on its security interest in the item, accompanying documents and proceeds. So long as the bank does not receive final settlement for the item or give up possession of the item or possession or control of the accompanying documents for purposes other than collection, the security interest continues to that extent and is subject to article 9 except for the following:

(a) A security agreement is not necessary to make the security interest enforceable under section 9203(2)(c)(i).

(b) A filing is not required to perfect the security interest.

(c) The security interest has priority over conflicting perfected security interests in the item, accompanying documents, or proceeds.

History: 1962, Act 174, Eff. Jan. 1, 1964;—Am. 1993, Act 130, Eff. Sept. 30, 1993;—Am. 2000, Act 348, Eff. July 1, 2001;—Am. 2012, Act 87, Eff. July 1, 2013.