



## Ohio Revised Code

### Section 1304.17 Transfer warranties - UCC 4-207.

Effective: August 19, 1994

Legislation: Senate Bill 147 - 120th General Assembly

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(A) A customer or collecting bank that transfers an item and receives a settlement or other consideration warrants all of the following to the transferee and to any subsequent collecting bank:

- (1) The warrantor is a person entitled to enforce the item.
- (2) All signatures on the item are authentic and authorized.
- (3) The item has not been altered.
- (4) The item is not subject to a defense or claim in recoupment of any party that can be asserted against the warrantor.
- (5) The warrantor has no knowledge of any insolvency proceeding commenced with respect to the maker, acceptor, or, in the case of an unaccepted draft, the drawer.

(B) If an item is dishonored, a customer or collecting bank transferring the item and receiving settlement or other consideration is obliged to pay the amount due on the item according to the terms of the item at the time it was transferred or, if the transfer was of an incomplete item, according to its terms when completed pursuant to sections 1303.11 and 1303.50 of the Revised Code. The obligation of a transferor is owed to the transferee and to any subsequent collecting bank that takes the item in good faith. A transferor cannot disclaim its obligation under this division by an indorsement stating that it is made "without recourse" or otherwise disclaiming liability.

(C) A person to whom the warranties under division (A) of this section are made and who took the item in good faith may recover from the warrantor as damages for breach of warranty an amount equal to the loss suffered as a result of the breach, but not more than the amount of the item plus expenses and loss of interest incurred as a result of the breach.



(D) The warranties set forth in division (A) of this section cannot be disclaimed with respect to checks. Unless notice of a claim for breach of warranty is given to the warrantor within thirty days after the claimant has reason to know of the breach and the identity of the warrantor, the warrantor is discharged to the extent of any loss caused by the delay in giving notice of the claim.

(E) A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.