

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 4: BANK DEPOSITS AND COLLECTIONS

§ 4401. When Bank May Charge Customer's Account.

(1) As against its customer, a bank may charge against his account any item which is otherwise properly payable from that account even though the charge creates an overdraft.

(2) A bank which in good faith makes payment to a holder may charge the indicated account of its customer according to:

(a) The original tenor of his altered item; or

(b) The tenor of his completed item, even though the bank knows the item has been completed unless the bank has notice that the completion was improper.

Source: PL 3-56, § 1 (§ 4401).