

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 143

Session of
1979

INTRODUCED BY BURNS, FEBRUARY 6, 1979

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE,
FEBRUARY 7, 1979

AN ACT

1 Amending the act of April 6, 1953 (P.L.3, No.1), entitled, as
2 amended, "An act relating to certain commercial transactions
3 and contracts and other documents concerning them, including
4 sales, commercial paper, bank deposits and collections,
5 documentary letters of credit, bulk transfers, warehouse
6 receipts, bills of lading, other documents of title,
7 investment securities, and secured transactions, including
8 certain sales of accounts, chattel paper, and contract
9 rights; providing for public notice to third parties in
10 certain circumstances; regulating procedure, evidence and
11 damages in certain court actions involving such transactions,
12 contracts or documents, and to make uniform the law with
13 respect thereto," further providing for the banks right of
14 set-off.

15 The General Assembly of the Commonwealth of Pennsylvania
16 hereby enacts as follows:

17 Section 1. Section 4-303, act of April 6, 1953 (P.L.3,
18 No.1), known as the "Uniform Commercial Code," reenacted and
19 amended October 2, 1959 (P.L.1023, No.426), is amended to read:

20 Section 4--303. When Items Subject to Notice, Stop-Order, or
21 Legal Process [or Set-off]; Order in Which Items May be Charged
22 or Certified.--(1) Any knowledge, notice or stop-order received
23 by, or legal process served upon [or set-off exercised by] a
24 payor bank, whether or not effective under other rules of law to

1 terminate, suspend or modify the bank's right or duty to pay an
2 item or to charge its customer's account for the item, comes too
3 late to so terminate, suspend or modify such right or duty if
4 the knowledge, notice, stop-order or legal process is received
5 or served and a reasonable time for the bank to act thereon
6 expires [or the set-off is exercised] after the bank has done
7 any of the following:

8 (a) accepted or certified the item;

9 (b) paid the item in cash;

10 (c) settled for the item without reserving a right to revoke
11 the settlement and without having such right under statute,
12 clearing house rule or agreement;

13 (d) completed the process of posting the item to the
14 indicated account of the drawer, maker or other person to be
15 charged therewith or otherwise has evidenced by examination of
16 such indicated account and by action its decision to pay the
17 item; or

18 (e) become accountable for the amount of the item under
19 subsection (1) (d) of Section 4--213 and Section 4--302 dealing
20 with the payor bank's responsibility for late return of items.

21 (2) Subject to the provisions of subsection (1) items may be
22 accepted, paid, certified or charged to the indicated account of
23 its customer in any order convenient to the bank.

24 Section 2. This act shall take effect in 60 days.