

(3) *By transferring "without recourse" the transferor limits the obligation stated in sub-section (2) (d) to a warranty that he has no knowledge of such a defense.*

(4) *A selling agent or broker who does not disclose the fact that he is acting only as such gives the warranties provided in this section, but if he makes such disclosure warrants only his good faith and authority.*

3—418. Finality of Payment or Acceptance.

Except for recovery of bank payments as provided in the Sub-title on Bank Deposits and Collection (Sub-title 4) and except for liability for breach of warranty on presentment under the preceding section, payment or acceptance of any instrument is final in favor of a holder in due course, or a person who has in good faith changed his position in reliance on the payment.

3—419. Conversion of Instrument; Innocent Representative.

(1) *An instrument is converted when*

(a) *a drawee to whom it is delivered for acceptance refuses to return it on demand; or*

(b) *any person to whom it is delivered for payment refuses on demand either to pay or to return it; or*

(c) *it is paid on a forged indorsement.*

(2) *In an action against a drawee under sub-section (1) the measure of the drawee's liability is the face amount of the instrument. In any other action under sub-section (1) the measure of liability is presumed to be the face amount of the instrument.*

(3) *Subject to the provisions of this Article concerning restrictive indorsements a representative, including a depositary or collecting bank, who has in good faith and in accordance with the reasonable commercial standards applicable to the business of such representative dealt with an instrument or its proceeds on behalf of one who was not the true owner is not liable in conversion or otherwise to the true owner beyond the amount of any proceeds remaining in his hands.*

(4) *An intermediary bank or payor bank which is not a depositary bank is not liable in conversion solely by reason of the fact that proceeds of an item indorsed restrictively (Sections 3—205 and 3—206) are not paid or applied consistently with the restrictive indorsement of an indorser other than its immediate transferor.*

Part 5

Presentment, Notice of Dishonor and Protest

3—501. When Presentment, Notice of Dishonor, and Protest Necessary or Permissible.

(1) *Unless excused (Section 3—511) presentment is necessary to charge secondary parties as follows:*

(a) *presentment for acceptance is necessary to charge the drawer and indorsers of a draft where the draft so provides, or is payable elsewhere than at the residence or place of business of the drawee,*