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Article 4: Bank Deposits and Collections

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ARTICLE 4: BANK DEPOSITS AND COLLECTIONS

SECTION 4-403. Customer's Right to Stop Payment; Burden of Proof of Loss.

(1) A customer may by order to his bank stop payment of any item payable for his account but the order must be received at such time and in such manner as to afford the bank a reasonable opportunity to act on it prior to any action by the bank with respect to the item described in Section 4-303.

(2) An oral order is binding upon the bank only for fourteen calendar days unless confirmed in writing within that period. A written order is effective for only six months unless renewed in writing.

(3) The burden of establishing the fact and amount of loss resulting from the payment of an item contrary to a binding stop payment order is on the customer.

SECTION 4-404. Bank Not Obligated to Pay Check More Than Six Months Old.

A bank is under no obligation to a customer having a checking account to pay a check, other than a certified check, which is presented more than six months after its date, but it may charge its customer's account for a payment made thereafter in good faith.

Doodan v. Szawlinsky, 197 Pa. Super. 600, 179 A.2d 661 (1962).

The insurer of the losing defendant in a trespass action issued its check for the amount of the policy, which was less than the judgment, payable to the judgment creditor. The judgment creditor refused to endorse it and his attorney in the trespass action brought suit against him and instituted attachment by garnishment proceedings against the insurer. The insurer pleaded payment by issuance of the check which was in the attorney's possession and which the attorney tendered to the insurer. Reversing the lower court, the Superior Court ordered judgment on the pleadings for the plaintiff. The court held that the check was at most conditional payment and, since over a year had elapsed from the time of issuance, the payor bank probably would not pay it because, under Section 4-404, it had no obligation to honor a check over six months old. The garnishee-insurer could stop payment under Section 4-403 for its own protection.

ARTICLE 6: BULK TRANSFERS

SECTION 6-104. Schedule of Property; List of Creditors.

(1) Except as provided with respect to auction sales (Section 6-108), a bulk transfer subject to this Article is ineffective against any creditor of the transferor unless:

(a) the transferee requires the transferor to furnish a list of his existing creditors prepared as stated in this section; and

(b) the parties prepare a schedule of the property transferred sufficient to identify it; and