



Ohio Revised Code

Section 1303.56 Transfer warranties - UCC 3-416.

Effective: August 19, 1994

Legislation: Senate Bill 147 - 120th General Assembly

(A) A person who transfers an instrument for consideration warrants all of the following to the transferee and, if the transfer is by indorsement, to any subsequent transferee:

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

(B) A person to whom the warranties set forth in division (A) of this section are made and who took the instrument 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 instrument plus expenses and loss of interest incurred as a result of the breach.

(C) 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 liability of the warrantor under division (B) of this section is discharged to the extent of any loss caused by the delay in giving notice of the claim.

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



AUTHENTICATED,
OHIO LEGISLATIVE SERVICE
COMMISSION
DOCUMENT #286732
