

# Table of Contents

## ARTICLE 3 [REV] NEGOTIABLE INSTRUMENTS

### PART 1 GENERAL PROVISIONS AND DEFINITIONS

- U.C.C. § 3-101 [Rev] Short Title.
  - § 3-101:1 [Rev] Table of Disposition of Sections of Former Article 3
- U.C.C. § 3-102 [Rev] Subject Matter.
  - § 3-102:1 [Rev] Official Comment
  - § 3-102:2 [Rev] Scope and suggestions
  - § 3-102:3 [Rev] Negotiable instruments
  - § 3-102:4 [Rev] Exclusions of pre-revision instruments
  - § 3-102:5 [Rev] —Particular applications
  - § 3-102:6 [Rev] Federal supremacy
  - § 3-102:7 [Rev] United States as a party
  - § 3-102:8 [Rev] Federal government and the holder-in-due-course doctrine
  - § 3-102:9 [Rev] Incorporation of Revised Article 3 by reference
  - § 3-102:10 [Rev] Money
  - § 3-102:11 [Rev] Conflicts between Revised Article 3 and Revised Article 4
  - § 3-102:12 [Rev] Conflicts between Revised Article 3 and Article 9
  - § 3-102:13 [Rev] Federal Reserve regulations and operating circulars
  - § 3-102:14 [Rev] 2022 Amendments—Money
- U.C.C. § 3-103 [Rev] Definitions.
  - § 3-103:1 [Rev] Official Comment
  - § 3-103:2 [Rev] Scope and suggestions
  - § 3-103:3 [Rev] Acceptor
  - § 3-103:4 [Rev] Drawee
  - § 3-103:5 [Rev] Drawer as drawee
  - § 3-103:6 [Rev] Multiple drawees
  - § 3-103:7 [Rev] Drawer
  - § 3-103:8 [Rev] Good faith
  - § 3-103:9 [Rev] —Particular applications
  - § 3-103:10 [Rev] —Lack of good faith
  - § 3-103:11 [Rev] Maker
  - § 3-103:12 [Rev] Order
  - § 3-103:13 [Rev] —Authorization distinguished
  - § 3-103:14 [Rev] —To whom order addressed
  - § 3-103:15 [Rev] Ordinary care

- § 3-103:16 [Rev] Ordinary care—Physical examination of instrument by bank
- § 3-103:17 [Rev] Ordinary care—Physical examination of instrument by bank—Particular applications
- § 3-103:18 [Rev] Party
- § 3-103:19 [Rev] Promise
- § 3-103:20 [Rev] Prove
- § 3-103:21 [Rev] Remitter
- § 3-103:22 [Rev] Rights of remitter
- § 3-103:23 [Rev] 2002 official amendments
- § 3-103:24 [Rev] Consumer accounts; Consumer transaction
- § 3-103:25 [Rev] Principal obligor; Secondary obligor
- § 3-103:26 [Rev] Remotely-created consumer item
- U.C.C. § 3-104 [Rev] Negotiable Instrument.
- § 3-104:1 [Rev] Official Comment

#### **A. Generally**

- § 3-104:2 [Rev] Scope and suggestions
- § 3-104:3 [Rev] Kinds of negotiable instruments
- § 3-104:4 [Rev] Negotiability by contract
- § 3-104:5 [Rev] Writings that are not negotiable instruments
- § 3-104:6 [Rev] Instruments indicating non-negotiability
- § 3-104:7 [Rev] —Particular applications
- § 3-104:8 [Rev] Negotiability determined solely by reference to instrument itself

#### **B. Requirements of Negotiability**

- § 3-104:9 [Rev] Generally
- § 3-104:10 [Rev] Writing
- § 3-104:11 [Rev] Signed by maker or drawer
- § 3-104:12 [Rev] What constitutes a signature
- § 3-104:13 [Rev] Unconditional order or promise
- § 3-104:14 [Rev] —Particular applications
- § 3-104:15 [Rev] Money
- § 3-104:16 [Rev] Fixed amount of money
- § 3-104:17 [Rev] —Where not payable in fixed amount
- § 3-104:18 [Rev] —Rules of construction
- § 3-104:19 [Rev] —Permissible uncertainties: Interest and other charges
- § 3-104:20 [Rev] — —Other charges
- § 3-104:21 [Rev] Order or bearer
- § 3-104:22 [Rev] Exception of check
- § 3-104:23 [Rev] Payable on demand or at a definite time
- § 3-104:24 [Rev] No non-money payment undertaking or instruction
- § 3-104:25 [Rev] —Limited to undertakings or instructions by drawer or maker

TABLE OF CONTENTS

- § 3-104:26 [Rev] —Permissible additional undertakings or instructions
- § 3-104:27 [Rev] — —Collateral
- § 3-104:28 [Rev] — —Confession of judgment
- § 3-104:29 [Rev] — —Waiver of debtor benefits

**C. Particular Instruments**

- § 3-104:30 [Rev] Generally
- § 3-104:31 [Rev] Note
- § 3-104:32 [Rev] Draft
- § 3-104:33 [Rev] Ambiguous instruments
- § 3-104:34 [Rev] Check
- § 3-104:35 [Rev] —Particular applications
- § 3-104:36 [Rev] Cashier’s check
- § 3-104:37 [Rev] —Particular applications
- § 3-104:38 [Rev] Certificate of deposit
- § 3-104:39 [Rev] Traveler’s checks
- § 3-104:40 [Rev] Teller’s checks
- § 3-104:41 [Rev] Personal money orders
- § 3-104:42 [Rev] NOWs
- § 3-104:43 [Rev] Trade acceptance
- § 3-104:44 [Rev] Nonnegotiable instrument
- § 3-104:45 [Rev] (Amended) 2022 Amendments
- § 3-104:46 [Rev] (Amended) Money
- § 3-104:47 [Rev] (Amended) No non-money payment undertaking or instruction—  
Permissible additional undertakings or instructions—  
Choice-of-law and choice-of-forum provision

U.C.C. § 3-105 [Rev] Issue of Instrument.

- § 3-105:1 [Rev] Official Comment
- § 3-105:2 [Rev] Scope and suggestions
- § 3-105:3 [Rev] “Issue” defined
- § 3-105:4 [Rev] —Delivery
- § 3-105:5 [Rev] — —Transfer of possession
- § 3-105:6 [Rev] — — —Particular applications
- § 3-105:7 [Rev] — —Constructive delivery
- § 3-105:8 [Rev] — — —Particular applications
- § 3-105:9 [Rev] “Issuer” defined
- § 3-105:10 [Rev] Intent to confer rights
- § 3-105:11 [Rev] —Particular applications
- § 3-105:12 [Rev] Nonissuance as a defense
- § 3-105:13 [Rev] Time of issue
- § 3-105:14 [Rev] (Amended) 2022 Amendments
- § 3-105:15 [Rev] (Amended) Electronic transmission

## U.C.C. § 3-106 [Rev] Unconditional Promise or Order.

**A. General Principles**

- § 3-106:1 [Rev] Official Comment
- § 3-106:2 [Rev] Scope and suggestions
- § 3-106:3 [Rev] 2002 official amendments

**B. What Is a Conditional Order or Promise**

- § 3-106:4 [Rev] Generally
- § 3-106:5 [Rev] Express condition
- § 3-106:6 [Rev] —Particular applications
- § 3-106:7 [Rev] Subject to another writing
- § 3-106:8 [Rev] —Particular applications

**C. What Is Not Conditional**

- § 3-106:9 [Rev] Generally
  - § 3-106:10 [Rev] Implied or constructive conditions
  - § 3-106:11 [Rev] Parol conditions
  - § 3-106:12 [Rev] Reference to consideration
  - § 3-106:13 [Rev] Reference to another writing
  - § 3-106:14 [Rev] —Particular applications
  - § 3-106:15 [Rev] Collateral security and payment terms
  - § 3-106:16 [Rev] Specific payment source
  - § 3-106:17 [Rev] Requirement of countersignature
  - § 3-106:18 [Rev] Consumer-protection: Preservation of defenses
- U.C.C. § 3-107 [Rev] Instrument Payable in Foreign Money.
- § 3-107:1 [Rev] Official Comment
  - § 3-107:2 [Rev] Scope and suggestions
  - § 3-107:3 [Rev] “Money” defined
  - § 3-107:4 [Rev] Payment of foreign currency instrument

- § 3-107:5 [Rev] (Amended) 2022 Amendments—Money

## U.C.C. § 3-108 [Rev] Payable on Demand or at Definite Time.

- § 3-108:1 [Rev] Official Comment
- § 3-108:2 [Rev] Scope and suggestions
- § 3-108:3 [Rev] Payable on demand
- § 3-108:4 [Rev] Post-dated instruments
- § 3-108:5 [Rev] Instruments that are not payable on demand or at a definite time
- § 3-108:6 [Rev] Payable at definite time
- § 3-108:7 [Rev] —Permissible variations from definite time
- § 3-108:8 [Rev] Prepayment demand

## U.C.C. § 3-109 [Rev] Payable to Bearer or to Order.

**A. General Principles**

- § 3-109:1 [Rev] Official Comment
- § 3-109:2 [Rev] Scope and suggestions
- § 3-109:3 [Rev] Mutually exclusive character of classification

TABLE OF CONTENTS

§ 3-109:4 [Rev]	Time for determining classification of instrument
<b>B. What Is Payable to Bearer</b>	
§ 3-109:5 [Rev]	Generally
§ 3-109:6 [Rev]	Payable to bearer
§ 3-109:7 [Rev]	Last indorsement blank
<b>C. What Is Payable to Order</b>	
§ 3-109:8 [Rev]	Generally
§ 3-109:9 [Rev]	Payable to order of identified person
U.C.C. § 3-110 [Rev]	Identification of Person to Whom Instrument Is Payable.
§ 3-110:1 [Rev]	Official Comment
<b>A. Generally</b>	
§ 3-110:2 [Rev]	Scope and suggestions
§ 3-110:3 [Rev]	Intent of the signer
§ 3-110:4 [Rev]	—Particular applications
§ 3-110:5 [Rev]	Improper designation
§ 3-110:6 [Rev]	Conflicting intent of multiple signers
§ 3-110:7 [Rev]	Automatic signing
<b>B. Particular Identifications</b>	
§ 3-110:8 [Rev]	Generally
§ 3-110:9 [Rev]	Payable to account number
§ 3-110:10 [Rev]	Payable to account number and identified person
§ 3-110:11 [Rev]	Payable to trust or estate
§ 3-110:12 [Rev]	Payable to agent
§ 3-110:13 [Rev]	Payable to nonentity
§ 3-110:14 [Rev]	Payable to office or office holder
<b>C. Instruments Payable to Two or More Persons</b>	
§ 3-110:15 [Rev]	Generally
§ 3-110:16 [Rev]	Instruments jointly payable
§ 3-110:17 [Rev]	—Particular applications
§ 3-110:18 [Rev]	Effect of action by less than all of the joint payees
§ 3-110:19 [Rev]	Instruments payable in the alternative
§ 3-110:20 [Rev]	—Particular applications
§ 3-110:21 [Rev]	Determining whether payable jointly or in the alternative
§ 3-110:22 [Rev]	—Particular applications
U.C.C. § 3-111 [Rev]	Place of Payment.
§ 3-111:1 [Rev]	Official Comment
<b>A. Generally</b>	
§ 3-111:2 [Rev]	Scope and suggestions
§ 3-111:3 [Rev]	Place of payment
§ 3-111:4 [Rev]	Stated address but no place of payment

- § 3-111:5 [Rev] No stated address
- § 3-111:6 [Rev] What constitutes a place of business
- § 3-111:7 [Rev] Residence of drawee or maker
- § 3-111:8 [Rev] Physical presence of drawee or maker
- § 3-111:9 [Rev] Absence of geographic limitation
- § 3-111:10 [Rev] Presentment
- U.C.C. § 3-112 [Rev] Interest.

#### **A. General Principles**

- § 3-112:1 [Rev] Official Comment
- § 3-112:2 [Rev] Scope and suggestions
- § 3-112:3 [Rev] Computation of interest
- § 3-112:4 [Rev] Usury

#### **B. Particular Interest Terms**

- § 3-112:5 [Rev] Generally
- § 3-112:6 [Rev] No interest term
- § 3-112:7 [Rev] Fixed interest
- § 3-112:8 [Rev] Variable interest
- § 3-112:9 [Rev] Rate of interest
- § 3-112:10 [Rev] No interest rate stated
- § 3-112:11 [Rev] Failure of variable rate formula
- U.C.C. § 3-113 [Rev] Date of Instrument.
- § 3-113:1 [Rev] Official Comment
- § 3-113:2 [Rev] Scope and suggestions
- § 3-113:3 [Rev] Undated instrument
- § 3-113:4 [Rev] Choice of date
- § 3-113:5 [Rev] Statute of limitations; Accrual of cause of action
- § 3-113:6 [Rev] Other effects of postdating
- U.C.C. § 3-114 [Rev] Contradictory Terms of Instrument.
- § 3-114:1 [Rev] Official Comment
- § 3-114:2 [Rev] Scope and suggestions
- § 3-114:3 [Rev] Hierarchy as between conflicting typewritten, handwritten and printed terms
- § 3-114:4 [Rev] Conflict between numbers and words
- § 3-114:5 [Rev] Problems generated by micro-encoding errors
- U.C.C. § 3-115 [Rev] Incomplete Instrument.

#### **A. General Principles**

- § 3-115:1 [Rev] Official Comment
- § 3-115:2 [Rev] Scope and suggestions

#### **B. What Constitutes an Incomplete Instrument**

- § 3-115:3 [Rev] "Incomplete instrument" defined
- § 3-115:4 [Rev] Signer's intent
- § 3-115:5 [Rev] Incomplete instrument qualifying as an instrument

TABLE OF CONTENTS

§ 3-115:6 [Rev]	Incomplete instrument not qualifying as an instrument
§ 3-115:7 [Rev]	—Signature alone insufficient
<b>C. Completion of Incomplete Instrument</b>	
§ 3-115:8 [Rev]	Completion of incomplete instrument
§ 3-115:9 [Rev]	Effect of unauthorized completion
U.C.C. § 3-116 [Rev]	Joint and Several Liability; Contribution.
§ 3-116:1 [Rev]	Official Comment
<b>A. PEB Commentary</b>	
§ 3-116:2 [Rev]	PEB Commentary No. 11
§ 3-116:3 [Rev]	Scope and suggestions
<b>B. Nature of Liability</b>	
§ 3-116:4 [Rev]	General rule
§ 3-116:5 [Rev]	Consequences of being jointly liable
§ 3-116:6 [Rev]	Consequences of being jointly and severally liable
§ 3-116:7 [Rev]	When instrument indicates either joint or several liability
§ 3-116:8 [Rev]	Indorsers
§ 3-116:9 [Rev]	—Joint indorsees indorsing instrument
§ 3-116:10 [Rev]	Joint and several liability of co-parties
§ 3-116:11 [Rev]	—Particular applications
<b>C. Contribution</b>	
§ 3-116:12 [Rev]	Right to contribution
§ 3-116:13 [Rev]	Discharge of co-party immaterial
§ 3-116:14 [Rev]	2002 official amendments
U.C.C. § 3-117 [Rev]	Other Agreements Affecting Instrument.
§ 3-117:1 [Rev]	Official Comment
§ 3-117:2 [Rev]	Scope and suggestions
§ 3-117:3 [Rev]	Nature of agreement
§ 3-117:4 [Rev]	—Particular applications
§ 3-117:5 [Rev]	—Need not be contemporaneous
§ 3-117:6 [Rev]	—Where inconsistent
§ 3-117:7 [Rev]	When agreements under Revised § 3-117 are available as a defense
§ 3-117:8 [Rev]	Parol evidence rule
§ 3-117:9 [Rev]	—When no attempt to vary, contradict, or add to terms
§ 3-117:10 [Rev]	—When used to vary, contradict, or add to terms
§ 3-117:11 [Rev]	—Particular applications
U.C.C. § 3-118 [Rev]	Statute of Limitations.
§ 3-118:1 [Rev]	Official Comment
<b>A. Generally</b>	
§ 3-118:2 [Rev]	Scope and suggestions

- § 3-118:3 [Rev] Applicability
- § 3-118:4 [Rev] —Retroactive application
- § 3-118:5 [Rev] — —Where not applied retroactively
- § 3-118:6 [Rev] Action for conversion
- § 3-118:7 [Rev] —Discovery rule
- § 3-118:8 [Rev] Action for breach of warranty
- § 3-118:9 [Rev] Catchall statute of limitations
- § 3-118:10 [Rev] —Particular applications
- § 3-118:11 [Rev] Tolling of statute of limitations
- § 3-118:12 [Rev] —Particular applications

#### **B. Particular Instruments**

- § 3-118:13 [Rev] Note payable at a definite time
- § 3-118:14 [Rev] —Particular applications
- § 3-118:15 [Rev] Note payable on demand
- § 3-118:16 [Rev] Unaccepted draft
- § 3-118:17 [Rev] Accepted draft payable at a definite time
- § 3-118:18 [Rev] Accepted draft payable on demand
- § 3-118:19 [Rev] Cashier's, certified, teller's, and traveler's checks
- § 3-118:20 [Rev] Certificate of deposit
- § 3-118:21 [Rev] What constitutes a demand for payment
- U.C.C. § 3-119 [Rev] Notice of Right to Defend Action.
- § 3-119:1 [Rev] Official Comment
- § 3-119:2 [Rev] Scope and suggestions
- § 3-119:3 [Rev] Vouching-in
- § 3-119:4 [Rev] Typical situations
- § 3-119:5 [Rev] Procedure for vouching-in

### **PART 2 NEGOTIATION, TRANSFER, AND INDORSEMENT**

- U.C.C. § 3-201 [Rev] Negotiation.
- § 3-201:1 [Rev] Official Comment
- § 3-201:2 [Rev] Scope and suggestions
- § 3-201:3 [Rev] "Negotiation" defined
- § 3-201:4 [Rev] Manner of negotiation
- § 3-201:5 [Rev] Transfer of possession required
- § 3-201:6 [Rev] Constructive transfer of possession
- § 3-201:7 [Rev] Presentment for payment distinguished from negotiation
- § 3-201:8 [Rev] Issuance not negotiation

#### **A. Particular Applications of Negotiation**

- § 3-201:9 [Rev] Negotiation of order instrument
- § 3-201:10 [Rev] —Indorsement by or on behalf of holder
- § 3-201:11 [Rev] Negotiation of bearer instrument
- § 3-201:12 [Rev] Remitter transaction

TABLE OF CONTENTS

U.C.C. § 3-202 [Rev] Negotiation Subject to Rescission.

§ 3-202:1 [Rev] Official Comment

**A. Generally**

§ 3-202:2 [Rev] Scope and suggestions

§ 3-202:3 [Rev] Remedies for improper negotiation

§ 3-202:4 [Rev] Effect of rescission

§ 3-202:5 [Rev] Persons subject to avoidance of negotiation

§ 3-202:6 [Rev] Persons not subject to avoidance of negotiation:  
Holder in due course

§ 3-202:7 [Rev] —Good faith payor of instrument

**B. Void and Voidable Negotiations**

§ 3-202:8 [Rev] Generally

§ 3-202:9 [Rev] Minority of transferor

§ 3-202:10 [Rev] Ultra vires corporate transfer

§ 3-202:11 [Rev] Transferor lacking capacity

§ 3-202:12 [Rev] Misconduct and illegality

U.C.C. § 3-203 [Rev] Transfer of Instrument; Rights Acquired by  
Transfer.

§ 3-203:1 [Rev] Official Comment

**A. Transfer Generally**

§ 3-203:2 [Rev] Scope and suggestions

§ 3-203:3 [Rev] “Transfer” defined

§ 3-203:4 [Rev] —Requirements for transfer

§ 3-203:5 [Rev] —Issuance and presentment distinguished

§ 3-203:6 [Rev] —Partial transfer

§ 3-203:7 [Rev] — —What is not a partial transfer

§ 3-203:8 [Rev] Proof of right to payment

**B. Rights of Transferee**

§ 3-203:9 [Rev] Generally

§ 3-203:10 [Rev] Rights as between transferor and transferee

§ 3-203:11 [Rev] Enforcement of instrument

§ 3-203:12 [Rev] Obtaining missing indorsement

§ 3-203:13 [Rev] Rights acquired by transfer

§ 3-203:14 [Rev] The shelter rule

§ 3-203:15 [Rev] —Who qualifies as a transferee

§ 3-203:16 [Rev] —Rights and protections obtained

§ 3-203:17 [Rev] — —Status not acquired

§ 3-203:18 [Rev] —Particular applications

§ 3-203:19 [Rev] —Exception

§ 3-203:20 [Rev] Other rights acquired

§ 3-203:21 [Rev] Effect of failure to obtain necessary indorsement

§ 3-203:22 [Rev] Burden of proof

U.C.C. § 3-204 [Rev] Indorsement.

§ 3-204:1 [Rev] Official Comment

- § 3-204:2 [Rev] Scope and suggestions
- § 3-204:3 [Rev] “Indorsement” defined
- § 3-204:4 [Rev] Indorsement by nonholder
- § 3-204:5 [Rev] Additional words in indorsement
- § 3-204:6 [Rev] Effect of transfer for security
- § 3-204:7 [Rev] Construction in favor of indorsement
- § 3-204:8 [Rev] —What is not an indorsement
- § 3-204:9 [Rev] Location of signature
- § 3-204:10 [Rev] Effect of custom
- § 3-204:11 [Rev] Indorsement on attached paper
- § 3-204:12 [Rev] —Particular applications
- § 3-204:13 [Rev] Indorsement by holder identified by incorrect or trade name
- § 3-204:14 [Rev] Transfer of security interest in instrument
- U.C.C. § 3-205 [Rev] Special Indorsement; Blank Indorsement; Anomalous Indorsement.
  - § 3-205:1 [Rev] Official Comment
  - § 3-205:2 [Rev] Scope and suggestions
  - § 3-205:3 [Rev] Generally
  - § 3-205:4 [Rev] “Special indorsement” defined
  - § 3-205:5 [Rev] —Effect of special indorsement
  - § 3-205:6 [Rev] “Blank indorsement” defined
  - § 3-205:7 [Rev] —Effect of indorsement in blank
  - § 3-205:8 [Rev] —Conversion to special indorsement
  - § 3-205:9 [Rev] Restrictive indorsement
  - § 3-205:10 [Rev] “Anomalous indorsement” defined
- U.C.C. § 3-206 [Rev] Restrictive Indorsement.
  - § 3-206:1 [Rev] Official Comment
  - A. Restrictive Indorsements**
  - § 3-206:2 [Rev] Scope and suggestions
  - § 3-206:3 [Rev] “Restrictive indorsement” defined
  - § 3-206:4 [Rev] By whom written
  - § 3-206:5 [Rev] Holder in due course status and restrictive indorsement
  - B. Particular Indorsements**
  - § 3-206:6 [Rev] Payment restricted to identified person
  - § 3-206:7 [Rev] Prohibition of transfer or negotiation
  - § 3-206:8 [Rev] Condition on right to payment
  - § 3-206:9 [Rev] Trust indorsements
  - § 3-206:10 [Rev] —Effect of trust indorsement
  - C. Deposit and Collection Indorsements**
  - § 3-206:11 [Rev] Generally
  - § 3-206:12 [Rev] “Deposit” and “collection” indorsements defined
  - § 3-206:13 [Rev] —Purchase of instrument by nonbank

## TABLE OF CONTENTS

- § 3-206:14 [Rev] —Action of depositary bank
- § 3-206:15 [Rev] Action of payor bank
- § 3-206:16 [Rev] Action of intermediary bank
- U.C.C. § 3-207 [Rev] Reacquisition.
  - § 3-207:1 [Rev] Official Comment
  - § 3-207:2 [Rev] Scope and suggestions
  - § 3-207:3 [Rev] “Reacquisition” defined
  - § 3-207:4 [Rev] Cancellation of indorsements
  - § 3-207:5 [Rev] Effect of cancellation of indorsements: As to reacquirer
  - § 3-207:6 [Rev] As to indorsers
  - § 3-207:7 [Rev] Holder in due course status of reacquirer

## **PART 3 ENFORCEMENT OF INSTRUMENTS**

- U.C.C. § 3-301 [Rev] Person Entitled to Enforce Instrument.
  - § 3-301:1 [Rev] Official Comment
  - § 3-301:2 [Rev] Scope and suggestions
  - § 3-301:3 [Rev] Who may enforce an instrument
  - § 3-301:4 [Rev] —Particular applications
  - § 3-301:5 [Rev] —Holder
  - § 3-301:6 [Rev] —Transferee in possession
  - § 3-301:7 [Rev] —Plaintiff suing on lost or destroyed instrument
  - § 3-301:8 [Rev] —Suit on dishonored instrument after avoidance of mistaken acceptance or payment
- U.C.C. § 3-302 [Rev] Holder in Due Course.
  - A. General Principles**
    - § 3-302:1 [Rev] Official Comment
    - § 3-302:2 [Rev] Scope and suggestions
    - § 3-302:3 [Rev] Payee as holder in due course
    - § 3-302:4 [Rev] —Particular applications
    - § 3-302:5 [Rev] Secured creditor as holder in due course
  - B. Requirements of Holder in Due Course Status**
    - § 3-302:6 [Rev] Generally
    - § 3-302:7 [Rev] Time for meeting requirement
    - § 3-302:8 [Rev] Effect of acquiring notice before completing performance
    - § 3-302:9 [Rev] Incomplete, irregular, visibly altered, and forged instruments
    - § 3-302:10 [Rev] —Particular applications
    - § 3-302:11 [Rev] —Evidence of alteration or forgery
    - § 3-302:12 [Rev] —Particular applications
    - § 3-302:13 [Rev] Value
    - § 3-302:14 [Rev] Good faith
    - § 3-302:15 [Rev] —Particular applications

- § 3-302:16 [Rev] Notice in general
  - § 3-302:17 [Rev] Notice—Effect of acquiring notice
  - § 3-302:18 [Rev] —What constitutes notice
  - § 3-302:19 [Rev] —Particular applications
  - § 3-302:20 [Rev] —Reason to know
  - § 3-302:21 [Rev] — —Two tests
  - § 3-302:22 [Rev] — — —Inferable knowledge test
  - § 3-302:23 [Rev] — — —Duty to inquire test
  - § 3-302:24 [Rev] — — —Where both tests reach same result
  - § 3-302:25 [Rev] — — —Where each test reaches a different result
  - § 3-302:26 [Rev] No notice of default
  - § 3-302:27 [Rev] —Particular applications
  - § 3-302:28 [Rev] No notice of claim to instrument
  - § 3-302:29 [Rev] —Particular applications
  - § 3-302:30 [Rev] No notice of defense or claim in recoupment
  - § 3-302:31 [Rev] —Executory nature of promise does not impart notice
  - § 3-302:32 [Rev] Notice of discharge of party
  - § 3-302:33 [Rev] Discharge in insolvency proceedings
- C. Who May Not Be a Holder in Due Course**
- § 3-302:34 [Rev] Generally
  - § 3-302:35 [Rev] Consumer protection
  - § 3-302:36 [Rev] —Doctrine of close-connectedness
  - § 3-302:37 [Rev] FTC rule
  - § 3-302:38 [Rev] —Who must comply with FTC rule
  - § 3-302:39 [Rev] —Effect of compliance
  - § 3-302:40 [Rev] —Effect of noncompliance
  - § 3-302:41 [Rev] State legislation
  - § 3-302:42 [Rev] Legal process purchaser
  - § 3-302:43 [Rev] Bulk sale purchaser
  - § 3-302:44 [Rev] —Liquidation of Assets
  - § 3-302:45 [Rev] Successor in interest
  - § 3-302:46 [Rev] Bulk sale purchaser—Non-Code exclusion
- U.C.C. § 3-303 [Rev] Value and Consideration.
- § 3-303:1 [Rev] Official Comment
  - § 3-303:2 [Rev] Scope and suggestions
- A. Value**
- § 3-303:3 [Rev] Generally
  - § 3-303:4 [Rev] Value as distinguished from consideration
  - § 3-303:5 [Rev] Performed consideration
  - § 3-303:6 [Rev] —Practical applications
  - § 3-303:7 [Rev] Security interest
  - § 3-303:8 [Rev] —Only to extent of debt remaining
  - § 3-303:9 [Rev] Antecedent obligation

## TABLE OF CONTENTS

§ 3-303:10 [Rev]	—Particular applications
§ 3-303:11 [Rev]	Exchange of instrument
§ 3-303:12 [Rev]	Irrevocable commitment
<b>B. Consideration</b>	
§ 3-303:13 [Rev]	“Consideration” defined
§ 3-303:14 [Rev]	—Particular applications
§ 3-303:15 [Rev]	—When a defense
§ 3-303:16 [Rev]	Payment of, or security for, antecedent obligation as consideration
U.C.C. § 3-304 [Rev]	Overdue Instrument.
§ 3-304:1 [Rev]	Official Comment
§ 3-304:2 [Rev]	Scope and suggestions
§ 3-304:3 [Rev]	Generally
§ 3-304:4 [Rev]	Instrument payable on demand
§ 3-304:5 [Rev]	—Check
§ 3-304:6 [Rev]	—Other demand instruments
§ 3-304:7 [Rev]	Instrument payable at definite time
§ 3-304:8 [Rev]	—Effect of acceleration
§ 3-304:9 [Rev]	Instrument payable in installments at definite times
§ 3-304:10 [Rev]	Effect of default in payment of interest
U.C.C. § 3-305 [Rev]	Defenses and Claims in Recoupment.
<b>A. General Principles</b>	
§ 3-305:1 [Rev]	Official Comment
§ 3-305:2 [Rev]	Scope and suggestions
§ 3-305:3 [Rev]	Generally
§ 3-305:4 [Rev]	Holder in due course status
<b>B. Real Defenses</b>	
§ 3-305:5 [Rev]	Generally
§ 3-305:6 [Rev]	Infancy
§ 3-305:7 [Rev]	Void obligation
§ 3-305:8 [Rev]	—Duress
§ 3-305:9 [Rev]	—Lack of legal capacity
§ 3-305:10 [Rev]	—Illegality
§ 3-305:11 [Rev]	— —Particular applications
§ 3-305:12 [Rev]	—Fraud in the factum
§ 3-305:13 [Rev]	— —Requirements: Without knowledge of character or essential terms
§ 3-305:14 [Rev]	— —No opportunity to learn of character or essential terms
§ 3-305:15 [Rev]	— —Particular applications
§ 3-305:16 [Rev]	Insolvency discharge
<b>C. Ordinary Defenses and Claims in Recoupment</b>	
§ 3-305:17 [Rev]	Generally

- § 3-305:18 [Rev] Against holder itself
- § 3-305:19 [Rev] Against other transferees
- § 3-305:20 [Rev] —Particular applications
- § 3-305:21 [Rev] Available defenses and claims in recoupment
- § 3-305:22 [Rev] —Defenses available on a simple contract
- § 3-305:23 [Rev] — —Particular applications
- § 3-305:24 [Rev] —Defenses stated in other sections
- § 3-305:25 [Rev] — —Nondelivery, conditional delivery, or delivery for a special purpose

#### **D. Miscellaneous Matters**

- § 3-305:26 [Rev] Adverse claim to the instrument
- § 3-305:27 [Rev] Third party defense or recoupment claim
- § 3-305:28 [Rev] Defenses of accommodation party
- § 3-305:29 [Rev] 2002 official amendments: Consumer defenses
- U.C.C. § 3-306 [Rev] Claims to an Instrument.
- § 3-306:1 [Rev] Official Comment
- § 3-306:2 [Rev] Scope and suggestions
- § 3-306:3 [Rev] “Claim to an instrument” defined
- § 3-306:4 [Rev] Claim to an instrument as against holder in due course
- § 3-306:5 [Rev] Claim to an instrument as against a transferee or ordinary holder
- U.C.C. § 3-307 [Rev] Notice of Breach of Fiduciary Duty.
- § 3-307:1 [Rev] Official Comment

#### **A. Fiduciary and Represented Person Generally**

- § 3-307:2 [Rev] Scope and suggestions
- § 3-307:3 [Rev] Applicability
- § 3-307:4 [Rev] “Fiduciary” and “represented person” defined
- § 3-307:5 [Rev] —Particular applications

#### **B. Particular Fiduciary Transactions**

- § 3-307:6 [Rev] Generally
- § 3-307:7 [Rev] Fiduciary without authority to indorse
- § 3-307:8 [Rev] Effect of knowledge of fiduciary status and use of proceeds for fiduciary’s personal use
- § 3-307:9 [Rev] Requirements for determining whether taker or payor has notice of breach of fiduciary duty
- § 3-307:10 [Rev] Instrument payable to fiduciary or represented person
- § 3-307:11 [Rev] Fiduciary’s personal debt
- § 3-307:12 [Rev] Transaction benefiting fiduciary
- § 3-307:13 [Rev] Diverted deposit
- § 3-307:14 [Rev] Instrument payable to fiduciary personally
- § 3-307:15 [Rev] —Particular applications
- § 3-307:16 [Rev] Instrument payable to taker

TABLE OF CONTENTS

§ 3-307:17 [Rev] —Particular applications  
U.C.C. § 3-308 [Rev] Proof of Signatures and Status as Holder in Due Course.  
§ 3-308:1 [Rev] Official Comment  
§ 3-308:2 [Rev] Scope and suggestions  
§ 3-308:3 [Rev] Necessity of specific denial of signature  
§ 3-308:4 [Rev] —Particular applications  
§ 3-308:5 [Rev] —As to what signatures  
§ 3-308:6 [Rev] Effect of specific denial of signature  
§ 3-308:7 [Rev] —Presumption of validity  
§ 3-308:8 [Rev] —Effect of presumption  
§ 3-308:9 [Rev] —Exception: Dead or incompetent signer  
§ 3-308:10 [Rev] Action against undisclosed principal  
§ 3-308:11 [Rev] Recovery on basis of admitted signatures  
§ 3-308:12 [Rev] —Particular applications  
§ 3-308:13 [Rev] Establishing status as person entitled to enforce instrument  
§ 3-308:14 [Rev] —Production of instrument  
§ 3-308:15 [Rev] —Proof of authenticity of obligor’s signature  
§ 3-308:16 [Rev] —Burden on obligor to prove defense  
§ 3-308:17 [Rev] Relevance of holder in due course status  
§ 3-308:18 [Rev] —Particular applications  
U.C.C. § 3-309 [Rev] Enforcement of Lost, Destroyed, or Stolen Instrument.  
§ 3-309:1 [Rev] Official Comment  
**A. Lost, Stolen or Destroyed Instruments Generally**  
§ 3-309:2 [Rev] Scope and suggestions  
§ 3-309:3 [Rev] Competing interests  
§ 3-309:4 [Rev] Right of former possessor to enforce instrument  
§ 3-309:5 [Rev] —What must be proven by former possessor  
§ 3-309:6 [Rev] —Particular applications  
§ 3-309:7 [Rev] Rights upon satisfaction of conditions  
§ 3-309:8 [Rev] —Rights of transferee  
§ 3-309:9 [Rev] —Particular applications  
§ 3-309:10 [Rev] Involuntary or unlawful casualty to instrument  
§ 3-309:11 [Rev] Applicability of U.C.C. § 3-308 [Rev] and U.C.C. § 3-312 [Rev]  
§ 3-309:12 [Rev] Protection of defendant from multiple liability  
**B. Inability To Produce Instrument**  
§ 3-309:13 [Rev] Generally  
§ 3-309:14 [Rev] Destruction of instrument  
§ 3-309:15 [Rev] Location of instrument unknown  
§ 3-309:16 [Rev] Possession by unknown or absent person  
**C. Burden of Proof as to Missing Instrument**  
§ 3-309:17 [Rev] Generally

§ 3-309:18 [Rev]	Satisfaction of conditions of U.C.C. § 3-309 [Rev]
§ 3-309:19 [Rev]	—Terms of the instrument
§ 3-309:20 [Rev]	—Right to enforce instrument
§ 3-309:21 [Rev]	Signing by defendant
§ 3-309:22 [Rev] (Amended)	2022 Amendments
§ 3-309:23 [Rev] (Amended)	—Check Truncation
U.C.C. § 3-310 [Rev]	Effect of Instrument on Obligation for Which Taken.
§ 3-310:1 [Rev]	Official Comment
§ 3-310:2 [Rev]	Scope and suggestions
§ 3-310:3 [Rev]	Instrument as suspension of underlying obligation
§ 3-310:4 [Rev]	Instrument as discharge of obligation
§ 3-310:5 [Rev]	—Extent of discharge or suspension
§ 3-310:6 [Rev]	Taking instrument for underlying obligation
§ 3-310:7 [Rev]	—Agreement to the contrary
§ 3-310:8 [Rev]	Obligee's options after dishonor of instrument
§ 3-310:9 [Rev]	—Particular applications
	<b>A. Particular Instruments</b>
§ 3-310:10 [Rev]	Generally
§ 3-310:11 [Rev]	Certified, cashier's, and teller's checks
§ 3-310:12 [Rev]	Uncertified check or note
§ 3-310:13 [Rev]	—Particular applications
§ 3-310:14 [Rev]	—Third party check
§ 3-310:15 [Rev]	—Duration of suspension by check
§ 3-310:16 [Rev]	—Lost, stolen, or destroyed checks
§ 3-310:17 [Rev]	—Duration of suspension by note
§ 3-310:18 [Rev]	Other instruments
§ 3-310:19 [Rev]	—Bank instrument
§ 3-310:20 [Rev]	—Nonbank instrument
U.C.C. § 3-311 [Rev]	Accord and Satisfaction by Use of Instrument.
§ 3-311:1 [Rev]	Official Comment
§ 3-311:2 [Rev]	Scope and suggestions
§ 3-311:3 [Rev]	Applicability
§ 3-311:4 [Rev]	—Particular applications
§ 3-311:5 [Rev]	Requirements for accord and satisfaction
§ 3-311:6 [Rev]	—Tender in good faith
§ 3-311:7 [Rev]	— —Particular applications
§ 3-311:8 [Rev]	Disputed or unliquidated claim
§ 3-311:9 [Rev]	—Particular applications
§ 3-311:10 [Rev]	Undisputed claim
§ 3-311:11 [Rev]	Payment of instrument
§ 3-311:12 [Rev]	Communication of full payment intent

## TABLE OF CONTENTS

§ 3-311:13 [Rev]	—Particular applications
§ 3-311:14 [Rev]	Conspicuous statement
§ 3-311:15 [Rev]	—Particular applications
§ 3-311:16 [Rev]	Knowledge of claimant
§ 3-311:17 [Rev]	Avoidance by tendering back payment
§ 3-311:18 [Rev]	Exception where person with direct responsibility has knowledge of full payment intent
§ 3-311:19 [Rev]	Burden of proof: Accord and satisfaction
<b>A. Designation of Recipient for Organization</b>	
§ 3-311:20 [Rev]	Generally
§ 3-311:21 [Rev]	Limitations on designation of organization recipient
§ 3-311:22 [Rev]	Effect of the failure to notify organization recipient
U.C.C. § 3-312 [Rev]	Lost, Destroyed, or Stolen Cashier’s Check, Teller’s Check, or Certified Check.
§ 3-312:1 [Rev]	Official Comment
§ 3-312:2 [Rev]	Scope and suggestions
§ 3-312:3 [Rev]	Applicability
§ 3-312:4 [Rev]	Who is a “claimant”
§ 3-312:5 [Rev]	Obligated bank
§ 3-312:6 [Rev]	Discharge of bank
§ 3-312:7 [Rev]	Revised Article 4 liability of bank
<b>A. The Claim</b>	
§ 3-312:8 [Rev]	Generally
§ 3-312:9 [Rev]	2002 official amendment
§ 3-312:10 [Rev]	Warranty liability
<b>B. Payment of Claim</b>	
§ 3-312:11 [Rev]	Generally
§ 3-312:12 [Rev]	When claim enforceable
§ 3-312:13 [Rev]	Payment of missing check before claim enforceable
§ 3-312:14 [Rev]	Payment of missing check after claim enforceable
§ 3-312:15 [Rev]	Refund of payment by claimant
§ 3-312:16 [Rev]	Where payment to more than one person is proper

## PART 4 LIABILITY OF PARTIES

U.C.C. § 3-401 [Rev]	Signature.
§ 3-401:1 [Rev]	Official Comment
§ 3-401:2 [Rev]	Scope and suggestions
§ 3-401:3 [Rev]	Requirement of signing
§ 3-401:4 [Rev]	Content of signature
§ 3-401:5 [Rev]	Location of signature

- § 3-401:6 [Rev] Manner of signing
- § 3-401:7 [Rev] (Amended) 2022 Amendments
- § 3-401:8 [Rev] (Amended) —Revised Definition of “Sign”
- U.C.C. § 3-402 [Rev] Signature by Representative.
  - § 3-402:1 [Rev] Official Comment
  - § 3-402:2 [Rev] Scope and suggestions
  - § 3-402:3 [Rev] Applicability
  - § 3-402:4 [Rev] Liability of represented person
  - § 3-402:5 [Rev] —Manner of signature irrelevant
  - § 3-402:6 [Rev] Liability of representative
  - § 3-402:7 [Rev] —Manner of signature
  - § 3-402:8 [Rev] —Where ambiguous
  - § 3-402:9 [Rev] —Check payable from account of represented person
  - § 3-402:10 [Rev] —Particular applications
- U.C.C. § 3-403 [Rev] Unauthorized Signature.
  - § 3-403:1 [Rev] Official Comment
  - § 3-403:2 [Rev] Scope and suggestions
  - § 3-403:3 [Rev] Generally
  - § 3-403:4 [Rev] Multiple signature requirement
  - § 3-403:5 [Rev] —Particular applications
  - § 3-403:6 [Rev] Ratification of unauthorized signature
  - § 3-403:7 [Rev] —What is ratification
  - § 3-403:8 [Rev] — —Particular applications
  - § 3-403:9 [Rev] —Manner of ratification
  - § 3-403:10 [Rev] —Consequences of ratification
  - § 3-403:11 [Rev] Estoppel
  - § 3-403:12 [Rev] Liability of apparent signer
  - § 3-403:13 [Rev] Liability of unauthorized signer
- U.C.C. § 3-404 [Rev] Impostors; Fictitious Payees.
  - § 3-404:1 [Rev] Official Comment
  - § 3-404:2 [Rev] Scope and suggestions
  - § 3-404:3 [Rev] Generally
  - § 3-404:4 [Rev] Effect

#### A. Definitions

- § 3-404:5 [Rev] Impostor
- § 3-404:6 [Rev] —Impersonation of agent
- § 3-404:7 [Rev] —When impostor rule not applicable
- § 3-404:8 [Rev] — —Particular applications
- § 3-404:9 [Rev] Fictitious and unintended payees
- § 3-404:10 [Rev] Payee intended to have no interest in instrument
- § 3-404:11 [Rev] —Particular applications
- § 3-404:12 [Rev] Persons in whose favor indorsement effective

#### B. Negotiation of Particular Instruments

- § 3-404:13 [Rev] Negotiation of impostor instrument

TABLE OF CONTENTS

- § 3-404:14 [Rev] Negotiation of fictitious or unintended payee instrument
- § 3-404:15 [Rev] Minor variations in indorsing payee's name
- § 3-404:16 [Rev] Deposit of unindorsed instrument
- § 3-404:17 [Rev] Instruments issued by federal government
- U.C.C. § 3-405 [Rev] Employer's Responsibility for Fraudulent Indorsement by Employee.

**A. General Principles**

- § 3-405:1 [Rev] Official Comment
- § 3-405:2 [Rev] Scope and suggestions
- § 3-405:3 [Rev] Generally
- § 3-405:4 [Rev] Rationale
- § 3-405:5 [Rev] Persons protected
- § 3-405:6 [Rev] Comparative negligence
- § 3-405:7 [Rev] —Particular applications

**B. Definitions**

- § 3-405:8 [Rev] Employee
- § 3-405:9 [Rev] —Particular applications
- § 3-405:10 [Rev] Fraudulent indorsement
- § 3-405:11 [Rev] —Particular applications
- § 3-405:12 [Rev] Responsibility for processing instruments
- § 3-405:13 [Rev] —Particular applications
- § 3-405:14 [Rev] —Physical access distinguished from responsibility
- § 3-405:15 [Rev] —Hybrid authority of employee

**C. Negotiation by Fraudulent Indorsement**

- § 3-405:16 [Rev] Generally
- § 3-405:17 [Rev] Minor variations in indorsing payee's name
- § 3-405:18 [Rev] —Particular applications
- § 3-405:19 [Rev] Fraudulent deposit of instrument