

# MAINE STATE LEGISLATURE

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PART 3

RIGHTS OF A HOLDER

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**§ 3-301. Rights of a holder**

The holder of an instrument whether or not he is the owner may transfer or negotiate it and, except as otherwise provided in section 3-603 on payment or satisfaction, discharge it or enforce payment in his own name.

1963, c. 362, § 1.

**§ 3-302. Holder in due course**

(1) A holder in due course is a holder who takes the instrument

- (a) For value; and
- (b) In good faith; and
- (c) Without notice that it is overdue or has been dishonored or of any defense against or claim to it on the part of any person.

(2) A payee may be a holder in due course.

(3) A holder does not become a holder in due course of an instrument

- (a) By purchase of it at judicial sale or by taking it under legal process; or
- (b) By acquiring it in taking over an estate; or
- (c) By purchasing it as part of a bulk transaction not in regular course of business of the transferor.

(4) A purchaser of a limited interest can be a holder in due course only to the extent of the interest purchased.

1963, c. 362, § 1.

**§ 3-303. Taking for value**

A holder takes the instrument for value

(1) To the extent that the agreed consideration has been performed or that he acquires a security interest in or a lien on the instrument otherwise than by legal process; or

(2) When he takes the instrument in payment of or as security for an antecedent claim against any person whether or not the claim is due; or

(3) When he gives a negotiable instrument for it or makes an irrevocable commitment to a third person.

1963, c. 362, § 1.

**§ 3-304. Notice to purchaser**

(1) The purchaser has notice of a claim or defense, if

(a) The instrument is so incomplete, bears such visible evidence of forgery or alteration, or is otherwise so irregular as to call into question its validity, terms or ownership or to create an ambiguity as to the party to pay; or

(b) The purchaser has notice that the obligation of any party is voidable in whole or in part, or that all parties have been discharged.

(2) The purchaser has notice of a claim against the instrument, when he has knowledge that a fiduciary has negotiated the instrument in payment of or as security for his own debt or in any transaction for his own benefit or otherwise in breach of duty.

(3) The purchaser has notice that an instrument is overdue, if he has reason to know

(a) That any part of the principal amount is overdue or that there is an uncured default in payment of another instrument of the same series; or

(b) That acceleration of the instrument has been made; or

(c) That he is taking a demand instrument after demand has been made or more than a reasonable length of time after its issue. A reasonable time for a check drawn and payable within the states and territories of the United States and the District of Columbia is presumed to be 30 days.

(4) Knowledge of the following facts does not of itself give the purchaser notice of a defense or claim

(a) That the instrument is antedated or postdated;

**11 § 3-304**      **UNIFORM COMMERCIAL CODE**      Title 11

(b) That it was issued or negotiated in return for an executory promise or accompanied by a separate agreement, unless the purchaser has notice that a defense or claim has arisen from the terms thereof;

(c) That any party has signed for accommodation;

(d) That an incomplete instrument has been completed, unless the purchaser has notice of any improper completion;

(e) That any person negotiating the instrument is or was a fiduciary;

(f) That there has been default in payment of interest on the instrument or in payment of any other instrument, except one of the same series.

(5) The filing or recording of a document does not of itself constitute notice within the provisions of this Article to a person who would otherwise be a holder in due course.

(6) To be effective, notice must be received at such time and in such manner as to give a reasonable opportunity to act on it.

1963, c. 362, § 1.

**§ 3-305. Rights of a holder in due course**

To the extent that a holder is a holder in due course, he takes the instrument free from

(1) All claims to it on the part of any person; and

(2) All defenses of any party to the instrument with whom the holder has not dealt, except

(a) Infancy, to the extent that it is a defense to a simple contract; and

(b) Such other incapacity, or duress, or illegality of the transaction, as renders the obligation of the party a nullity; and

(c) Such misrepresentation as has induced the party to sign the instrument with neither knowledge nor reasonable opportunity to obtain knowledge of its character or its essential terms; and

(d) Discharge in insolvency proceedings; and

(e) Any other discharge of which the holder has notice when he takes the instrument.

1963, c. 362, § 1.

**§ 3-306. Rights of one not holder in due course**

Unless he has the rights of a holder in due course, any person takes the instrument subject to

- (1) All valid claims to it on the part of any person; and
- (2) All defenses of any party which would be available in an action on a simple contract; and
- (3) The defenses of want or failure of consideration, nonperformance of any condition precedent, nondelivery, or delivery for a special purpose (section 3-408); and
- (4) The defense that he or a person through whom he holds the instrument acquired it by theft, or that payment or satisfaction to such holder would be inconsistent with the terms of a restrictive indorsement. The claim of any third person to the instrument is not otherwise available as a defense to any party liable thereon unless the third person himself defends the action for such party.

1963, c. 362, § 1.

**§ 3-307. Burden of establishing signatures, defenses and due course**

(1) Unless specifically denied in the pleadings, each signature of an instrument is admitted. When the effectiveness of a signature is put in issue

- (a) The burden of establishing it is on the party claiming under the signature; but
- (b) The signature is presumed to be genuine or authorized, except where the action is to enforce the obligation of a purported signer who has died or become incompetent before proof is required.

(2) When signatures are admitted or established, production of the instrument entitles a holder to recover on it unless the defendant establishes a defense.

(3) After it is shown that a defense exists, a person claiming the rights of a holder in due course has the burden of establishing that he or some person under whom he claims is in all respects a holder in due course.

1963, c. 362, § 1.