

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 3: COMMERCIAL PAPER

§ 3305. 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.

Source: PL 3-56, § 1 (§ 3305).