

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 3: COMMERCIAL PAPER

§ 3306. 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:

- (a) All valid claims to it on the part of any person; and
- (b) All defenses of any party which would be available in an action on a simple contract; and
- (c) The defenses of want or failure of consideration, non-performance of any condition precedent, non-delivery, or delivery for a special purpose (5 CMC § 3408); and
- (d) 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.

Source: PL 3-56, § 1 (§ 3306).