CHAPTER III.—Consideration of Negotiable Instruments.

An. Code, 1924, sec. 43. 1912, sec. 43. 1904, sec. 43. 1898, ch. 119.

43. Every negotiable instrument is deemed *prima facie* to have been issued for a valuable consideration; and every person whose signature appears thereon to have become a party thereto for value.

In a suit by an endorsee on a promissory note where a plea alleges the execution and delivery of the note to the payee, and sets up an agreement between the maker and the payee that the note was not to be negotiated, and that the endorsee took the note with a knowledge of this agreement, the plea is defective in view of this section and sec. 45. Black *v.* Bank of Westminster, 96 Md. 416.

Where there is no testimony to meet the effect of this section or evidence that a note was taken by the plaintiff under the belief that it had been issued by the corporation whose name was signed to it for money due by it, the indebtedness of such corporation was treated as established, although the answer alleged that the note was the personal debt of an individual who signed the corporation's name without its authority. Bear Creek Lumber Co. *v.* Bank, 120 Md. 568.

Under the negotiable instruments act the burden of proof is on one who alleges that a note is invalid for want of consideration. Dever *v.* Silver, 135 Md. 363.

This section referred to in construing secs. 14 and 138—see notes thereto. Jamesson *v.* Citizens Bank, 130 Md. 84.

See notes to sec. 47.

An. Code, 1924, sec. 44. 1912, sec. 44. 1904, sec. 44. 1898, ch. 119.

44. Value is any consideration sufficient to support a simple contract. An antecedent or pre-existing debt constitutes value; and it is deemed such whether the instrument is payable on demand or at a future time.

Credit is valuable consideration under this section. See notes to sec. 49. Blacher *v.* Natl. Bank of Balto., 151 Md. 521.

See notes to sec. 47.

An. Code, 1924, sec. 45. 1912, sec. 45. 1904, sec. 45. 1898, ch. 119.

45. Where value has at any time been given for the instrument, the holder is deemed a holder for value in respect to all parties who became such prior to that time.

In a suit by an endorsee on a promissory note where a plea alleges the execution and delivery of the note to the payee, and sets up an agreement between the maker and the payee that the note was not to be negotiated and that the endorsee took the note with a knowledge of this agreement, the plea is defective in view of this section and sec. 43. Black *v.* Bank of Westminster, 96 Md. 416.

This section referred to in construing secs. 14 and 138—see notes thereto. Jamesson *v.* Citizens Bank, 130 Md. 84.

An. Code, 1924, sec. 46. 1912, sec. 46. 1904, sec. 46. 1898, ch. 119.

46. Where the holder has a lien on the instrument arising either from contract or by implication of law, he is deemed a holder for value to the extent of his lien.

An. Code, 1924, sec. 47. 1912, sec. 47. 1904, sec. 47. 1898, ch. 119.

47. Absence or failure of consideration is matter of defense as against any person not a holder in due course; and partial failure of consideration is a defense *pro tanto,* whether the failure is an ascertained and liquidated amount or otherwise.

In view of this section and sec. 77, a total or partial failure of consideration is a defense to a note as between the maker and payee and against any person not a holder in due course. Hence the parties may show all the facts and circumstances surrounding the execution of the note and relating to the existence of a consideration. Herman *v.* Combs, 119 Md. 43.

Parol evidence admissible to show a failure of the consideration for which defendant endorsed a note. When parol evidence is admissible *re.* The execution or endorsement of commercial paper. Leonard *v.* Union Trust Co., 140 Md. 198.