

3-203.

(A) AN INSTRUMENT IS TRANSFERRED WHEN IT IS DELIVERED BY A PERSON OTHER THAN ITS ISSUER FOR THE PURPOSE OF GIVING TO THE PERSON RECEIVING DELIVERY THE RIGHT TO ENFORCE THE INSTRUMENT.

(B) TRANSFER OF AN INSTRUMENT, WHETHER OR NOT THE TRANSFER IS A NEGOTIATION, VESTS IN THE TRANSFEREE ANY RIGHT OF THE TRANSFEROR TO ENFORCE THE INSTRUMENT, INCLUDING ANY RIGHT AS A HOLDER IN DUE COURSE, BUT THE TRANSFEREE CANNOT ACQUIRE RIGHTS OF A HOLDER IN DUE COURSE BY A TRANSFER, DIRECTLY OR INDIRECTLY, FROM A HOLDER IN DUE COURSE IF THE TRANSFEREE ENGAGED IN FRAUD OR ILLEGALITY AFFECTING THE INSTRUMENT.

(C) UNLESS OTHERWISE AGREED, IF AN INSTRUMENT IS TRANSFERRED FOR VALUE AND THE TRANSFEREE DOES NOT BECOME A HOLDER BECAUSE OF LACK OF INDORSEMENT BY THE TRANSFEROR, THE TRANSFEREE HAS A SPECIFICALLY ENFORCEABLE RIGHT TO THE UNQUALIFIED INDORSEMENT OF THE TRANSFEROR, BUT NEGOTIATION OF THE INSTRUMENT DOES NOT OCCUR UNTIL THE INDORSEMENT IS MADE.

(D) IF A TRANSFEROR PURPORTS TO TRANSFER LESS THAN THE ENTIRE INSTRUMENT, NEGOTIATION OF THE INSTRUMENT DOES NOT OCCUR. THE TRANSFEREE OBTAINS NO RIGHTS UNDER THIS TITLE AND HAS ONLY THE RIGHTS OF A PARTIAL ASSIGNEE.

3-204.

(A) "INDORSEMENT" MEANS A SIGNATURE, OTHER THAN THAT OF A SIGNER AS MAKER, DRAWER, OR ACCEPTOR, THAT ALONE OR ACCOMPANIED BY OTHER WORDS IS MADE ON AN INSTRUMENT FOR THE PURPOSE OF (I) NEGOTIATING THE INSTRUMENT, (II) RESTRICTING PAYMENT OF THE INSTRUMENT, OR (III) INCURRING INDORSER'S LIABILITY ON THE INSTRUMENT, BUT REGARDLESS OF THE INTENT OF THE SIGNER, A SIGNATURE AND ITS ACCOMPANYING WORDS IS AN INDORSEMENT UNLESS THE ACCOMPANYING WORDS, TERMS OF THE INSTRUMENT, PLACE OF THE SIGNATURE, OR OTHER CIRCUMSTANCES UNAMBIGUOUSLY INDICATE THAT THE SIGNATURE WAS MADE FOR A PURPOSE OTHER THAN INDORSEMENT. FOR THE PURPOSE OF DETERMINING WHETHER A SIGNATURE IS MADE ON AN INSTRUMENT, A PAPER AFFIXED TO THE INSTRUMENT IS A PART OF THE INSTRUMENT.

(B) "INDORSER" MEANS A PERSON WHO MAKES AN INDORSEMENT.

(C) FOR THE PURPOSE OF DETERMINING WHETHER THE TRANSFEREE OF AN INSTRUMENT IS A HOLDER, AN INDORSEMENT THAT TRANSFERS A SECURITY INTEREST IN THE INSTRUMENT IS EFFECTIVE AS AN UNQUALIFIED INDORSEMENT OF THE INSTRUMENT.

(D) IF AN INSTRUMENT IS PAYABLE TO A HOLDER UNDER A NAME THAT IS NOT THE NAME OF THE HOLDER, INDORSEMENT MAY BE MADE BY THE HOLDER IN THE NAME STATED IN THE INSTRUMENT OR IN THE HOLDER'S NAME OR BOTH, BUT SIGNATURE IN BOTH NAMES MAY BE REQUIRED BY A PERSON PAYING OR TAKING THE INSTRUMENT FOR VALUE OR COLLECTION.