

3-205.

(A) IF AN INDORSEMENT IS MADE BY THE HOLDER OF AN INSTRUMENT, WHETHER PAYABLE TO AN IDENTIFIED PERSON OR PAYABLE TO BEARER, AND THE INDORSEMENT IDENTIFIES A PERSON TO WHOM IT MAKES THE INSTRUMENT PAYABLE, IT IS A "SPECIAL INDORSEMENT". WHEN SPECIALLY INDORSED, AN INSTRUMENT BECOMES PAYABLE TO THE IDENTIFIED PERSON AND MAY BE NEGOTIATED ONLY BY THE INDORSEMENT OF THAT PERSON. THE PRINCIPLES STATED IN § 3-110 APPLY TO SPECIAL INDORSEMENTS.

(B) IF AN INDORSEMENT IS MADE BY THE HOLDER OF AN INSTRUMENT AND IT IS NOT A SPECIAL INDORSEMENT, IT IS A "BLANK INDORSEMENT". WHEN INDORSED IN BLANK, AN INSTRUMENT BECOMES PAYABLE TO BEARER AND MAY BE NEGOTIATED BY TRANSFER OF POSSESSION ALONE UNTIL SPECIALLY INDORSED.

(C) THE HOLDER MAY CONVERT A BLANK INDORSEMENT THAT CONSISTS ONLY OF A SIGNATURE INTO A SPECIAL INDORSEMENT BY WRITING, ABOVE THE SIGNATURE OF THE INDORSER, WORDS IDENTIFYING THE PERSON TO WHOM THE INSTRUMENT IS MADE PAYABLE.

(D) "ANOMALOUS INDORSEMENT" MEANS AN INDORSEMENT MADE BY A PERSON WHO IS NOT THE HOLDER OF THE INSTRUMENT. AN ANOMALOUS INDORSEMENT DOES NOT AFFECT THE MANNER IN WHICH THE INSTRUMENT MAY BE NEGOTIATED.

3-206.

(A) AN INDORSEMENT LIMITING PAYMENT TO A PARTICULAR PERSON OR OTHERWISE PROHIBITING FURTHER TRANSFER OR NEGOTIATION OF THE INSTRUMENT IS NOT EFFECTIVE TO PREVENT FURTHER TRANSFER OR NEGOTIATION OF THE INSTRUMENT.

(B) AN INDORSEMENT STATING A CONDITION TO THE RIGHT OF THE INDORSEE TO RECEIVE PAYMENT DOES NOT AFFECT THE RIGHT OF THE INDORSEE TO ENFORCE THE INSTRUMENT. A PERSON PAYING THE INSTRUMENT OR TAKING IT FOR VALUE OR COLLECTION MAY DISREGARD THE CONDITION, AND THE RIGHTS AND LIABILITIES OF THAT PERSON ARE NOT AFFECTED BY WHETHER THE CONDITION HAS BEEN FULFILLED.

(C) IF AN INSTRUMENT BEARS AN INDORSEMENT (I) DESCRIBED IN § 4-201(B), OR (II) IN BLANK OR TO A PARTICULAR BANK USING THE WORDS "FOR DEPOSIT", "FOR COLLECTION", OR OTHER WORDS INDICATING A PURPOSE OF HAVING THE INSTRUMENT COLLECTED BY A BANK FOR THE INDORSER OR FOR A PARTICULAR ACCOUNT, THE FOLLOWING RULES APPLY:

(1) A PERSON, OTHER THAN A BANK, WHO PURCHASES THE INSTRUMENT WHEN SO INDORSED CONVERTS THE INSTRUMENT UNLESS THE AMOUNT PAID FOR THE INSTRUMENT IS RECEIVED BY THE INDORSER OR APPLIED CONSISTENTLY WITH THE INDORSEMENT.

(2) A DEPOSITARY BANK THAT PURCHASES THE INSTRUMENT OR TAKES IT FOR COLLECTION WHEN SO INDORSED CONVERTS THE INSTRUMENT