

OR TO BEARER, THE REACQUIRER MAY NEGOTIATE THE INSTRUMENT. AN INDORSER WHOSE INDORSEMENT IS CANCELED IS DISCHARGED, AND THE DISCHARGE IS EFFECTIVE AGAINST ANY SUBSEQUENT HOLDER.

SUBTITLE 3. ENFORCEMENT OF INSTRUMENTS.

3-301.

"PERSON ENTITLED TO ENFORCE" AN INSTRUMENT MEANS (I) THE HOLDER OF THE INSTRUMENT, (II) A NONHOLDER IN POSSESSION OF THE INSTRUMENT WHO HAS THE RIGHTS OF A HOLDER, OR (III) A PERSON NOT IN POSSESSION OF THE INSTRUMENT WHO IS ENTITLED TO ENFORCE THE INSTRUMENT PURSUANT TO § 3-309 OR § 3-418(D). A PERSON MAY BE A PERSON ENTITLED TO ENFORCE THE INSTRUMENT EVEN THOUGH THE PERSON IS NOT THE OWNER OF THE INSTRUMENT OR IS IN WRONGFUL POSSESSION OF THE INSTRUMENT.

3-302.

(A) SUBJECT TO SUBSECTION (C) AND § 3-106(D), "HOLDER IN DUE COURSE" MEANS THE HOLDER OF AN INSTRUMENT IF:

(1) THE INSTRUMENT WHEN ISSUED OR NEGOTIATED TO THE HOLDER DOES NOT BEAR SUCH APPARENT EVIDENCE OF FORGERY OR ALTERATION OR IS NOT OTHERWISE SO IRREGULAR OR INCOMPLETE AS TO CALL INTO QUESTION ITS AUTHENTICITY; AND

(2) THE HOLDER TOOK THE INSTRUMENT (I) FOR VALUE, (II) IN GOOD FAITH, (III) WITHOUT NOTICE THAT THE INSTRUMENT IS OVERDUE OR HAS BEEN DISHONORED OR THAT THERE IS AN UNCURED DEFAULT WITH RESPECT TO PAYMENT OF ANOTHER INSTRUMENT ISSUED AS PART OF THE SAME SERIES, (IV) WITHOUT NOTICE THAT THE INSTRUMENT CONTAINS AN UNAUTHORIZED SIGNATURE OR HAS BEEN ALTERED, (V) WITHOUT NOTICE OF ANY CLAIM TO THE INSTRUMENT DESCRIBED IN § 3-306, AND (VI) WITHOUT NOTICE THAT ANY PARTY HAS A DEFENSE OR CLAIM IN RECOUPMENT DESCRIBED IN § 3-305(A).

(B) NOTICE OF DISCHARGE OF A PARTY, OTHER THAN DISCHARGE IN AN INSOLVENCY PROCEEDING, IS NOT NOTICE OF A DEFENSE UNDER SUBSECTION (A), BUT DISCHARGE IS EFFECTIVE AGAINST A PERSON WHO BECAME A HOLDER IN DUE COURSE WITH NOTICE OF THE DISCHARGE. PUBLIC FILING OR RECORDING OF A DOCUMENT DOES NOT OF ITSELF CONSTITUTE NOTICE OF A DEFENSE, CLAIM IN RECOUPMENT, OR CLAIM TO THE INSTRUMENT.

(C) EXCEPT TO THE EXTENT A TRANSFEROR OR PREDECESSOR IN INTEREST HAS RIGHTS AS A HOLDER IN DUE COURSE, A PERSON DOES NOT ACQUIRE RIGHTS OF A HOLDER IN DUE COURSE OF AN INSTRUMENT TAKEN (I) BY LEGAL PROCESS OR BY PURCHASE IN AN EXECUTION, BANKRUPTCY, OR CREDITOR'S SALE OR SIMILAR PROCEEDING, (II) BY PURCHASE AS PART OF A BULK TRANSACTION NOT IN ORDINARY COURSE OF BUSINESS OF THE TRANSFEROR, OR (III) AS THE SUCCESSOR IN INTEREST TO AN ESTATE OR OTHER ORGANIZATION.