

(1) "FIDUCIARY" MEANS AN AGENT, TRUSTEE, PARTNER, CORPORATE OFFICER OR DIRECTOR, OR OTHER REPRESENTATIVE OWING A FIDUCIARY DUTY WITH RESPECT TO AN INSTRUMENT.

(2) "REPRESENTED PERSON" MEANS THE PRINCIPAL, BENEFICIARY, PARTNERSHIP, CORPORATION, OR OTHER PERSON TO WHOM THE DUTY STATED IN PARAGRAPH (1) IS OWED.

(B) IF (I) AN INSTRUMENT IS TAKEN FROM A FIDUCIARY FOR PAYMENT OR COLLECTION OR FOR VALUE, (II) THE TAKER HAS KNOWLEDGE OF THE FIDUCIARY STATUS OF THE FIDUCIARY, AND (III) THE REPRESENTED PERSON MAKES A CLAIM TO THE INSTRUMENT OR ITS PROCEEDS ON THE BASIS THAT THE TRANSACTION OF THE FIDUCIARY IS A BREACH OF FIDUCIARY DUTY, THE FOLLOWING RULES APPLY:

(1) NOTICE OF BREACH OF FIDUCIARY DUTY BY THE FIDUCIARY IS NOTICE OF THE CLAIM OF THE REPRESENTED PERSON.

(2) IN THE CASE OF AN INSTRUMENT PAYABLE TO THE REPRESENTED PERSON OR THE FIDUCIARY AS SUCH, THE TAKER HAS NOTICE OF THE BREACH OF FIDUCIARY DUTY IF THE INSTRUMENT IS (I) TAKEN IN PAYMENT OF OR AS SECURITY FOR A DEBT KNOWN BY THE TAKER TO BE THE PERSONAL DEBT OF THE FIDUCIARY, (II) TAKEN IN A TRANSACTION KNOWN BY THE TAKER TO BE FOR THE PERSONAL BENEFIT OF THE FIDUCIARY, OR (III) DEPOSITED TO AN ACCOUNT OTHER THAN AN ACCOUNT OF THE FIDUCIARY, AS SUCH, OR AN ACCOUNT OF THE REPRESENTED PERSON.

(3) IF AN INSTRUMENT IS ISSUED BY THE REPRESENTED PERSON OR THE FIDUCIARY AS SUCH, AND MADE PAYABLE TO THE FIDUCIARY PERSONALLY, THE TAKER DOES NOT HAVE NOTICE OF THE BREACH OF FIDUCIARY DUTY.

(4) IF AN INSTRUMENT IS ISSUED BY THE REPRESENTED PERSON OR THE FIDUCIARY AS SUCH, TO THE TAKER AS PAYEE, THE TAKER HAS NOTICE OF THE BREACH OF FIDUCIARY DUTY IF THE INSTRUMENT IS (I) TAKEN IN PAYMENT OF OR AS SECURITY FOR A DEBT KNOWN BY THE TAKER TO BE THE PERSONAL DEBT OF THE FIDUCIARY, (II) TAKEN IN A TRANSACTION KNOWN BY THE TAKER TO BE FOR THE PERSONAL BENEFIT OF THE FIDUCIARY, OR (III) DEPOSITED TO AN ACCOUNT OTHER THAN AN ACCOUNT OF THE FIDUCIARY, AS SUCH, OR AN ACCOUNT OF THE REPRESENTED PERSON.

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(A) IN AN ACTION WITH RESPECT TO AN INSTRUMENT, THE AUTHENTICITY OF, AND AUTHORITY TO MAKE, EACH SIGNATURE ON THE INSTRUMENT IS ADMITTED UNLESS SPECIFICALLY DENIED IN THE PLEADINGS. IF THE VALIDITY OF A SIGNATURE IS DENIED IN THE PLEADINGS, THE BURDEN OF ESTABLISHING VALIDITY IS ON THE PERSON CLAIMING VALIDITY, BUT THE SIGNATURE IS PRESUMED TO BE AUTHENTIC AND AUTHORIZED UNLESS THE ACTION IS TO ENFORCE THE LIABILITY OF THE PURPORTED SIGNER AND THE SIGNER IS DEAD OR INCOMPETENT AT THE TIME OF TRIAL OF THE ISSUE OF VALIDITY OF THE SIGNATURE. IF AN ACTION TO ENFORCE THE INSTRUMENT IS BROUGHT AGAINST A PERSON AS THE UNDISCLOSED PRINCIPAL OF A PERSON WHO SIGNED THE