

**TITLE 5: UNIFORM COMMERCIAL CODE**  
**DIVISION 3: COMMERCIAL PAPER**

**§ 3302. Holder in Due Course.**

- (1) A holder in due course is a holder who takes the instrument:
  - (a) For value; and
  - (b) In good faith; and
  - (c) Without notice that it is overdue or has been dishonored or of any defense against or claim to it on the part of any person.
- (2) A payee may be a holder in due course.
- (3) A holder does not become a holder in due course of an instrument:
  - (a) By purchase of it at judicial sale or by taking it under legal process;or
  - (b) By acquiring it in taking over an estate; or
  - (c) By purchasing it as part of a bulk transaction not in regular course of business of the transferor.
- (4) A purchaser of a limited interest can be a holder in due course only to the extent of the interest purchased.

**Source:** PL 3-56, § 1 (§ 3302).