

**B. Com. Sem. 1 (Hons.)**

**Course Code- C-2**

**POOJA PRIYA**

**J.S. COLLEGE**

### **CONDITIONS FOR BEING HOLDER IN DUE COURSE**

A person is called the holder of a negotiable instrument if the following conditions are satisfied:

- He must be entitled to the possession of the instrument in his name and under a legal title.
- He must be entitled to receive or recover the amount from the parties concerned in his name.

The holder in due course is a particular kind of holder. The holder of a negotiable instrument is called the holder in due course if he satisfied the following conditions;

- The negotiable instrument must have the holder in due course. The negotiable instrument must be regular and complete in all respects.
- He obtained the instrument for valuable consideration.
- He becomes the holder of the instrument before its maturity before the amount mentioned in it becomes payable.
- He has no cause to believe that any defect existed in the title of the person from whom he derived his title.

### **What is Holder of Value**

Where the value of a bill has at any time been given its holder is deemed to be a holder for value as regards the acceptor and all parties to the bill who become parties before such time.

The person who claims himself for value needs not himself give value. It may give the prior party.

### **Requirements for Holder in Due Course Status**

- To qualify as an HDC, the transferee must meet the requirements established by the UCC
- The person must be the holder of a negotiable instrument that was taken:
  - For value.
  - In good faith.
  - Without notice that it is overdue, dishonored, or encumbered in any way, and
  - Bearing no apparent evidence of forgery, alterations, or irregularity.

*(Source: [www.iedunote.com](http://www.iedunote.com))*