

§ 25-3-306. Claims to an instrument.

A person taking an instrument, other than a person having rights of a holder in due course, is subject to a claim of a property or possessory right in the instrument or its proceeds, including a claim to rescind a negotiation and to recover the instrument or its proceeds. A person having rights of a holder in due course takes free of the claim to the instrument. (1899, c. 733, ss. 15, 16, 28, 57, 58, 59; Rev., ss. 2165, 2166, 2176, 2206, 2207, 2208; C.S., ss. 2297, 2996, 2997, 3008, 3038, 3039, 3040; 1965, c. 700, s. 1; 1995, c. 232, s. 1.)