

happening of a certain event. Three essentials—Unconditional, money only, time certain, as follows:

1. There must be no *condition* expressed. If there be a condition expressed in the note, its character as a promissory note is destroyed and it becomes nothing but a written agreement, binding on both parties, but not negotiable, except by assignment.

Any condition added, as "this note is held as collateral security," destroys it as a negotiable instrument.

2. It must be payable in *money*. If it is made payable in anything except money its negotiability is destroyed and it is called a chattel note. (See Section 131.) It may be payable in any kind of money, or money of any country.

3. It must be made payable at some *specified time* or on the happening of a certain *event*. If made payable so many days or months after the death of a certain person it would be as valid as if made payable after *date*, as they are usually drawn, because it is an event certain to occur, although the time of happening is uncertain.

**103 Parties to a Note.**—At the inception of a contract by promissory note the parties to the note are maker and payee, and occasionally an indorser. After its transfer other parties become interested, and the *holder* takes the place of the *payee*. If the original payee in transferring indorses it in the usual way, he becomes surety for subsequent holders.

**104 "Innocent Holder for Value"** is nearly the same as what the Act designates as "a holder in due course," and means one who took a negotiable instrument under the following conditions:

1. That the instrument is complete and regular, on its face.

2. That he became the holder of it before it was overdue, and that if it had been previously dishonored he had no notice of such fact.

3. That he took it in good faith and for value, and that at the time it was negotiated to him he had no notice of any defect in the title of the person who negotiated it to him.

Any person thus becoming the holder of a negotiable instrument will collect it no matter how great the fraud by which it may at first have been obtained except in case of those marked "Given for patent right," or in case of forged paper.

After the paper has thus passed through the hands of a holder in due course, and been purged from its infirmity, it becomes immaterial whether any subsequent holder has notice or not of any prior defects or illegality. This is a case where a man may give a better title than he himself has.

A person, however, becoming the holder of an *overdue* note or acceptance, or a non-negotiable note, or a note marked "given for patent right," takes it subject to all the equities and defects of title which affected it at its maturity, and henceforward no person who takes it acquires any better title than it had at that time, and also is liable to whatever counter-claim or defences that may exist between the maker and the original payee. The payee is not a "holder in due course."

"Notice" of infirmity, or defect in the title would include any information that a prudent person would gather from looking at the instrument, as well as information that might have come through other sources. The purchaser cannot shut his eyes and ears and then say he had no notice. For