

## Personal V. Real Defenses

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*H.T.H.D.C.*- Holder who comes later in the chain of title after there has been a holder in due course, but has not been a holder in due course themselves.

*Personal*- A holder in due court will win against a personal defense, or a holder in due court is not subject to personal defenses;

- Ordinary Breach Of Contract Defenses
- Fraud In The Inducement- Fraud statement about the involved product or service.
- Conditional Delivery
- Unauthorized Completion
- Theft Of A Bearer Instrument

*Real*- A holder in due court will lose against a real defense;

- Forgery
- Fraud As To The Nature Of The Paper
- Illegality
- Alteration

*F.T.C (Federal Trade Commission) Rule*- Consumer protection law, if you sign a document to pay it over time for the purchases of personal, family or household use, the holder of due course rules do not apply.

*Primary Liability*- On a promissory note, the maker is said to have primary liability (An absolute obligation to pay on the due date).

*Secondary Liability*- Drawers and endorsers, or an obligation to make good on a check that payment has been refused on.

Presentment- last holder gives the check to the bank for payment.

Dishonor- When the bank refuses to make payment.

Notice of Dishonor- Goes back to the drawer