

### **355.3-103 Definitions.**

- (1) In this article:
  - (a) "Acceptor" means a drawee who has accepted a draft;
  - (b) "Consumer account" means an account established by an individual primarily for personal, family, or household purposes;
  - (c) "Consumer transaction" means a transaction in which an individual incurs an obligation primarily for personal, family, or household purposes;
  - (d) "Drawee" means a person ordered in a draft to make payment;
  - (e) "Drawer" means a person who signs or is identified in a draft as a person ordering payment;
  - (f) (Reserved)
  - (g) "Maker" means a person who signs or is identified in a note as a person undertaking to pay;
  - (h) "Order" means a written instruction to pay money signed by the person giving the instruction. The instruction may be addressed to any person, including the person giving the instruction, or to one (1) or more persons jointly or in the alternative but not in succession. An authorization to pay is not an order unless the person authorized to pay is also instructed to pay;
  - (i) "Ordinary care" in the case of a person engaged in business means observance of reasonable commercial standards, prevailing in the area in which the person is located, with respect to the business in which the person is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to examine the instrument if the failure to examine does not violate the bank's prescribed procedures and the bank's procedures do not vary unreasonably from general banking usage not disapproved by this article or Article 4 of this chapter;
  - (j) "Party" means a party to an instrument;
  - (k) "Principal obligor," with respect to an instrument, means the accommodated party or any other party to the instrument against whom a secondary obligor has recourse under this article;
  - (l) "Promise" means a written undertaking to pay money signed by the person undertaking to pay. An acknowledgment of an obligation by the obligor is not a promise unless the obligor also undertakes to pay the obligation;
  - (m) "Prove" with respect to a fact means to meet the burden of establishing the fact (KRS 355.1-201);
  - (n) (Reserved)
  - (o) "Remitter" means a person who purchases an instrument from its issuer if the instrument is payable to an identified person other than the purchaser;

- (p) "Remotely created item" means an item drawn on an account, which is not created by the payor bank and does not bear a handwritten signature purporting to be the signature of the drawer; and
  - (q) "Secondary obligor," with respect to an instrument, means:
    - 1. An indorser or an accommodation party;
    - 2. A drawer having the obligation described in KRS 355.3-414(4); or
    - 3. Any other party to the instrument that has recourse against another party to the instrument pursuant to KRS 355.3-116(2).
- (2) Other definitions applying to this article and the sections in which they appear are:
- (a) "Acceptance." KRS 355.3-409;
  - (b) "Accommodated party." KRS 355.3-419;
  - (c) "Accommodation party." KRS 355.3-419;
  - (d) "Account." KRS 355.4-104;
  - (e) "Alteration." KRS 355.3-407;
  - (f) "Anomalous indorsement." KRS 355.3-205;
  - (g) "Blank indorsement." KRS 355.3-205;
  - (h) "Cashier's check." KRS 355.3-104;
  - (i) "Certificate of deposit." KRS 355.3-104;
  - (j) "Certified check." KRS 355.3-409;
  - (k) "Check." KRS 355.3-104;
  - (l) "Consideration." KRS 355.3-303;
  - (m) "Draft." KRS 355.3-104;
  - (n) "Holder in due course." KRS 355.3-302;
  - (o) "Incomplete instrument." KRS 355.3-115;
  - (p) "Indorsement." KRS 355.3-204;
  - (q) "Indorser." KRS 355.3-204;
  - (r) "Instrument." KRS 355.3-104;
  - (s) "Issue." KRS 355.3-105;
  - (t) "Issuer." KRS 355.3-105;
  - (u) "Negotiable instrument." KRS 355.3-104;
  - (v) "Negotiation." KRS 355.3-201;
  - (w) "Note." KRS 355.3-104;
  - (x) "Payable at a definite time." KRS 355.3-108;
  - (y) "Payable on demand." KRS 355.3-108;
  - (z) "Payable to bearer." KRS 355.3-109;
  - (aa) "Payable to order." KRS 355.3-109;
  - (ab) "Payment." KRS 355.3-602;
  - (ac) "Person entitled to enforce." KRS 355.3-301;

- (ad) "Presentment." KRS 355.3-501;
  - (ae) "Reacquisition." KRS 355.3-207;
  - (af) "Special indorsement." KRS 355.3-205;
  - (ag) "Teller's check." KRS 355.3-104;
  - (ah) "Transfer of instrument." KRS 355.3-203;
  - (ai) "Traveler's check." KRS 355.3-104; and
  - (aj) "Value." KRS 355.3-303.
- (3) The following definitions in other articles apply to this article:
- (a) "Banking day." KRS 355.4-104;
  - (b) "Clearing house." KRS 355.4-104;
  - (c) "Collecting bank." KRS 355.4-105;
  - (d) "Depositary bank." KRS 355.4-105;
  - (e) "Documentary draft." KRS 355.4-104;
  - (f) "Intermediary bank." KRS 355.4-105;
  - (g) "Item." KRS 355.4-104;
  - (h) "Payor bank." KRS 355.4-105; and
  - (i) "Suspends payments." KRS 355.4-104.
- (4) In addition, Article 1 of this chapter contains general definitions and principles of construction and interpretation applicable throughout this article.

**Effective:** July 12, 2006

**History:** Amended 2006 Ky. Acts ch. 242, sec. 33, effective July 12, 2006. -- Repealed and reenacted 1996 Ky. Acts ch. 130, sec. 3, effective January 1, 1997. -- Created 1958 Ky. Acts ch. 77, sec. 3-103, effective July 1, 1960.

**Legislative Research Commission Note** (7/12/2006). Under the authority of KRS 7.136(1), the Reviser of Statutes has added paragraph headings [(a), (b), etc.] before terms referenced in subsections (2) and (3) of this statute that are defined in other statutes. The words in the text were not changed.