

**355.3-415 Obligation of indorser.**

- (1) Subject to subsections (2), (3), (4), and (5) of this section and to KRS 355.3-419(4), if an instrument is dishonored, an indorser is obliged to pay the amount due on the instrument:
  - (a) According to the terms of the instrument at the time it was indorsed; or
  - (b) If the indorser indorsed an incomplete instrument, according to its terms when completed, to the extent stated in KRS 355.3-115 and 355.3-407.

The obligation of the indorser is owed to a person entitled to enforce the instrument or to a subsequent indorser who paid the instrument under this section.

- (2) If an indorsement states that it is made "without recourse" or otherwise disclaims liability of the indorser, the indorser is not liable under subsection (1) of this section to pay the instrument.
- (3) If notice of dishonor of an instrument is required by KRS 355.3-503 and notice of dishonor complying with that section is not given to an indorser, the liability of the indorser under subsection (1) of this section is discharged.
- (4) If a draft is accepted by a bank after an indorsement is made, the liability of the indorser under subsection (1) of this section is discharged.
- (5) If an indorser of a check is liable under subsection (1) of this section and the check is not presented for payment, or given to a depository bank for collection, within thirty (30) days after the day the indorsement was made, the liability of the indorser under subsection (1) of this section is discharged.

**Effective:** January 1, 1997

**History:** Repealed and reenacted 1996 Ky. Acts ch. 130, sec. 53, effective January 1, 1997. -- Created 1958 Ky. Acts ch. 77, sec. 3-415, effective July 1, 1960.