

**355.3-202 Negotiation subject to rescission.**

- (1) Negotiation is effective even if obtained:
  - (a) From an infant, a corporation exceeding its powers, or a person without capacity;
  - (b) By fraud, duress, or mistake; or
  - (c) In breach of duty or as part of an illegal transaction.
- (2) To the extent permitted by other law, negotiation may be rescinded or may be subject to other remedies, but those remedies may not be asserted against a subsequent holder in due course or a person paying the instrument in good faith and without knowledge of facts that are a basis for rescission or other remedy.

**Effective:** January 1, 1997

**History:** Repealed and reenacted 1996 Ky. Acts ch. 130, sec. 21, effective January 1, 1997. -- Created 1958 Ky. Acts ch. 77, sec. 3-202, effective July 1, 1960.