

# Bearer Paper UCC Article 3

## § 3-204. INDORSEMENT

- (a) *"Indorsement"* means a signature, other than that of a signer as maker, drawer, or acceptor, that alone or accompanied by other words is made on an instrument for the purpose of (i) negotiating the instrument, (ii) restricting payment of the instrument, or (iii) incurring indorser's liability on the instrument, but regardless of the intent of the signer, a signature and its accompanying words is an indorsement unless the accompanying words, terms of the instrument, place of the signature, or other circumstances unambiguously indicate that the signature was made for a purpose other than indorsement. For the purpose of determining whether a signature is made on an instrument, a paper affixed to the instrument is a part of the instrument.
- (b) *"Indorser"* means a person who makes an indorsement.
- (c) For the purpose of determining whether the transferee of an instrument is a holder, an indorsement that transfers a security interest in the instrument is effective as an unqualified indorsement of the instrument.
- (d) If an instrument is payable to a holder under a name that is not the name of the holder, indorsement may be made by the holder in the name stated in the instrument or in the holder's name or both, but signature in both names may be required by a person paying or taking the instrument for value or collection.

## § 3-205. SPECIAL INDORSEMENT; BLANK INDORSEMENT; ANOMALOUS INDORSEMENT

- (a) *If an indorsement is made by the holder of an instrument, whether payable to an identified person or payable to bearer, and the indorsement identifies a person to whom it makes the instrument payable, it is a "special indorsement."* When specially indorsed, an instrument becomes payable to the identified person and may be negotiated only by the indorsement of that person. The principles stated in Section 3-110 apply to special indorsements.
- (b) *If an indorsement is made by the holder of an instrument and it is not a special indorsement, it is a "blank indorsement."* When indorsed in blank, an instrument becomes payable to bearer and may be negotiated by transfer of possession alone until specially indorsed.
- (c) The holder may convert a blank indorsement that consists only of a signature into a special indorsement by writing, above the signature of the indorser, words identifying the person to whom the instrument is made payable.
- (d) *"Anomalous indorsement"* means an indorsement made by a person who is not the holder of the instrument. An anomalous indorsement does not affect the manner in which the instrument may be negotiated.

### § 3-203. TRANSFER OF INSTRUMENT; RIGHTS ACQUIRED BY TRANSFER

- *(a) An instrument is transferred when it is delivered by a person other than its issuer for the purpose of giving to the person receiving delivery the right to enforce the instrument.*
- (b) Transfer of an instrument, whether or not the transfer is a negotiation, vests in the transferee any right of the transferor to enforce the instrument, including any right as a holder in due course, but the transferee cannot acquire rights of a holder in due course by a transfer, directly or indirectly, from a holder in due course if the transferee engaged in fraud or illegality affecting the instrument.
- (c) Unless otherwise agreed, if an instrument is transferred for value and the transferee does not become a holder because of lack of indorsement by the transferor, the transferee has a specifically enforceable right to the unqualified indorsement of the transferor, but negotiation of the instrument does not occur until the indorsement is made.
- *(d) If a transferor purports to transfer less than the entire instrument, negotiation of the instrument does not occur. The transferee obtains no rights under this Article and has only the rights of a partial assignee.*

Reference:

Excerpts of Covenant #16 and #20, **FLORIDA--Single Family--Fannie Mae/Freddie Mac UNIFORM INSTRUMENT Form 3010**<sup>1</sup>:

**16. Governing Law; Severability; Rules of Construction.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

**20. Sale of Note; Change of Loan Servicer; Notice of Grievance.** The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower.

Regardless of Savings Covenant #16, factual evidence provides the Security Instrument was filed of record containing Covenant #20. Facts go further that alleging an Intangible Interest (Intangible Payment Stream) was created; utilizing

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<sup>1</sup> <https://www.fanniemae.com/singlefamily/security-instruments>

specialized Secondary Market research tools such as a Bloomberg Terminal, evidence from the specialized tools confirm that intangibles were created and sold to the secondary market under guise of lawful securitizing. This ripping of the payment stream intangible from the tangible Note and in compliance with UCC Article 3 §3-203 (d), made the tangible Note ineligible for negotiation for the tangible Note was not for full value. In further, the placement of the Indorsement by an Indorser also in applying UCC Article 3 §3-203 (d) does not transform the tangible Note not for full value to be “Bearer Paper” for Indorsement is a legal impossibility.

Within the scope of UCC Article 9 Secured Transactions, Intangible Obligations can be created and the intangible (payment stream) security attaching and perfecting and transfer of perfection to the intangible obligation would be under the governance of UCC Article 9. Regardless of the fact that most of the 50 states have adopted a version of the UCC, the UCC itself does not pre-empt other state law for the perfection of a Security Instrument to attach and perfect to a Tangible Note or the transfer of such rights.

Laws that govern Intangibles are distinct and separate from Laws that govern Tangibles. Whereas an Intangible Payment Stream is dependent upon the Tangible Note, when such Tangible Note ceases to exist, the Intangible Payment Stream would also cease to exist. For a party to claim that an Intangible Obligation (Intangible Payment Stream) survives beyond the life of the Tangible Obligation is a fairy tale. But when one wishes becomes not true, and then all deception, lying, conniving will be brought loudly before the halls of justice in hopes that the Intangible Obligor is not held accountable for his own actions. He did it, not me all the while the hand is in the cookie jar.

For a court to rule in contrary of the UCC would result in catastrophic events occurring in other areas of commercial paper. Rule by Statue or Deception. The Opinion is the courts.