**§3-403. Assignee subject to defenses**

**1.**  With respect to a consumer credit sale or consumer lease, an assignee of the rights of the seller or lessor is subject to all claims and defenses of the buyer or lessee against the seller or lessor arising out of the sale or lease notwithstanding that:

A. There is an agreement to the contrary; or [PL 1973, c. 762, §11 (NEW).]

B. The assignee is a holder in due course of a negotiable instrument issued in violation of the provisions on prohibition of certain negotiable instruments, section 3‑307. [PL 1973, c. 762, §11 (NEW).]

[PL 1981, c. 243, §§ 21, 26 (AMD).]

**2.**  The assignee's liability under subsection 1 may not exceed the amount owing to the assignee with respect to the sale or lease at the time the assignee has notice of a claim or defense of the buyer or lessee. If debts arising from 2 or more consumer credit sales, other than pursuant to open-end credit, or consumer leases are consolidated, payments received after the consolidation are deemed, for the purpose of determining the amount owing the assignee with respect to a sale or lease, to have been first applied to the payment of debts arising from the sales or leases first made; if the debts consolidated arose from sales or leases made on the same day, payments are deemed to have been first applied to the smallest debt. Payments received upon a revolving charge account are deemed, for the purpose of determining the amount owing, the assignee with respect to a sale, to have been first applied to the payment of credit service charges in the order of their entry to the account and then to the payment of debts in the order in which the entries to the account showing the debts were made.

[PL 1973, c. 762, §1 (NEW).]

**3.**  No agreement may provide greater rights for an assignee than this section permits and any provision granting such greater rights is unenforceable.

[PL 1973, c. 762, §1 (NEW).]

**4.**  For the purposes of this section, assignee includes the issuer of a credit card, other than a lender credit card, when such card is used in a consumer sale or lease made with a person other than the issuer.

[PL 1973, c. 762, §1 (NEW).]

SECTION HISTORY

PL 1973, c. 762, §1 (NEW). PL 1981, c. 243, §§21,26 (AMD). PL 1981, c. 551, §3 (AMD).

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