

UNIFORM COMMERCIAL CODE (EXCERPT)
Act 174 of 1962

440.5118 Document presented under letter of credit; security interest of issuer or nominated person.

Sec. 5118. (1) An issuer or nominated person has a security interest in a document presented under a letter of credit to the extent that the issuer or nominated person honors or gives value for the presentation.

(2) So long as and to the extent that an issuer or nominated person has not been reimbursed or has not otherwise recovered the value given with respect to a security interest in a document under subsection (1), the security interest continues and is subject to article 9, but all of the following apply:

(a) A security agreement is not necessary to make the security interest enforceable under section 9203(2)(c).

(b) If the document is presented in a medium other than a written or other tangible medium, the security interest is perfected.

(c) If the document is presented in a written or other tangible medium and is not a certificated security, chattel paper, a document of title, an instrument, or a letter of credit, the security interest is perfected and has priority over a conflicting security interest in the document so long as the debtor does not have possession of the document.

History: Add. 2000, Act 348, Eff. July 1, 2001.