

355.5-118 Security interest of issuer or nominated person.

- (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) of this section, the security interest continues and is subject to Article 9 of this chapter, but:
 - (a) A security agreement is not necessary to make the security interest enforceable under KRS 355.9-203(2)(c);
 - (b) If the document is presented in a medium other than a written or other tangible medium, the security interest is perfected; and
 - (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.

Effective: July 1, 2001

History: Created 2000 Ky. Acts ch. 408, sec. 18, effective July 1, 2001.