

TITLE 5: UNIFORM COMMERCIAL CODE
DIVISION 5: LETTERS OF CREDIT

§ 5103. Definitions.

(1) In this division unless the context otherwise requires:

(a) “Credit” or “letter of credit” means an engagement by a bank or other person made at the request of a customer and of a kind within the scope of this division (5 CMC § 5102) that the issuer will honor drafts or other demands for payment upon compliance with the conditions specified in the credit. A credit may be either revocable or irrevocable. The engagement may be either an agreement to honor or a statement that the bank or other person is authorized to honor.

(b) A “documentary draft” or a “documentary demand for payment” is one honor of which is conditioned upon the presentation of a document or documents. “Document” means any paper including document of title, security, invoice, certificate, notice of default and the like.

(c) An “issuer” is a bank or other person issuing a credit.

(d) A “beneficiary” of a credit is a person who is entitled under its terms to draw or demand payment.

(e) An “advising bank” is a bank which gives notification of the issuance of a credit by another bank.

(f) A “confirming bank” is a bank which engages either that it will itself honor a credit already issued by another bank or that such a credit will be honored by the issuer or a third bank.

(g) A “customer” is a buyer or other person who causes an issuer to issue a credit. The term also includes a bank which procures issuance or confirmation on behalf of that bank’s customer.

(2) Other definitions applying to this division and the sections in which they appear are:

“Notation of Credit.” 5 CMC § 5108.

“Presenter.” 5 CMC § 5112(3).

(3) Definitions in other divisions applying to this division and the sections in which they appear are:

“Accept” or “Acceptance.” 5 CMC § 3410.

“Contract for sale.” 5 CMC § 2106.

“Draft.” 5 CMC § 3104.

“Holder in due course.” 5 CMC § 3302.

“Midnight deadline.” 5 CMC § 4104.

“Security.” 5 CMC § 8102.

(4) In addition, division 1 of this title [5 CMC § 1101 et seq.] contains general definitions and principles of construction and interpretation applicable throughout this division.

Source: PL 3-56, § 1 (§ 5103).