

*subsequent purchaser even though the later purchased draft or demand has been first honored.*

**5—109. Issuer's Obligation to Its Customer.**

*(1) An issuer's obligation to its customer includes good faith and observance of any general banking usage but unless otherwise agreed does not include liability or responsibility*

*(a) for performance of the underlying contract for sale or other transaction between the customer and the beneficiary; or*

*(b) for any act or omission of any person other than itself or its own branch or for loss or destruction of a draft, demand or document in transit or in the possession of others; or*

*(c) based on knowledge or lack of knowledge of any usage of any particular trade.*

*(2) An issuer must examine documents with care so as to ascertain that on their face they appear to comply with the terms of the credit but unless otherwise agreed assumes no liability or responsibility for the genuineness, falsification or effect of any document which appears on such examination to be regular on its face.*

*(3) A non-bank issuer is not bound by any banking usage of which it has no knowledge.*

**5—110. Availability of Credit in Portions; Presenter's Reservation of Lien or Claim.**

*(1) Unless otherwise specified a credit may be used in portions in the discretion of the beneficiary.*

*(2) Unless otherwise specified a person by presenting a documentary draft or demand for payment under a credit relinquishes upon its honor all claims to the documents and a person by transferring such draft or demand or causing such presentment authorizes such relinquishment. An explicit reservation of claim makes the draft or demand non-complying.*

**5—111. Warranties on Transfer and Presentment.**

*(1) Unless otherwise agreed the beneficiary by transferring or presenting a documentary draft or demand for payment warrants to all interested parties that the necessary conditions of the credit have been complied with. This is in addition to any warranties arising under Sub-titles 3, 4, 7 and 8.*

*(2) Unless otherwise agreed a negotiating, advising, confirming, collecting or issuing bank presenting or transferring a draft or demand for payment under a credit warrants only the matters warranted by a collecting bank under Sub-title 4 and any such other transferring a document warrants only the matters warranted by an intermediary under Sub-titles 7 and 8.*

**5—112. Time Allowed for Honor or Rejection; Withholding Honor or Rejection by Consent; "Presenter".**

*(1) A bank to which a documentary draft or demand for payment*