

(3) OBSERVANCE OR KNOWLEDGE OF THE USAGE OF A PARTICULAR TRADE OTHER THAN THE STANDARD PRACTICE REFERRED TO IN SUBSECTION (E) OF THIS SECTION.

(G) IF AN UNDERTAKING CONSTITUTING A LETTER OF CREDIT UNDER § 5-102(A)(10) OF THIS TITLE CONTAINS NONDOCUMENTARY CONDITIONS, AN ISSUER SHALL DISREGARD THE NONDOCUMENTARY CONDITIONS AND TREAT THEM AS IF THEY WERE NOT STATED.

(H) AN ISSUER THAT HAS DISHONORED A PRESENTATION SHALL RETURN THE DOCUMENTS OR HOLD THEM AT THE DISPOSAL OF, AND SEND ADVICE TO THAT EFFECT TO, THE PRESENTER.

(I) AN ISSUER THAT HAS HONORED A PRESENTATION AS PERMITTED OR REQUIRED BY THIS ARTICLE:

(1) IS ENTITLED TO BE REIMBURSED BY THE APPLICANT IN IMMEDIATELY AVAILABLE FUNDS NOT LATER THAN THE DATE OF ITS PAYMENT OF FUNDS;

(2) TAKES THE DOCUMENTS FREE OF CLAIMS OF THE BENEFICIARY OR PRESENTER;

(3) IS PRECLUDED FROM ASSERTING A RIGHT OF RECOURSE ON A DRAFT UNDER §§ 3-414 AND 3-415 OF THIS ARTICLE;

(4) EXCEPT AS OTHERWISE PROVIDED IN §§ 5-110 AND 5-117 OF THIS TITLE, IS PRECLUDED FROM RESTITUTION OF MONEY PAID OR OTHER VALUE GIVEN BY MISTAKE TO THE EXTENT THE MISTAKE CONCERNS DISCREPANCIES IN THE DOCUMENTS OR TENDER WHICH ARE APPARENT ON THE FACE OF THE PRESENTATION; AND

(5) IS DISCHARGED TO THE EXTENT OF ITS PERFORMANCE UNDER THE LETTER OF CREDIT UNLESS THE ISSUER HONORED A PRESENTATION IN WHICH A REQUIRED SIGNATURE OF A BENEFICIARY WAS FORGED.

5-109. FRAUD AND FORGERY.

(A) IF A PRESENTATION IS MADE THAT APPEARS ON ITS FACE STRICTLY TO COMPLY WITH THE TERMS AND CONDITIONS OF THE LETTER OF CREDIT, BUT A REQUIRED DOCUMENT IS FORGED OR MATERIALLY FRAUDULENT, OR HONOR OF THE PRESENTATION WOULD FACILITATE A MATERIAL FRAUD BY THE BENEFICIARY ON THE ISSUER OR APPLICANT:

(1) THE ISSUER SHALL HONOR THE PRESENTATION, IF HONOR IS DEMANDED BY (I) A NOMINATED PERSON WHO HAS GIVEN VALUE IN GOOD FAITH AND WITHOUT NOTICE OF FORGERY OR MATERIAL FRAUD, (II) A CONFIRMER WHO HAS HONORED ITS CONFIRMATION IN GOOD FAITH, (III) A HOLDER IN DUE COURSE OF A DRAFT DRAWN UNDER THE LETTER OF CREDIT WHICH WAS TAKEN AFTER ACCEPTANCE BY THE ISSUER OR NOMINATED PERSON, OR (IV) AN ASSIGNEE OF THE ISSUER'S OR NOMINATED PERSON'S DEFERRED OBLIGATION THAT WAS TAKEN FOR