

OBLIGOR OF THE OBLIGATIONS OWED TO THE ISSUER AND HAS THE RIGHTS OF SUBROGATION OF THE ISSUER TO THE RIGHTS OF THE BENEFICIARY STATED IN SUBSECTION (A) OF THIS SECTION.

(C) A NOMINATED PERSON WHO PAYS OR GIVES VALUE AGAINST A DRAFT OR DEMAND PRESENTED UNDER A LETTER OF CREDIT IS SUBROGATED TO THE RIGHTS OF:

(1) THE ISSUER AGAINST THE APPLICANT TO THE SAME EXTENT AS IF THE NOMINATED PERSON WERE A SECONDARY OBLIGOR OF THE OBLIGATION OWED TO THE ISSUER BY THE APPLICANT;

(2) THE BENEFICIARY TO THE SAME EXTENT AS IF THE NOMINATED PERSON WERE A SECONDARY OBLIGOR OF THE UNDERLYING OBLIGATION OWED TO THE BENEFICIARY; AND

(3) THE APPLICANT TO THE SAME EXTENT AS IF THE NOMINATED PERSON WERE A SECONDARY OBLIGOR OF THE UNDERLYING OBLIGATION OWED TO THE APPLICANT.

(D) NOTWITHSTANDING ANY AGREEMENT OR TERM TO THE CONTRARY, THE RIGHTS OF SUBROGATION STATED IN SUBSECTIONS (A) AND (B) OF THIS SECTION DO NOT ARISE UNTIL THE ISSUER HONORS THE LETTER OF CREDIT OR OTHERWISE PAYS AND THE RIGHTS IN SUBSECTION (C) OF THIS SECTION DO NOT ARISE UNTIL THE NOMINATED PERSON PAYS OR OTHERWISE GIVES VALUE. UNTIL THEN, THE ISSUER, NOMINATED PERSON, AND THE APPLICANT DO NOT DERIVE UNDER THIS SECTION PRESENT OR PROSPECTIVE RIGHTS FORMING THE BASIS OF A CLAIM, DEFENSE, OR EXCUSE.

1-105.

(2) Where one of the following provisions of Titles 1 through 10 of this article specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law (including the conflict of laws rules) so specified:

Rights of creditors against sold goods. § 2-402.

Applicability of the title on leases. §§ 2A-105 and 2A-106.

Applicability of the title on bank deposits and collections. § 4-102.

Governing law in the title on funds transfers. § 4A-507.

LETTERS OF CREDIT. § 5-116.

Bulk transfers subject to the title on bulk transfers. § 6-102.

Applicability of the title on investment securities. § 8-110.

Perfection provisions of the title on secured transactions. § 9-103.