

(1997 Replacement Volume and 1998 Supplement)

BY repealing

Article - Commercial Law

Section 10-101 and 10-105

Annotated Code of Maryland

(1997 Replacement Volume and 1998 Supplement)

BY adding to

Article - Commercial Law

Section 10-101

Annotated Code of Maryland

(1997 Replacement Volume and 1998 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 9-101 through 9-507, inclusive, and the title "Title 9. Secured Transactions; Sales of Accounts, Contract Rights and Chattel Paper" of Article - Commercial Law of the Annotated Code of Maryland be repealed.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Commercial Law

5-118. SECURITY INTEREST OF ISSUER OR NOMINATED PERSON.

(A) 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.

(B) 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 (A), THE SECURITY INTEREST CONTINUES AND IS SUBJECT TO TITLE 9 OF THIS ARTICLE, BUT:

(1) A SECURITY AGREEMENT IS NOT NECESSARY TO MAKE THE SECURITY INTEREST ENFORCEABLE UNDER § 9-203(B)(3);

(2) IF THE DOCUMENT IS PRESENTED IN A MEDIUM OTHER THAN A WRITTEN OR OTHER TANGIBLE MEDIUM, THE SECURITY INTEREST IS PERFECTED; AND

(3) 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.