GOVERNMENT MANDATED STANDBY FORMS

The mandatory use of standby letter of credit forms supplied by government agencies has long been a source of frustration among bankers and lawyers in the U.S. In most instances, mandated forms contain certain clauses and wording that is less than ideal or even fundamentally unsound. Worse still, many agencies maintain a “take-it-or-leave-it” stance with regard to their forms and prohibit any changes to the wording. In this issue, DCW Editorial Board member James G. Barnes criticizes one such government mandated form. His primary aim is to draw attention to the form’s flaws with the hope of inducing government personnel to consider alternative text by considering ISP98 Form 11.1 [U.S] (Model Government Standby Form).