V.1.3 - Early performance

(a) A party may decline a tender of performance made before it is due except where acceptance of the tender would not unreasonably prejudice its interests.

(b) A party's acceptance of early performance does not affect the time fixed for the performance of its own obligation.

Commentary:
1 If the parties have agreed on a specific time or period of time of performance or if that time is determined pursuant to Principle IV.1.2, the creditor is entitled to reject earlier performance by the debtor, because that earlier performance would violate the agreement of the parties or the law.

2 However, as any other right, the creditors right of rejection is subject to the general Principle of good faith. The creditor may therefore not reject earlier performance by the debtor if that rejection must be qualified as the exercise of a mere formal legal position, because the creditor's interests would not unreasonably prejudice by the debtor's premature performance.

3 Subsection (b) provides that if the creditor accepts a debtor's premature performance voluntarily or under Subsection (a), the time for the performance of its own obligation is not affected by that acceptance.