

1 AN ACT concerning commercial transactions.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Uniform Commercial Code is amended by  
5 renumbering and changing Article 12 as added by Public Act  
6 85-997, by changing Sections 1-201, 1-204, 1-301, 1-306,  
7 2-102, 2-106, 2-201, 2-202, 2-203, 2-205, 2-209, 2A-102,  
8 2A-103, 2A-107, 2A-201, 2A-202, 2A-203, 2A-205, 2A-208, 3-104,  
9 3-105, 3-312, 3-401, 3-604, 4A-103, 4A-201, 4A-202, 4A-203,  
10 4A-207, 4A-208, 4A-210, 4A-211, 4A-305, 5-104, 5-116, 7-102,  
11 7-106, 8-102, 8-103, 8-106, 8-110, 8-303, 9-102, 9-104, 9-105,  
12 9-201, 9-203, 9-204, 9-207, 9-208, 9-209, 9-210, 9-301, 9-304,  
13 9-305, 9-310, 9-312, 9-313, 9-314, 9-316, 9-317, 9-323, 9-324,  
14 9-330, 9-331, 9-332, 9-334, 9-341, 9-404, 9-406, 9-408, 9-509,  
15 9-513, 9-601, 9-605, 9-608, 9-611, 9-613, 9-614, 9-615, 9-616,  
16 9-619, 9-620, 9-621, 9-624, and 9-628, and by adding Articles  
17 12 and 12A and Sections 9-105A, 9-107A, 9-107B, 9-306A,  
18 9-306B, 9-314A, and 9-326A as follows:

19 (810 ILCS 5/1-201) (from Ch. 26, par. 1-201)

20 Sec. 1-201. General Definitions.

21 (a) Unless the context otherwise requires, words or  
22 phrases defined in this Section, or in the additional  
23 definitions contained in other Articles of the Uniform

1 Commercial Code that apply to particular Articles or parts  
2 thereof, have the meanings stated.

3 (b) Subject to definitions contained in other Articles of  
4 the Uniform Commercial Code that apply to particular Articles  
5 or parts thereof:

6 (1) "Action", in the sense of a judicial proceeding,  
7 includes recoupment, counterclaim, set-off, suit in  
8 equity, and any other proceeding in which rights are  
9 determined.

10 (2) "Aggrieved party" means a party entitled to pursue  
11 a remedy.

12 (3) "Agreement", as distinguished from "contract",  
13 means the bargain of the parties in fact, as found in their  
14 language or inferred from other circumstances, including  
15 course of performance, course of dealing, or usage of  
16 trade as provided in Section 1-303.

17 (4) "Bank" means a person engaged in the business of  
18 banking and includes a savings bank, savings and loan  
19 association, credit union, and trust company.

20 (5) "Bearer" means a person in possession of a  
21 negotiable instrument, document of title, or certificated  
22 security that is payable to bearer or indorsed in blank.

23 (6) "Bill of lading" means a document evidencing the  
24 receipt of goods for shipment issued by a person engaged  
25 in the business of transporting or forwarding goods.

26 (7) "Branch" includes a separately incorporated

1 foreign branch of a bank.

2 (8) "Burden of establishing" a fact means the burden  
3 of persuading the trier of fact that the existence of the  
4 fact is more probable than its nonexistence.

5 (9) "Buyer in ordinary course of business" means a  
6 person that buys goods in good faith, without knowledge  
7 that the sale violates the rights of another person in the  
8 goods, and in the ordinary course from a person, other  
9 than a pawnbroker, in the business of selling goods of  
10 that kind. A person buys goods in the ordinary course if  
11 the sale to the person comports with the usual or  
12 customary practices in the kind of business in which the  
13 seller is engaged or with the seller's own usual or  
14 customary practices. A person that sells oil, gas, or  
15 other minerals at the wellhead or minehead is a person in  
16 the business of selling goods of that kind. A buyer in  
17 ordinary course of business may buy for cash, by exchange  
18 of other property, or on secured or unsecured credit, and  
19 may acquire goods or documents of title under a  
20 preexisting contract for sale. Only a buyer that takes  
21 possession of the goods or has a right to recover the goods  
22 from the seller under Article 2 may be a buyer in ordinary  
23 course of business. "Buyer in ordinary course of business"  
24 does not include a person that acquires goods in a  
25 transfer in bulk or as security for or in total or partial  
26 satisfaction of a money debt.

1 (10) "Conspicuous", with reference to a term, means so  
2 written, displayed, or presented that, based on the  
3 totality of the circumstances, a reasonable person against  
4 which it is to operate ought to have noticed it. Whether a  
5 term is "conspicuous" or not is a decision for the court.  
6 ~~Conspicuous terms include the following:~~

7 ~~(A) a heading in capitals equal to or greater in~~  
8 ~~size than the surrounding text, or in contrasting~~  
9 ~~type, font, or color to the surrounding text of the~~  
10 ~~same or lesser size; and~~

11 ~~(B) language in the body of a record or display in~~  
12 ~~larger type than the surrounding text, or in~~  
13 ~~contrasting type, font, or color to the surrounding~~  
14 ~~text of the same size, or set off from surrounding text~~  
15 ~~of the same size by symbols or other marks that call~~  
16 ~~attention to the language.~~

17 (11) "Consumer" means an individual who enters into a  
18 transaction primarily for personal, family, or household  
19 purposes.

20 (12) "Contract", as distinguished from "agreement",  
21 means the total legal obligation that results from the  
22 parties' agreement as determined by the Uniform Commercial  
23 Code as supplemented by any other applicable laws.

24 (13) "Creditor" includes a general creditor, a secured  
25 creditor, a lien creditor, and any representative of  
26 creditors, including an assignee for the benefit of

1 creditors, a trustee in bankruptcy, a receiver in equity,  
2 and an executor or administrator of an insolvent debtor's  
3 or assignor's estate.

4 (14) "Defendant" includes a person in the position of  
5 defendant in a counterclaim, cross-claim, or third-party  
6 claim.

7 (15) "Delivery", with respect to an electronic  
8 document of title, means voluntary transfer of control  
9 and, with respect to an instrument, document of title, or  
10 an authoritative tangible copy of a record evidencing  
11 chattel paper, means voluntary transfer of possession.

12 (16) "Document of title" includes bill of lading, dock  
13 warrant, dock receipt, warehouse receipt or order for the  
14 delivery of goods, and also any other document which in  
15 the regular course of business or financing is treated as  
16 adequately evidencing that the person in possession of it  
17 is entitled to receive, hold, and dispose of the document  
18 and the goods it covers. To be a document of title, a  
19 document must purport to be issued by or addressed to a  
20 bailee and purport to cover goods in the bailee's  
21 possession which are either identified or are fungible  
22 portions of an identified mass.

23 (16A) "Electronic" means relating to technology having  
24 electrical, digital, magnetic, wireless, optical,  
25 electromagnetic, or similar capabilities.

26 (17) "Fault" means a default, breach, or wrongful act

1 or omission.

2 (18) "Fungible goods" means:

3 (A) goods of which any unit, by nature or usage of  
4 trade, is the equivalent of any other like unit; or

5 (B) goods that by agreement are treated as  
6 equivalent.

7 (19) "Genuine" means free of forgery or  
8 counterfeiting.

9 (20) "Good faith" means honesty in fact in the conduct  
10 or transaction concerned.

11 (21) "Holder" means:

12 (A) the person in possession of a negotiable  
13 instrument that is payable either to bearer or to an  
14 identified person that is the person in possession; ~~or~~

15 (B) the person in possession of a document of  
16 title if the goods are deliverable either to bearer or  
17 to the order of the person in possession; ~~or~~

18 (C) the person in control, other than pursuant to  
19 Section 7-106(g), of a negotiable electronic document  
20 of title.

21 (22) "Insolvency proceeding" includes an assignment  
22 for the benefit of creditors or other proceeding intended  
23 to liquidate or rehabilitate the estate of the person  
24 involved.

25 (23) "Insolvent" means:

26 (A) having generally ceased to pay debts in the

1 ordinary course of business other than as a result of  
2 bona fide dispute;

3 (B) being unable to pay debts as they become due;  
4 or

5 (C) being insolvent within the meaning of federal  
6 bankruptcy law.

7 (24) "Money" means a medium of exchange that is  
8 currently authorized or adopted by a domestic or foreign  
9 government. The term includes a monetary unit of account  
10 established by an intergovernmental organization or by  
11 agreement between two or more countries. The term does not  
12 include an electronic record that is a medium of exchange  
13 recorded and transferable in a system that existed and  
14 operated for the medium of exchange before the medium of  
15 exchange was authorized or adopted by the government.

16 (25) "Organization" means a person other than an  
17 individual.

18 (26) "Party", as distinguished from "third party",  
19 means a person that has engaged in a transaction or made an  
20 agreement subject to the Uniform Commercial Code.

21 (27) "Person" means an individual, corporation,  
22 business trust, estate, trust, partnership, limited  
23 liability company, association, joint venture, government,  
24 governmental subdivision, agency, or instrumentality,  
25 ~~public corporation,~~ or any other legal or commercial  
26 entity. The term includes a protected series, however

1 denominated, of an entity if the protected series is  
2 established under law other than the Uniform Commercial  
3 Code that limits, or limits if conditions specified under  
4 the law are satisfied, the ability of a creditor of the  
5 entity or of any other protected series of the entity to  
6 satisfy a claim from assets of the protected series.

7 (28) "Present value" means the amount as of a date  
8 certain of one or more sums payable in the future,  
9 discounted to the date certain by use of either an  
10 interest rate specified by the parties if that rate is not  
11 manifestly unreasonable at the time the transaction is  
12 entered into or, if an interest rate is not so specified, a  
13 commercially reasonable rate that takes into account the  
14 facts and circumstances at the time the transaction is  
15 entered into.

16 (29) "Purchase" means taking by sale, lease, discount,  
17 negotiation, mortgage, pledge, lien, security interest,  
18 issue or reissue, gift, or any other voluntary transaction  
19 creating an interest in property.

20 (30) "Purchaser" means a person that takes by  
21 purchase.

22 (31) "Record" means information that is inscribed on a  
23 tangible medium or that is stored in an electronic or  
24 other medium and is retrievable in perceivable form.

25 (32) "Remedy" means any remedial right to which an  
26 aggrieved party is entitled with or without resort to a



1 tribunal.

2 (33) "Representative" means a person empowered to act  
3 for another, including an agent, an officer of a  
4 corporation or association, and a trustee, executor, or  
5 administrator of an estate.

6 (34) "Right" includes remedy.

7 (35) "Security interest" means an interest in personal  
8 property or fixtures which secures payment or performance  
9 of an obligation. "Security interest" includes any  
10 interest of a consignor and a buyer of accounts, chattel  
11 paper, a payment intangible, or a promissory note in a  
12 transaction that is subject to Article 9. "Security  
13 interest" does not include the special property interest  
14 of a buyer of goods on identification of those goods to a  
15 contract for sale under Section 2-401, but a buyer may  
16 also acquire a "security interest" by complying with  
17 Article 9. Except as otherwise provided in Section 2-505,  
18 the right of a seller or lessor of goods under Article 2 or  
19 2A to retain or acquire possession of the goods is not a  
20 "security interest", but a seller or lessor may also  
21 acquire a "security interest" by complying with Article 9.  
22 The retention or reservation of title by a seller of goods  
23 notwithstanding shipment or delivery to the buyer under  
24 Section 2-401 is limited in effect to a reservation of a  
25 "security interest". Whether a transaction in the form of  
26 a lease creates a "security interest" is determined

1 pursuant to Section 1-203.

2 (36) "Send", in connection with a writing, record, or  
3 notification, notice means:

4 (A) to deposit in the mail, ~~or~~ deliver for  
5 transmission, or transmit by any other usual means of  
6 communication, with postage or cost of transmission  
7 provided for, addressed and properly addressed and, in  
8 ~~the case of an instrument, to an address specified~~  
9 ~~thereon or otherwise agreed, or if there be none to any~~  
10 address reasonable under the circumstances; or

11 (B) to cause the record or notification to be  
12 received within the time it would have been received  
13 if properly sent under subparagraph (A) in any other  
14 ~~way to cause to be received any record or notice within~~  
15 ~~the time it would have arrived if properly sent.~~

16 (37) "Sign" means, with present intent to authenticate  
17 or adopt a record: "Signed" includes using any symbol  
18 ~~executed or adopted with present intention to adopt or~~  
19 ~~accept a writing.~~

20 (A) execute or adopt a tangible symbol; or

21 (B) attach to or logically associate with the  
22 record an electronic symbol, sound, or process.

23 "Signed", "signing", and "signature" have  
24 corresponding meanings.

25 (38) "State" means a State of the United States, the  
26 District of Columbia, Puerto Rico, the United States

1 Virgin Islands, or any territory or insular possession  
2 subject to the jurisdiction of the United States.

3 (39) "Surety" includes a guarantor or other secondary  
4 obligor.

5 (40) "Term" means a portion of an agreement that  
6 relates to a particular matter.

7 (41) "Unauthorized signature" means a signature made  
8 without actual, implied, or apparent authority. The term  
9 includes a forgery.

10 (42) "Warehouse receipt" means a receipt issued by a  
11 person engaged in the business of storing goods for hire.

12 (43) "Writing" includes printing, typewriting, or any  
13 other intentional reduction to tangible form. "Written"  
14 has a corresponding meaning.

15 (Source: P.A. 95-895, eff. 1-1-09.)

16 (810 ILCS 5/1-204) (from Ch. 26, par. 1-204)

17 Sec. 1-204. Value. Except as otherwise provided in  
18 Articles 3, 4, 5, ~~and 6~~, and 12, a person gives value for  
19 rights if the person acquires them:

20 (1) in return for a binding commitment to extend  
21 credit or for the extension of immediately available  
22 credit, whether or not drawn upon and whether or not a  
23 charge-back is provided for in the event of difficulties  
24 in collection;

25 (2) as security for, or in total or partial

1 satisfaction of, a preexisting claim;

2 (3) by accepting delivery under a preexisting contract  
3 for purchase; or

4 (4) in return for any consideration sufficient to  
5 support a simple contract.

6 (Source: P.A. 95-895, eff. 1-1-09.)

7 (810 ILCS 5/1-301)

8 Sec. 1-301. Territorial applicability; parties' power to  
9 choose applicable law.

10 (a) Except as otherwise provided in this Section, when a  
11 transaction bears a reasonable relation to this State and also  
12 to another state or nation the parties may agree that the law  
13 either of this State or of such other state or nation shall  
14 govern their rights and duties.

15 (b) In the absence of an agreement effective under  
16 subsection (a), and except as provided in subsection (c), the  
17 Uniform Commercial Code applies to transactions bearing an  
18 appropriate relation to this State.

19 (c) If one of the following provisions of the Uniform  
20 Commercial Code specifies the applicable law, that provision  
21 governs and a contrary agreement is effective only to the  
22 extent permitted by the law so specified:

23 (1) Section 2-402;

24 (2) Sections 2A-105 and 2A-106;

25 (3) Section 4-102;

- 1 (4) Section 4A-507;  
2 (5) Section 5-116;  
3 (6) Section 8-110;  
4 (7) Sections 9-301 through 9-307;~~;~~  
5 (8) Section 12-107.

6 (Source: P.A. 95-895, eff. 1-1-09.)

7 (810 ILCS 5/1-306)

8 Sec. 1-306. Waiver or renunciation of claim or right after  
9 breach. A claim or right arising out of an alleged breach may  
10 be discharged in whole or in part without consideration by  
11 agreement of the aggrieved party in a signed ~~an authenticated~~  
12 record.

13 (Source: P.A. 95-895, eff. 1-1-09.)

14 (810 ILCS 5/2-102) (from Ch. 26, par. 2-102)

15 Sec. 2-102. Scope; certain security and other transactions  
16 excluded from this Article.

17 (1) Unless the context otherwise requires, and except as  
18 provided in subsection (3), this Article applies to  
19 transactions in goods and, in the case of a hybrid  
20 transaction, it applies to the extent provided in subsection  
21 (2).

22 (2) In a hybrid transaction:

23 (a) If the sale-of-goods aspects do not predominate,  
24 only the provisions of this Article which relate primarily

1 to the sale-of-goods aspects of the transaction apply, and  
2 the provisions that relate primarily to the transaction as  
3 a whole do not apply.

4 (b) If the sale-of-goods aspects predominate, this  
5 Article applies to the transaction but does not preclude  
6 application in appropriate circumstances of other law to  
7 aspects of the transaction which do not relate to the sale  
8 of goods.

9 (3) This Article does not:

10 (a) apply to a transaction that, even though in the  
11 form of an unconditional contract to sell or present sale,  
12 operates only to create a security interest; or

13 (b) impair or repeal a statute regulating sales to  
14 consumers, farmers, or other specified classes of buyers.

15 ~~Unless the context otherwise requires, this Article~~  
16 ~~applies to transactions in goods; it does not apply to any~~  
17 ~~transaction which although in the form of an unconditional~~  
18 ~~contract to sell or present sale is intended to operate only as~~  
19 ~~a security transaction nor does this Article impair or repeal~~  
20 ~~any statute regulating sales to consumers, farmers or other~~  
21 ~~specified classes of buyers.~~

22 (Source: Laws 1961, p. 2101.)

23 (810 ILCS 5/2-106) (from Ch. 26, par. 2-106)

24 Sec. 2-106. Definitions: "contract"; "agreement";  
25 "contract for sale"; "sale"; "present sale"; "conforming" to

1 contract; "termination"; "cancellation"; "hybrid  
2 transaction".

3 (1) In this Article unless the context otherwise requires  
4 "contract" and "agreement" are limited to those relating to  
5 the present or future sale of goods. "Contract for sale"  
6 includes both a present sale of goods and a contract to sell  
7 goods at a future time. A "sale" consists in the passing of  
8 title from the seller to the buyer for a price (Section 2-401).  
9 A "present sale" means a sale which is accomplished by the  
10 making of the contract.

11 (2) Goods or conduct including any part of a performance  
12 are "conforming" or conform to the contract when they are in  
13 accordance with the obligations under the contract.

14 (3) "Termination" occurs when either party pursuant to a  
15 power created by agreement or law puts an end to the contract  
16 otherwise than for its breach. On "termination" all  
17 obligations which are still executory on both sides are  
18 discharged but any right based on prior breach or performance  
19 survives.

20 (4) "Cancellation" occurs when either party puts an end to  
21 the contract for breach by the other and its effect is the same  
22 as that of "termination" except that the cancelling party also  
23 retains any remedy for breach of the whole contract or any  
24 unperformed balance.

25 (5) "Hybrid transaction" means a single transaction  
26 involving a sale of goods and:

- 1           (a) the provision of services;  
2           (b) a lease of other goods; or  
3           (c) a sale, lease, or license of property other than  
4           goods.

5           (Source: Laws 1961, 1st SS., p. 7.)

6           (810 ILCS 5/2-201) (from Ch. 26, par. 2-201)

7           Sec. 2-201. Formal requirements; statute of frauds.

8           (1) Except as otherwise provided in this Section a  
9           contract for the sale of goods for the price of \$500 or more is  
10          not enforceable by way of action or defense unless there is a  
11          record ~~some writing~~ sufficient to indicate that a contract for  
12          sale has been made between the parties and signed by the party  
13          against whom enforcement is sought or by the party's ~~his~~  
14          authorized agent or broker. A record ~~writing~~ is not  
15          insufficient because it omits or incorrectly states a term  
16          agreed upon but the contract is not enforceable under this  
17          subsection ~~paragraph~~ beyond the quantity of goods shown in the  
18          record ~~such writing~~.

19          (2) Between merchants if within a reasonable time a record  
20          ~~writing~~ in confirmation of the contract and sufficient against  
21          the sender is received and the party receiving it has reason to  
22          know its contents, it satisfies the requirements of subsection  
23          (1) against the ~~such~~ party unless ~~written~~ notice in a record of  
24          objection to its contents is given within 10 days after it is  
25          received.



1 (3) A contract which does not satisfy the requirements of  
2 subsection (1) but which is valid in other respects is  
3 enforceable

4 (a) if the goods are to be specially manufactured for  
5 the buyer and are not suitable for sale to others in the  
6 ordinary course of the seller's business and the seller,  
7 before notice of repudiation is received and under  
8 circumstances which reasonably indicate that the goods are  
9 for the buyer, has made either a substantial beginning of  
10 their manufacture or commitments for their procurement; or

11 (b) if the party against whom enforcement is sought  
12 admits in his pleading, testimony or otherwise in court  
13 that a contract for sale was made, but the contract is not  
14 enforceable under this provision beyond the quantity of  
15 goods admitted; or

16 (c) with respect to goods for which payment has been  
17 made and accepted or which have been received and accepted  
18 (Section 2-606).

19 (Source: Laws 1961, 1st SS., p. 7.)

20 (810 ILCS 5/2-202) (from Ch. 26, par. 2-202)

21 Sec. 2-202. Final ~~written~~ expression: parol or extrinsic  
22 evidence. Terms with respect to which the confirmatory  
23 memoranda of the parties agree or which are otherwise set  
24 forth in a record ~~writing~~ intended by the parties as a final  
25 expression of their agreement with respect to such terms as

1 are included therein may not be contradicted by evidence of  
2 any prior agreement or of a contemporaneous oral agreement but  
3 may be explained or supplemented:

4 (a) by course of performance, course of dealing, or  
5 usage of trade (Section 1-303); and

6 (b) by evidence of consistent additional terms unless  
7 the court finds the record writing to have been intended  
8 also as a complete and exclusive statement of the terms of  
9 the agreement.

10 (Source: P.A. 95-895, eff. 1-1-09.)

11 (810 ILCS 5/2-203) (from Ch. 26, par. 2-203)

12 Sec. 2-203. Seals inoperative. The affixing of a seal to a  
13 record writing evidencing a contract for sale or an offer to  
14 buy or sell goods does not constitute the record writing a  
15 sealed instrument and the law with respect to sealed  
16 instruments does not apply to such a contract or offer.

17 (Source: Laws 1961, p. 2101.)

18 (810 ILCS 5/2-205) (from Ch. 26, par. 2-205)

19 Sec. 2-205. Firm offers. An offer by a merchant to buy or  
20 sell goods in a signed record writing which by its terms gives  
21 assurance that it will be held open is not revocable, for lack  
22 of consideration, during the time stated or if no time is  
23 stated for a reasonable time, but in no event may such period  
24 of irrevocability exceed 3 months; but any such term of

1 assurance on a form supplied by the offeree must be separately  
2 signed by the offeror.

3 (Source: Laws 1961, 1st SS., p. 7.)

4 (810 ILCS 5/2-209) (from Ch. 26, par. 2-209)

5 Sec. 2-209. Modification, rescission, and waiver.

6 (1) An agreement modifying a contract within this Article  
7 needs no consideration to be binding.

8 (2) A signed agreement which excludes modification or  
9 rescission except by a signed writing or other signed record  
10 cannot be otherwise modified or rescinded, but except as  
11 between merchants such a requirement on a form supplied by the  
12 merchant must be separately signed by the other party.

13 (3) The requirements of the statute of frauds section of  
14 this Article (Section 2-201) must be satisfied if the contract  
15 as modified is within its provisions.

16 (4) Although an attempt at modification or rescission does  
17 not satisfy the requirements of subsection (2) or (3) it can  
18 operate as a waiver.

19 (5) A party who has made a waiver affecting an executory  
20 portion of the contract may retract the waiver by reasonable  
21 notification received by the other party that strict  
22 performance will be required of any term waived, unless the  
23 retraction would be unjust in view of a material change of  
24 position in reliance on the waiver.

25 (Source: Laws 1961, 1st SS., p. 7.)

1 (810 ILCS 5/2A-102) (from Ch. 26, par. 2A-102)

2 Sec. 2A-102. Scope.

3 (1) This Article applies to any transaction, regardless of  
4 form, that creates a lease and, in the case of a hybrid lease,  
5 it applies to the extent provided in subsection (2).

6 (2) In a hybrid lease:

7 (a) if the lease-of-goods aspects do not predominate:

8 (i) only the provisions of this Article which  
9 relate primarily to the lease-of-goods aspects of the  
10 transaction apply, and the provisions that relate  
11 primarily to the transaction as a whole do not apply;

12 (ii) Section 2A-209 applies if the lease is a  
13 finance lease; and

14 (iii) Section 2A-407 applies to the promises of  
15 the lessee in a finance lease to the extent the  
16 promises are consideration for the right to possession  
17 and use of the leased goods; and

18 (b) if the lease-of-goods aspects predominate, this  
19 Article applies to the transaction, but does not preclude  
20 application in appropriate circumstances of other law to  
21 aspects of the lease which do not relate to the lease of  
22 goods.

23 (Source: P.A. 87-493.)

24 (810 ILCS 5/2A-103) (from Ch. 26, par. 2A-103)

1           Sec. 2A-103. Definitions and index of definitions.

2           (1) In this Article unless the context otherwise requires:

3           (a) "Buyer in ordinary course of business" means a  
4           person who, in good faith and without knowledge that the  
5           sale to him or her is in violation of the ownership rights  
6           or security interest or leasehold interest of a third  
7           party in the goods, buys in ordinary course from a person  
8           in the business of selling goods of that kind but does not  
9           include a pawnbroker. "Buying" may be for cash or by  
10          exchange of other property or on secured or unsecured  
11          credit and includes acquiring goods or documents of title  
12          under a pre-existing contract for sale but does not  
13          include a transfer in bulk or as security for or in total  
14          or partial satisfaction of a money debt.

15          (b) "Cancellation" occurs when either party puts an  
16          end to the lease contract for default by the other party.

17          (c) "Commercial unit" means such a unit of goods as by  
18          commercial usage is a single whole for purposes of lease  
19          and division of which materially impairs its character or  
20          value on the market or in use. A commercial unit may be a  
21          single article, as a machine, or a set of articles, as a  
22          suite of furniture or a line of machinery, or a quantity,  
23          as a gross or carload, or any other unit treated in use or  
24          in the relevant market as a single whole.

25          (d) "Conforming" goods or performance under a lease  
26          contract means goods or performance that are in accordance

1 with the obligations under the lease contract.

2 (e) "Consumer lease" means a lease that a lessor  
3 regularly engaged in the business of leasing or selling  
4 makes to a lessee who is an individual and who takes under  
5 the lease primarily for a personal, family, or household  
6 purpose, if the total payments to be made under the lease  
7 contract, excluding payments for options to renew or buy,  
8 do not exceed \$40,000.

9 (f) "Fault" means wrongful act, omission, breach, or  
10 default.

11 (g) "Finance lease" means a lease with respect to  
12 which:

13 (i) the lessor does not select, manufacture, or  
14 supply the goods;

15 (ii) the lessor acquires the goods or the right to  
16 possession and use of the goods in connection with the  
17 lease; and

18 (iii) one of the following occurs:

19 (A) the lessee receives a copy of the contract  
20 by which the lessor acquired the goods or the  
21 right to possession and use of the goods before  
22 signing the lease contract;

23 (B) the lessee's approval of the contract by  
24 which the lessor acquired the goods or the right  
25 to possession and use of the goods is a condition  
26 to effectiveness of the lease contract;

1           (C) the lessee, before signing the lease  
2 contract, receives an accurate and complete  
3 statement designating the promises and warranties,  
4 and any disclaimers of warranties, limitations or  
5 modifications of remedies, or liquidated damages,  
6 including those of a third party, such as the  
7 manufacturer of the goods, provided to the lessor  
8 by the person supplying the goods in connection  
9 with or as part of the contract by which the lessor  
10 acquired the goods or the right to possession and  
11 use of the goods; or

12           (D) if the lease is not a consumer lease, the  
13 lessor, before the lessee signs the lease  
14 contract, informs the lessee in writing (a) of the  
15 identity of the person supplying the goods to the  
16 lessor, unless the lessee has selected that person  
17 and directed the lessor to acquire the goods or  
18 the right to possession and use of the goods from  
19 that person, (b) that the lessee is entitled under  
20 this Article to the promises and warranties,  
21 including those of any third party, provided to  
22 the lessor by the person supplying the goods in  
23 connection with or as part of the contract by  
24 which the lessor acquired the goods or the right  
25 to possession and use of the goods, and (c) that  
26 the lessee may communicate with the person

1           supplying the goods to the lessor and receive an  
2           accurate and complete statement of those promises  
3           and warranties, including any disclaimers and  
4           limitations of them or of remedies.

5           (h) "Goods" means all things that are movable at the  
6           time of identification to the lease contract, or are  
7           fixtures (Section 2A-309), but the term does not include  
8           money, documents, instruments, accounts, chattel paper,  
9           general intangibles, or minerals or the like, including  
10          oil and gas, before extraction. The term also includes the  
11          unborn young of animals.

12          (h.1) "Hybrid lease" means a single transaction  
13          involving a lease of goods and:

14                  (i) the provision of services;

15                  (ii) a sale of other goods; or

16                  (iii) a sale, lease, or license of property other  
17          than goods.

18          (i) "Installment lease contract" means a lease  
19          contract that authorizes or requires the delivery of goods  
20          in separate lots to be separately accepted, even though  
21          the lease contract contains a clause "each delivery is a  
22          separate lease" or its equivalent.

23          (j) "Lease" means a transfer of the right to  
24          possession and use of goods for a term in return for  
25          consideration, but a sale, including a sale on approval or  
26          a sale or return, or retention or creation of a security



1 interest is not a lease. Unless the context clearly  
2 indicates otherwise, the term includes a sublease.

3 (k) "Lease agreement" means the bargain, with respect  
4 to the lease, of the lessor and the lessee in fact as found  
5 in their language or by implication from other  
6 circumstances including course of dealing or usage of  
7 trade or course of performance as provided in this  
8 Article. Unless the context clearly indicates otherwise,  
9 the term includes a sublease agreement.

10 (l) "Lease contract" means the total legal obligation  
11 that results from the lease agreement as affected by this  
12 Article and any other applicable rules of law. Unless the  
13 context clearly indicates otherwise, the term includes a  
14 sublease contract.

15 (m) "Leasehold interest" means the interest of the  
16 lessor or the lessee under a lease contract.

17 (n) "Lessee" means a person who acquires the right to  
18 possession and use of goods under a lease. Unless the  
19 context clearly indicates otherwise, the term includes a  
20 sublessee.

21 (o) "Lessee in ordinary course of business" means a  
22 person who in good faith and without knowledge that the  
23 lease to him or her is in violation of the ownership rights  
24 or security interest or leasehold interest of a third  
25 party in the goods leases in ordinary course from a person  
26 in the business of selling or leasing goods of that kind

1 but does not include a pawnbroker. "Leasing" may be for  
2 cash or by exchange of other property or on secured or  
3 unsecured credit and includes acquiring goods or documents  
4 of title under a pre-existing lease contract but does not  
5 include a transfer in bulk or as security for or in total  
6 or partial satisfaction of a money debt.

7 (p) "Lessor" means a person who transfers the right to  
8 possession and use of goods under a lease. Unless the  
9 context clearly indicates otherwise, the term includes a  
10 sublessor.

11 (q) "Lessor's residual interest" means the lessor's  
12 interest in the goods after expiration, termination, or  
13 cancellation of the lease contract.

14 (r) "Lien" means a charge against or interest in goods  
15 to secure payment of a debt or performance of an  
16 obligation, but the term does not include a security  
17 interest.

18 (s) "Lot" means a parcel or a single article that is  
19 the subject matter of a separate lease or delivery,  
20 whether or not it is sufficient to perform the lease  
21 contract.

22 (t) "Merchant lessee" means a lessee that is a  
23 merchant with respect to goods of the kind subject to the  
24 lease.

25 (u) "Present value" means the amount as of a date  
26 certain of one or more sums payable in the future,

1 discounted to the date certain. The discount is determined  
2 by the interest rate specified by the parties if the rate  
3 was not manifestly unreasonable at the time the  
4 transaction was entered into; otherwise, the discount is  
5 determined by a commercially reasonable rate that takes  
6 into account the facts and circumstances of each case at  
7 the time the transaction was entered into.

8 (v) "Purchase" includes taking by sale, lease,  
9 mortgage, security interest, pledge, gift, or any other  
10 voluntary transaction creating an interest in goods.

11 (w) "Sublease" means a lease of goods the right to  
12 possession and use of which was acquired by the lessor as a  
13 lessee under an existing lease.

14 (x) "Supplier" means a person from whom a lessor buys  
15 or leases goods to be leased under a finance lease.

16 (y) "Supply contract" means a contract under which a  
17 lessor buys or leases goods to be leased.

18 (z) "Termination" occurs when either party pursuant to  
19 a power created by agreement or law puts an end to the  
20 lease contract otherwise than for default.

21 (2) Other definitions applying to this Article and the  
22 Sections in which they appear are:

23 "Accessions". Section 2A-310(1).

24 "Construction mortgage". Section 2A-309(1)(d).

25 "Encumbrance". Section 2A-309(1)(e).

26 "Fixtures". Section 2A-309(1)(a).

1 "Fixture filing". Section 2A-309(1) (b) .

2 "Purchase money lease". Section 2A-309(1) (c) .

3 (3) The following definitions in other Articles apply to  
4 this Article:

5 "Account". Section 9-102(a) (2) .

6 "Between merchants". Section 2-104(3) .

7 "Buyer". Section 2-103(1) (a) .

8 "Chattel paper". Section 9-102(a) (11) .

9 "Consumer goods". Section 9-102(a) (23) .

10 "Document". Section 9-102(a) (30) .

11 "Entrusting". Section 2-403(3) .

12 "General intangible". Section 9-102(a) (42) .

13 "Good faith". Section 2-103(1) (b) .

14 "Instrument". Section 9-102(a) (47) .

15 "Merchant". Section 2-104(1) .

16 "Mortgage". Section 9-102(a) (55) .

17 "Pursuant to commitment". Section 9-102(a) (69) .

18 "Receipt". Section 2-103(1) (c) .

19 "Sale". Section 2-106(1) .

20 "Sale on approval". Section 2-326 .

21 "Sale or return". Section 2-326 .

22 "Seller". Section 2-103(1) (d) .

23 (4) In addition, Article 1 contains general definitions  
24 and principles of construction and interpretation applicable  
25 throughout this Article.

26 (Source: P.A. 97-1034, eff. 7-1-13.)

1 (810 ILCS 5/2A-107) (from Ch. 26, par. 2A-107)

2 Sec. 2A-107. Waiver or renunciation of claim or right  
3 after default. Any claim or right arising out of an alleged  
4 default or breach of warranty may be discharged in whole or in  
5 part without consideration by a ~~written~~ waiver or renunciation  
6 in a signed record ~~and~~ delivered by the aggrieved party.

7 (Source: P.A. 87-493.)

8 (810 ILCS 5/2A-201) (from Ch. 26, par. 2A-201)

9 Sec. 2A-201. Statute of frauds.

10 (1) A lease contract is not enforceable by way of action or  
11 defense unless:

12 (a) the total payments to be made under the lease  
13 contract, excluding payments for options to renew or buy,  
14 are less than \$1,000; or

15 (b) there is a record ~~writing~~, signed by the party  
16 against whom enforcement is sought or by that party's  
17 authorized agent, sufficient to indicate that a lease  
18 contract has been made between the parties and to describe  
19 the goods leased and the lease term.

20 (2) Any description of leased goods or of the lease term is  
21 sufficient and satisfies subsection (1)(b), whether or not it  
22 is specific, if it reasonably identifies what is described.

23 (3) A record ~~writing~~ is not insufficient because it omits  
24 or incorrectly states a term agreed upon, but the lease

1 contract is not enforceable under subsection (1)(b) beyond the  
2 lease term and the quantity of goods shown in the record  
3 ~~writing~~.

4 (4) A lease contract that does not satisfy the  
5 requirements of subsection (1), but which is valid in other  
6 respects, is enforceable:

7 (a) if the goods are to be specially manufactured or  
8 obtained for the lessee and are not suitable for lease or  
9 sale to others in the ordinary course of the lessor's  
10 business, and the lessor, before notice of repudiation is  
11 received and under circumstances that reasonably indicate  
12 that the goods are for the lessee, has made either a  
13 substantial beginning of their manufacture or commitments  
14 for their procurement;

15 (b) if the party against whom enforcement is sought  
16 admits in that party's pleading, testimony, or otherwise  
17 in court that a lease contract was made, but the lease  
18 contract is not enforceable under this provision beyond  
19 the quantity of goods admitted; or

20 (c) with respect to goods that have been received and  
21 accepted by the lessee.

22 (5) The lease term under a lease contract referred to in  
23 subsection (4) is:

24 (a) if there is a record ~~writing~~ signed by the party  
25 against whom enforcement is sought or by that party's  
26 authorized agent specifying the lease term, the term so

1 specified;

2 (b) if the party against whom enforcement is sought  
3 admits in that party's pleading, testimony, or otherwise  
4 in court a lease term, the term so admitted; or

5 (c) a reasonable lease term.

6 (Source: P.A. 87-493.)

7 (810 ILCS 5/2A-202) (from Ch. 26, par. 2A-202)

8 Sec. 2A-202. Final ~~written~~ expression; parol or extrinsic  
9 evidence. Terms with respect to which the confirmatory  
10 memoranda of the parties agree or which are otherwise set  
11 forth in a record writing intended by the parties as a final  
12 expression of their agreement with respect to such terms as  
13 are included therein may not be contradicted by evidence of  
14 any prior agreement or of a contemporaneous oral agreement but  
15 may be explained or supplemented:

16 (a) by course of dealing or usage of trade or by course  
17 of performance; and

18 (b) by evidence of consistent additional terms unless  
19 the court finds the record writing to have been intended  
20 also as a complete and exclusive statement of the terms of  
21 the agreement.

22 (Source: P.A. 87-493.)

23 (810 ILCS 5/2A-203) (from Ch. 26, par. 2A-203)

24 Sec. 2A-203. Seals inoperative. The affixing of a seal to

1 a record ~~writing~~ evidencing a lease contract or an offer to  
2 enter into a lease contract does not render the record ~~writing~~  
3 a sealed instrument and the law with respect to sealed  
4 instruments does not apply to the lease contract or offer.

5 (Source: P.A. 87-493.)

6 (810 ILCS 5/2A-205) (from Ch. 26, par. 2A-205)

7 Sec. 2A-205. Firm offers. An offer by a merchant to lease  
8 goods to or from another person in a signed record ~~writing~~ that  
9 by its terms gives assurance it will be held open is not  
10 revocable, for lack of consideration, during the time stated  
11 or, if no time is stated, for a reasonable time, but in no  
12 event may the period of irrevocability exceed 3 months. Any  
13 such term of assurance on a form supplied by the offeree must  
14 be separately signed by the offeror.

15 (Source: P.A. 87-493.)

16 (810 ILCS 5/2A-208) (from Ch. 26, par. 2A-208)

17 Sec. 2A-208. Modification, rescission, and waiver.

18 (1) An agreement modifying a lease contract needs no  
19 consideration to be binding.

20 (2) A signed lease agreement that excludes modification or  
21 rescission except by a signed record ~~writing~~ may not be  
22 otherwise modified or rescinded, but, except as between  
23 merchants, such a requirement on a form supplied by a merchant  
24 must be separately signed by the other party.



1           (3) Although an attempt at modification or rescission does  
2 not satisfy the requirements of subsection (2), it may operate  
3 as a waiver.

4           (4) A party who has made a waiver affecting an executory  
5 portion of a lease contract may retract the waiver by  
6 reasonable notification received by the other party that  
7 strict performance will be required of any term waived, unless  
8 the retraction would be unjust in view of a material change of  
9 position in reliance on the waiver.

10       (Source: P.A. 87-493.)

11           (810 ILCS 5/3-104) (from Ch. 26, par. 3-104)

12       Sec. 3-104. Negotiable instrument.

13           (a) Except as provided in subsections (c) and (d),  
14 "negotiable instrument" means an unconditional promise or  
15 order to pay a fixed amount of money, with or without interest  
16 or other charges described in the promise or order, if it:

17           (1) is payable to bearer or to order at the time it is  
18 issued or first comes into possession of a holder;

19           (2) is payable on demand or at a definite time; and

20           (3) does not state any other undertaking or  
21 instruction by the person promising or ordering payment to  
22 do any act in addition to the payment of money, but the  
23 promise or order may contain (i) an undertaking or power  
24 to give, maintain, or protect collateral to secure  
25 payment, (ii) an authorization or power to the holder to

1 confess judgment or realize on or dispose of collateral,  
2 ~~or~~ (iii) a waiver of the benefit of any law intended for  
3 the advantage or protection of any obligor, (iv) a term  
4 that specifies the law that governs the promise or order,  
5 or (v) an undertaking to resolve in a specified forum a  
6 dispute concerning the promise or order.

7 (b) "Instrument" means a negotiable instrument.

8 (c) An order that meets all of the requirements of  
9 subsection (a), except paragraph (1), and otherwise falls  
10 within the definition of "check" in subsection (f) is a  
11 negotiable instrument and a check.

12 (d) A promise or order other than a check is not an  
13 instrument if, at the time it is issued or first comes into  
14 possession of a holder, it contains a conspicuous statement,  
15 however expressed, to the effect that the promise or order is  
16 not negotiable or is not an instrument governed by this  
17 Article.

18 (e) An instrument is a "note" if it is a promise and is a  
19 "draft" if it is an order. If an instrument falls within the  
20 definition of both "note" and "draft", a person entitled to  
21 enforce the instrument may treat it as either.

22 (f) "Check" means (i) a draft, other than a documentary  
23 draft, payable on demand and drawn on a bank or (ii) a  
24 cashier's check or teller's check. An instrument may be a  
25 check even though it is described on its face by another term,  
26 such as "money order".

1 (g) "Cashier's check" means a draft with respect to which  
2 the drawer and drawee are the same bank or branches of the same  
3 bank.

4 (h) "Teller's check" means a draft drawn by a bank (i) on  
5 another bank, or (ii) payable at or through a bank.

6 (i) "Traveler's check" means an instrument that (i) is  
7 payable on demand, (ii) is drawn on or payable at or through a  
8 bank, (iii) is designated by the term "traveler's check" or by  
9 a substantially similar term, and (iv) requires, as a  
10 condition to payment, a countersignature by a person whose  
11 specimen signature appears on the instrument.

12 (j) "Certificate of deposit" means an instrument  
13 containing an acknowledgment by a bank that a sum of money has  
14 been received by the bank and a promise by the bank to repay  
15 the sum of money. A certificate of deposit is a note of the  
16 bank.

17 (Source: P.A. 87-582; 87-1135.)

18 (810 ILCS 5/3-105) (from Ch. 26, par. 3-105)

19 Sec. 3-105. Issue of instrument.

20 (a) "Issue" means:

21 (1) the first delivery of an instrument by the maker  
22 or drawer, whether to a holder or nonholder, for the  
23 purpose of giving rights on the instrument to any person;  
24 or

25 (2) if agreed by the payee, the first transmission by

1       the drawer to the payee of an image of an item and  
2       information derived from the item that enables the  
3       depository bank to collect the item by transferring or  
4       presenting under federal law an electronic check.

5       (b) An unissued instrument, or an unissued incomplete  
6 instrument that is completed, is binding on the maker or  
7 drawer, but nonissuance is a defense. An instrument that is  
8 conditionally issued or is issued for a special purpose is  
9 binding on the maker or drawer, but failure of the condition or  
10 special purpose to be fulfilled is a defense.

11       (c) "Issuer" applies to issued and unissued instruments  
12 and means a maker or drawer of an instrument.

13       (Source: P.A. 87-582; 87-1135.)

14       (810 ILCS 5/3-312) (from Ch. 26, par. 3-312)

15       Sec. 3-312. Lost, destroyed, or stolen cashier's check,  
16 teller's check, or certified check.

17       (a) In this Section:

18           (1) "Check" means a cashier's check, teller's check,  
19 or certified check.

20           (2) "Claimant" means a person who claims the right to  
21 receive the amount of a cashier's check, teller's check,  
22 or certified check that was lost, destroyed, or stolen.

23           (3) "Declaration of loss" means a written statement,  
24 made under penalty of perjury, to the effect that (i) the  
25 declarer lost possession of a check, (ii) the declarer is

1 the drawer or payee of the check, in the case of a  
2 certified check, or the remitter or payee of the check, in  
3 the case of a cashier's check or teller's check, (iii) the  
4 loss of possession was not the result of a transfer by the  
5 declarer or ~~of~~ a lawful seizure, and (iv) the declarer  
6 cannot reasonably obtain possession of the check because  
7 the check was destroyed, its whereabouts cannot be  
8 determined, or it is in the wrongful possession of an  
9 unknown person or a person that cannot be found or is not  
10 amenable to service of process.

11 (4) "Obligated bank" means the issuer of a cashier's  
12 check or teller's check or the acceptor of a certified  
13 check.

14 (b) A claimant may assert a claim to the amount of a check  
15 by a communication to the obligated bank describing the check  
16 with reasonable certainty and requesting payment of the amount  
17 of the check, if (i) the claimant is the drawer or payee of a  
18 certified check or the remitter or payee of a cashier's check  
19 or teller's check, (ii) the communication contains or is  
20 accompanied by a declaration of loss of the claimant with  
21 respect to the check, (iii) the communication is received at a  
22 time and in a manner affording the bank a reasonable time to  
23 act on it before the check is paid, and (iv) the claimant  
24 provides reasonable identification if requested by the  
25 obligated bank. Delivery of a declaration of loss is a  
26 warranty of the truth of the statements made in the

1 declaration. If a claim is asserted in compliance with this  
2 subsection, the following rules apply:

3 (1) The claim becomes enforceable at the later of (i)  
4 the time the claim is asserted, or (ii) the 90th day  
5 following the date of the check, in the case of a cashier's  
6 check or teller's check, or the 90th day following the  
7 date of the acceptance, in the case of a certified check.

8 (2) Until the claim becomes enforceable, it has no  
9 legal effect and the obligated bank may pay the check or,  
10 in the case of a teller's check, may permit the drawee to  
11 pay the check. Payment to a person entitled to enforce the  
12 check discharges all liability of the obligated bank with  
13 respect to the check.

14 (3) If the claim becomes enforceable before the check  
15 is presented for payment, the obligated bank is not  
16 obliged to pay the check.

17 (4) When the claim becomes enforceable, the obligated  
18 bank becomes obliged to pay the amount of the check to the  
19 claimant if payment of the check has not been made to a  
20 person entitled to enforce the check. Subject to Section  
21 4-302(a)(1), payment to the claimant discharges all  
22 liability of the obligated bank with respect to the check.

23 (c) If the obligated bank pays the amount of a check to a  
24 claimant under subsection (b)(4) and the check is presented  
25 for payment by a person having rights of a holder in due  
26 course, the claimant is obliged to (i) refund the payment to

1 the obligated bank if the check is paid, or (ii) pay the amount  
2 of the check to the person having rights of a holder in due  
3 course if the check is dishonored.

4 (d) If a claimant has the right to assert a claim under  
5 subsection (b) and is also a person entitled to enforce a  
6 cashier's check, teller's check, or certified check that is  
7 lost, destroyed, or stolen, the claimant may assert rights  
8 with respect to the check either under this Section or Section  
9 3-309.

10 (Source: P.A. 87-582; 87-895; 87-1135.)

11 (810 ILCS 5/3-401) (from Ch. 26, par. 3-401)

12 Sec. 3-401. Signature necessary for liability on  
13 instrument. ~~(a)~~ A person is not liable on an instrument unless  
14 (i) the person signed the instrument, or (ii) the person is  
15 represented by an agent or representative who signed the  
16 instrument and the signature is binding on the represented  
17 person under Section 3-402.

18 ~~(b) A signature may be made (i) manually or by means of a~~  
19 ~~device or machine, and (ii) by the use of any name, including~~  
20 ~~any trade or assumed name, or by a word, mark, or symbol~~  
21 ~~executed or adopted by a person with present intention to~~  
22 ~~authenticate a writing.~~

23 (Source: P.A. 87-582; 87-1135.)

24 (810 ILCS 5/3-604) (from Ch. 26, par. 3-604)

1           Sec. 3-604. Discharge by cancellation or renunciation.

2           (a) A person entitled to enforce an instrument, with or  
3 without consideration, may discharge the obligation of a party  
4 to pay the instrument (i) by an intentional voluntary act,  
5 such as surrender of the instrument to the party, destruction,  
6 mutilation, or cancellation of the instrument, cancellation or  
7 striking out of the party's signature, or the addition of  
8 words to the instrument indicating discharge, or (ii) by  
9 agreeing not to sue or otherwise renouncing rights against the  
10 party by a signed record ~~writing~~. The obligation of a party to  
11 pay a check is not discharged solely by destruction of the  
12 check in connection with a process in which information is  
13 extracted from the check and an image of the check is made and,  
14 subsequently, the information and image are transmitted for  
15 payment.

16           (b) Cancellation or striking out of an indorsement  
17 pursuant to subsection (a) does not affect the status and  
18 rights of a party derived from the indorsement.

19           (Source: P.A. 87-582; 87-1135.)

20           (810 ILCS 5/4A-103) (from Ch. 26, par. 4A-103)

21           Sec. 4A-103. Payment order; definitions.

22           (a) In this Article:

23           (1) "Payment order" means an instruction of a sender  
24 to a receiving bank, transmitted orally or in a record,  
25 ~~electronically, or in writing,~~ to pay, or to cause another



1 bank to pay, a fixed or determinable amount of money to a  
2 beneficiary if:

3 (i) the instruction does not state a condition to  
4 payment to the beneficiary other than time of payment,

5 (ii) the receiving bank is to be reimbursed by  
6 debiting an account of, or otherwise receiving payment  
7 from, the sender, and

8 (iii) the instruction is transmitted by the sender  
9 directly to the receiving bank or to an agent, funds  
10 transfer system, or communication system for  
11 transmittal to the receiving bank.

12 (2) "Beneficiary" means the person to be paid by the  
13 beneficiary's bank.

14 (3) "Beneficiary's bank" means the bank identified in  
15 a payment order in which an account of the beneficiary is  
16 to be credited pursuant to the order or which otherwise is  
17 to make payment to the beneficiary if the order does not  
18 provide for payment to an account.

19 (4) "Receiving bank" means the bank to which the  
20 sender's instruction is addressed.

21 (5) "Sender" means the person giving the instruction  
22 to the receiving bank.

23 (b) If an instruction complying with subsection (a)(1) is  
24 to make more than one payment to a beneficiary, the  
25 instruction is a separate payment order with respect to each  
26 payment.

1 (c) A payment order is issued when it is sent to the  
2 receiving bank.

3 (Source: P.A. 86-1291.)

4 (810 ILCS 5/4A-201) (from Ch. 26, par. 4A-201)

5 Sec. 4A-201. Security procedure. "Security procedure"  
6 means a procedure established by agreement of a customer and a  
7 receiving bank for the purpose of (i) verifying that a payment  
8 order or communication amending or cancelling a payment order  
9 is that of the customer, or (ii) detecting error in the  
10 transmission or the content of the payment order or  
11 communication. A security procedure may impose an obligation  
12 on the receiving bank or the customer and may require the use  
13 of algorithms or other codes, identifying words, ~~or~~ numbers,   
14 symbols, sounds, biometrics, encryption, callback procedures,  
15 or similar security devices. Comparison of a signature on a  
16 payment order or communication with an authorized specimen  
17 signature of the customer or requiring a payment order to be  
18 sent from a known email address, IP address, or telephone  
19 number is not by itself a security procedure.

20 (Source: P.A. 86-1291.)

21 (810 ILCS 5/4A-202) (from Ch. 26, par. 4A-202)

22 Sec. 4A-202. Authorized and verified payment orders.

23 (a) A payment order received by the receiving bank is the  
24 authorized order of the person identified as sender if that

1 person authorized the order or is otherwise bound by it under  
2 the law of agency.

3 (b) If a bank and its customer have agreed that the  
4 authenticity of payment orders issued to the bank in the name  
5 of the customer as sender will be verified pursuant to a  
6 security procedure, a payment order received by the receiving  
7 bank is effective as the order of the customer, whether or not  
8 authorized, if (i) the security procedure is a commercially  
9 reasonable method of providing security against unauthorized  
10 payment orders, and (ii) the bank proves that it accepted the  
11 payment order in good faith and in compliance with the bank's  
12 obligations under the security procedure and any ~~written~~  
13 agreement or instruction of the customer, evidenced by a  
14 record, restricting acceptance of payment orders issued in the  
15 name of the customer. The bank is not required to follow an  
16 instruction that violates an ~~a written~~ agreement with the  
17 customer, evidenced by a record, or notice of which is not  
18 received at a time and in a manner affording the bank a  
19 reasonable opportunity to act on it before the payment order  
20 is accepted.

21 (c) Commercial reasonableness of a security procedure is a  
22 question of law to be determined by considering the wishes of  
23 the customer expressed to the bank, the circumstances of the  
24 customer known to the bank, including the size, type, and  
25 frequency of payment orders normally issued by the customer to  
26 the bank, alternative security procedures offered to the

1 customer, and security procedures in general use by customers  
2 and receiving banks similarly situated. A security procedure  
3 is deemed to be commercially reasonable if (i) the security  
4 procedure was chosen by the customer after the bank offered,  
5 and the customer refused, a security procedure that was  
6 commercially reasonable for that customer, and (ii) the  
7 customer expressly agreed in a record ~~writing~~ to be bound by  
8 any payment order, whether or not authorized, issued in its  
9 name and accepted by the bank in compliance with the bank's  
10 obligations under the security procedure chosen by the  
11 customer.

12 (d) The term "sender" in this Article includes the  
13 customer in whose name a payment order is issued if the order  
14 is the authorized order of the customer under subsection (a),  
15 or it is effective as the order of the customer under  
16 subsection (b).

17 (e) This Section applies to amendments and cancellations  
18 of payment orders to the same extent it applies to payment  
19 orders.

20 (f) Except as provided in this Section and in Section  
21 4A-203(a)(1), rights and obligations arising under this  
22 Section or Section 4A-203 may not be varied by agreement.

23 (Source: P.A. 86-1291.)

24 (810 ILCS 5/4A-203) (from Ch. 26, par. 4A-203)

25 Sec. 4A-203. Unenforceability of certain verified payment

1 orders.

2 (a) If an accepted payment order is not, under Section  
3 4A-202(a), an authorized order of a customer identified as  
4 sender, but is effective as an order of the customer pursuant  
5 to Section 4A-202(b), the following rules apply:

6 (1) By express ~~written~~ agreement evidenced by a  
7 record, the receiving bank may limit the extent to which  
8 it is entitled to enforce or retain payment of the payment  
9 order.

10 (2) The receiving bank is not entitled to enforce or  
11 retain payment of the payment order if the customer proves  
12 that the order was not caused, directly or indirectly, by  
13 a person (i) entrusted at any time with duties to act for  
14 the customer with respect to payment orders or the  
15 security procedure, or (ii) who obtained access to  
16 transmitting facilities of the customer or who obtained,  
17 from a source controlled by the customer and without  
18 authority of the receiving bank, information facilitating  
19 breach of the security procedure, regardless of how the  
20 information was obtained or whether the customer was at  
21 fault. Information includes any access device, computer  
22 software, or the like.

23 (b) This Section applies to amendments of payment orders  
24 to the same extent it applies to payment orders.

25 (Source: P.A. 86-1291.)

1 (810 ILCS 5/4A-207) (from Ch. 26, par. 4A-207)

2 Sec. 4A-207. Misdescription of beneficiary.

3 (a) Subject to subsection (b), if, in a payment order  
4 received by the beneficiary's bank, the name, bank account  
5 number, or other identification of the beneficiary refers to a  
6 nonexistent or unidentifiable person or account, no person has  
7 rights as a beneficiary of the order and acceptance of the  
8 order cannot occur.

9 (b) If a payment order received by the beneficiary's bank  
10 identifies the beneficiary both by name and by an identifying  
11 or bank account number and the name and number identify  
12 different persons, the following rules apply:

13 (1) Except as otherwise provided in subsection (c), if  
14 the beneficiary's bank does not know that the name and  
15 number refer to different persons, it may rely on the  
16 number as the proper identification of the beneficiary of  
17 the order. The beneficiary's bank need not determine  
18 whether the name and number refer to the same person.

19 (2) If the beneficiary's bank pays the person  
20 identified by name or knows that the name and number  
21 identify different persons, no person has rights as  
22 beneficiary except the person paid by the beneficiary's  
23 bank if that person was entitled to receive payment from  
24 the originator of the funds transfer. If no person has  
25 rights as beneficiary, acceptance of the order cannot  
26 occur.

1 (c) If (i) a payment order described in subsection (b) is  
2 accepted, (ii) the originator's payment order described the  
3 beneficiary inconsistently by name and number, and (iii) the  
4 beneficiary's bank pays the person identified by number as  
5 permitted by subsection (b) (1), the following rules apply:

6 (1) If the originator is a bank, the originator is  
7 obligated to pay its order.

8 (2) If the originator is not a bank and proves that the  
9 person identified by number was not entitled to receive  
10 payment from the originator, the originator is not obliged  
11 to pay its order unless the originator's bank proves that  
12 the originator, before acceptance of the originator's  
13 order, had notice that payment of a payment order issued  
14 by the originator might be made by the beneficiary's bank  
15 on the basis of an identifying or bank account number  
16 event if it identifies a person different from the named  
17 beneficiary. Proof of notice may be made by any admissible  
18 evidence. The originator's bank satisfies the burden of ~~as~~  
19 proof if it proves that the originator, before the payment  
20 order was accepted, signed a record writing stating the  
21 information to which the notice relates.

22 (d) In a case governed by subsection (b) (1), if the  
23 beneficiary's bank rightfully pays the person identified by  
24 number and that person was not entitled to receive payment  
25 from the originator, the amount paid may be recovered from  
26 that person to the extent allowed by the law governing mistake

1 and restitution as follows:

2 (1) If the originator is obligated to pay its payment  
3 order as stated in subsection (c), the originator has the  
4 right to recover.

5 (2) If the originator is not a bank and is not  
6 obligated to pay its payment order, the originator's bank  
7 has the right to recover.

8 (Source: P.A. 86-1291.)

9 (810 ILCS 5/4A-208) (from Ch. 26, par. 4A-208)

10 Sec. 4A-208. Misdescription of intermediary bank or  
11 beneficiary's bank.

12 (a) This subsection applies to a payment order identifying  
13 an intermediary bank or the beneficiary's bank only by an  
14 identifying number.

15 (1) The receiving bank may rely on the number as the  
16 proper identification of the intermediary or beneficiary's  
17 bank and need not determine whether the number identifies  
18 a bank.

19 (2) The sender is obliged to compensate the receiving  
20 bank for any loss and expenses incurred by the receiving  
21 bank as a result of its reliance on the number in executing  
22 or attempting to execute the order.

23 (b) This subsection applies to a payment order identifying  
24 an intermediary bank or the beneficiary's bank both by name  
25 and an identifying number if the name and number identify



1 different persons.

2 (1) If the sender is a bank, the receiving bank may  
3 rely on the number as the proper identification of the  
4 intermediary or beneficiary's bank if the receiving bank,  
5 when it executes the sender's order, does not know that  
6 the name and number identify different persons. The  
7 receiving bank need not determine whether the name and  
8 number refer to the same person or whether the number  
9 refers to a bank. The sender is obliged to compensate the  
10 receiving bank for any loss and expenses incurred by the  
11 receiving bank as a result of its reliance on the number in  
12 executing or attempting to execute the order.

13 (2) If the sender is not a bank and the receiving bank  
14 proves that the sender, before the payment order was  
15 accepted, had notice that the receiving bank might rely on  
16 the number as the proper identification of the  
17 intermediary or beneficiary's bank even if it identifies a  
18 person different from the bank identified by name, the  
19 rights and obligations of the sender and the receiving  
20 bank are governed by subsection (b)(1), as though the  
21 sender were a bank. Proof of notice may be made by any  
22 admissible evidence. The receiving bank satisfies the  
23 burden of proof if it proves that the sender, before the  
24 payment order was accepted, signed a record writing  
25 stating the information to which the notice relates.

26 (3) Regardless of whether the sender is a bank, the

1 receiving bank may rely on the name as the proper  
2 identification of the intermediary or beneficiary's bank  
3 if the receiving bank, at the time it executes the  
4 sender's order, does not know that the name and number  
5 identify different persons. The receiving bank need not  
6 determine whether the name and number refer to the same  
7 person.

8 (4) If the receiving bank knows that the name and  
9 number identify different persons, reliance on either the  
10 name or the number in executing the sender's payment order  
11 is a breach of the obligation stated in Section  
12 4A-302(a)(1).

13 (Source: P.A. 86-1291.)

14 (810 ILCS 5/4A-210) (from Ch. 26, par. 4A-210)

15 Sec. 4A-210. Rejection of payment order.

16 (a) A payment order is rejected by the receiving bank by a  
17 notice of rejection transmitted to the sender orally,  
18 ~~electronically,~~ or in a record writing. A notice of rejection  
19 need not use any particular words and is sufficient if it  
20 indicates that the receiving bank is rejecting the order or  
21 will not execute or pay the order. Rejection is effective when  
22 the notice is given if transmission is by a means that is  
23 reasonable in the circumstances. If notice of rejection is  
24 given by a means that is not reasonable, rejection is  
25 effective when the notice is received. If an agreement of the

1 sender and receiving bank establishes the means to be used to  
2 reject a payment order, (i) any means complying with the  
3 agreement is reasonable and (ii) any means not complying is  
4 not reasonable unless no significant delay in receipt of the  
5 notice resulted from the use of the noncomplying means.

6 (b) This subsection applies if a receiving bank other than  
7 the beneficiary's bank fails to execute a payment order  
8 despite the existence on the execution date of a withdrawable  
9 credit balance in an authorized account of the sender  
10 sufficient to cover the order. If the sender does not receive  
11 notice of rejection of the order on the execution date and the  
12 authorized account of the sender does not bear interest, the  
13 bank is obliged to pay interest to the sender on the amount of  
14 the order for the number of days elapsing after the execution  
15 date to the earlier of the day the order is canceled pursuant  
16 to Section 4A-211(d) or the day the sender receives notice or  
17 learns that the order was not executed, counting the final day  
18 of the period as an elapsed day. If the withdrawable credit  
19 balance during that period falls below the amount of the  
20 order, the amount of interest is reduced accordingly.

21 (c) If a receiving bank suspends payments, all unaccepted  
22 payment orders issued to it are deemed rejected at the time the  
23 bank suspends payments.

24 (d) Acceptance of a payment order precludes a later  
25 rejection of the order. Rejection of a payment order precludes  
26 a later acceptance of the order.

1 (Source: P.A. 86-1291.)

2 (810 ILCS 5/4A-211) (from Ch. 26, par. 4A-211)

3 Sec. 4A-211. Cancellation and amendment of payment order.

4 (a) A communication of the sender of a payment order  
5 cancelling or amending the order may be transmitted to the  
6 receiving bank orally, ~~electronically,~~ or in a record writing.  
7 If a security procedure is in effect between the sender and the  
8 receiving bank, the communication is not effective to cancel  
9 or amend the order unless the communication is verified  
10 pursuant to the security procedure or the bank agrees to the  
11 cancellation or amendment.

12 (b) Subject to subsection (a), a communication by the  
13 sender cancelling or amending a payment order is effective to  
14 cancel or amend the order if notice of the communication is  
15 received at a time and in a manner affording the receiving bank  
16 a reasonable opportunity to act on the communication before  
17 the bank accepts the payment order.

18 (c) After a payment order has been accepted, cancellation  
19 or amendment of the order is not effective unless the  
20 receiving bank agrees or a funds transfer system rule allows  
21 cancellation or amendment without agreement of the bank.

22 (1) With respect to a payment order accepted by a  
23 receiving bank other than the beneficiary's bank,  
24 cancellation or amendment is not effective unless a  
25 conforming cancellation or amendment of the payment order

1 issued by the receiving bank is also made.

2 (2) With respect to a payment order accepted by the  
3 beneficiary's bank, cancellation or amendment is not  
4 effective unless the order was issued in execution of an  
5 unauthorized payment order, or because of a mistake by a  
6 sender in the funds transfer which resulted in the  
7 issuance of a payment order (i) that is a duplicate of a  
8 payment order previously issued by the sender, (ii) that  
9 orders payment to a beneficiary not entitled to receive  
10 payment from the originator, or (iii) that orders payment  
11 in an amount greater than the amount the beneficiary was  
12 entitled to receive from the originator. If the payment  
13 order is canceled or amended, the beneficiary's bank is  
14 entitled to recover from the beneficiary any amount paid  
15 to the beneficiary to the extent allowed by the law  
16 governing mistake and restitution.

17 (d) An unaccepted payment order is canceled by operation  
18 of law at the close of the fifth funds transfer business day of  
19 the receiving bank after the execution date or payment date of  
20 the order.

21 (e) A canceled payment order cannot be accepted. If an  
22 accepted payment order is canceled, the acceptance is  
23 nullified and no person has any right or obligation based on  
24 the acceptance. Amendment of a payment order is deemed to be  
25 cancellation of the original order at the time of amendment  
26 and issue of a new payment order in the amended form at the

1 same time.

2 (f) Unless otherwise provided in an agreement of the  
3 parties or in a funds transfer system rule, if the receiving  
4 bank, after accepting a payment order, agrees to cancellation  
5 or amendment of the order by the sender or is bound by a funds  
6 transfer system rule allowing cancellation or amendment  
7 without the bank's agreement, the sender, whether or not  
8 cancellation or amendment is effective, is liable to the bank  
9 for any loss and expenses, including reasonable attorney's  
10 fees, incurred by the bank as a result of the cancellation or  
11 amendment or attempted cancellation or amendment.

12 (g) A payment order is not revoked by the death or legal  
13 incapacity of the sender unless the receiving bank knows of  
14 the death or of an adjudication of incapacity by a court of  
15 competent jurisdiction and has reasonable opportunity to act  
16 before acceptance of the order.

17 (h) A funds transfer system rule is not effective to the  
18 extent it conflicts with subsection (c) (2).

19 (Source: P.A. 97-813, eff. 7-13-12.)

20 (810 ILCS 5/4A-305) (from Ch. 26, par. 4A-305)

21 Sec. 4A-305. Liability for late or improper execution or  
22 failure to execute payment order.

23 (a) If a funds transfer is completed but execution of a  
24 payment order by the receiving bank in breach of Section  
25 4A-302 results in delay in payment to the beneficiary, the

1 bank is obliged to pay interest to either the originator or the  
2 beneficiary of the funds transfer for the period of delay  
3 caused by the improper execution. Except as provided in  
4 subsection (c), additional damages are not recoverable.

5 (b) If execution of a payment order by a receiving bank in  
6 breach of Section 4A-302 results in (i) noncompletion of the  
7 funds transfer, (ii) failure to use an intermediary bank  
8 designated by the originator, or (iii) issuance of a payment  
9 order that does not comply with the terms of the payment order  
10 of the originator, the bank is liable to the originator for its  
11 expenses in the funds transfer and for incidental expenses and  
12 interest losses, to the extent not covered by subsection (a),  
13 resulting from the improper execution. Except as provided in  
14 subsection (c), additional damages are not recoverable.

15 (c) In addition to the amounts payable under subsections  
16 (a) and (b), damages, including consequential damages, are  
17 recoverable to the extent provided in an express ~~written~~  
18 agreement of the receiving bank, evidenced by a record.

19 (d) If a receiving bank fails to execute a payment order it  
20 was obliged by express agreement to execute, the receiving  
21 bank is liable to the sender for its expenses in the  
22 transaction and for incidental expenses and interest losses  
23 resulting from the failure to execute. Additional damages,  
24 including consequential damages, are recoverable to the extent  
25 provided in an express ~~written~~ agreement of the receiving  
26 bank, evidenced by a record, but are not otherwise

1 recoverable.

2 (e) Reasonable attorney's fees are recoverable if demand  
3 for compensation under subsection (a) or (b) is made and  
4 refused before an action is brought on the claim. If a claim is  
5 made for breach of an agreement under subsection (d) and the  
6 agreement does not provide for damages, reasonable attorney's  
7 fees are recoverable if demand for compensation under  
8 subsection (d) is made and refused before an action is brought  
9 on the claim.

10 (f) Except as stated in this Section, the liability of a  
11 receiving bank under subsections (a) and (b) may not be varied  
12 by agreement.

13 (Source: P.A. 86-1291.)

14 (810 ILCS 5/5-104) (from Ch. 26, par. 5-104)

15 Sec. 5-104. Formal requirements. A letter of credit,  
16 confirmation, advice, transfer, amendment, or cancellation may  
17 be issued in any form that is a signed record ~~and is~~  
18 ~~authenticated (i) by a signature or (ii) in accordance with~~  
19 ~~the agreement of the parties or the standard practice referred~~  
20 ~~to in Section 5-108(c).~~

21 (Source: P.A. 89-534, eff. 1-1-97.)

22 (810 ILCS 5/5-116) (from Ch. 26, par. 5-116)

23 Sec. 5-116. Choice of law and forum.

24 (a) The liability of an issuer, nominated person, or



1 adviser for action or omission is governed by the law of the  
2 jurisdiction chosen by an agreement in the form of a record  
3 signed ~~or otherwise authenticated~~ by the affected parties ~~in~~  
4 ~~the manner provided in Section 5-104~~ or by a provision in the  
5 person's letter of credit, confirmation, or other undertaking.  
6 The jurisdiction whose law is chosen need not bear any  
7 relation to the transaction.

8 (b) Unless subsection (a) applies, the liability of an  
9 issuer, nominated person, or adviser for action or omission is  
10 governed by the law of the jurisdiction in which the person is  
11 located. The person is considered to be located at the address  
12 indicated in the person's undertaking. If more than one  
13 address is indicated, the person is considered to be located  
14 at the address from which the person's undertaking was issued.

15 (c) For the purpose of jurisdiction, choice of law, and  
16 recognition of interbranch letters of credit, but not  
17 enforcement of a judgment, all branches of a bank are  
18 considered separate juridical entities and a bank is  
19 considered to be located at the place where its relevant  
20 branch is considered to be located under ~~this~~ subsection (d).

21 (d) A branch of a bank is considered to be located at the  
22 address indicated in the branch's undertaking. If more than  
23 one address is indicated, the branch is considered to be  
24 located at the address from which the undertaking was issued.

25 (e) ~~(e)~~ Except as otherwise provided in this subsection,  
26 the liability of an issuer, nominated person, or adviser is

1 governed by any rules of custom or practice, such as the  
2 Uniform Customs and Practice for Documentary Credits, to which  
3 the letter of credit, confirmation, or other undertaking is  
4 expressly made subject. If (i) this Article would govern the  
5 liability of an issuer, nominated person, or adviser under  
6 subsection (a) or (b), (ii) the relevant undertaking  
7 incorporates rules of custom or practice, and (iii) there is  
8 conflict between this Article and those rules as applied to  
9 that undertaking, those rules govern except to the extent of  
10 any conflict with the nonvariable provisions specified in  
11 Section 5-103(c).

12 (f) ~~(d)~~ If there is conflict between this Article and  
13 Article 3, 4, 4A, or 9, this Article governs.

14 (g) ~~(e)~~ The forum for settling disputes arising out of an  
15 undertaking within this Article may be chosen in the manner  
16 and with the binding effect that governing law may be chosen in  
17 accordance with subsection (a).

18 (Source: P.A. 89-534, eff. 1-1-97.)

19 (810 ILCS 5/7-102) (from Ch. 26, par. 7-102)

20 Sec. 7-102. Definitions and index of definitions.

21 (a) In this Article, unless the context otherwise  
22 requires:

23 (1) "Bailee" means a person that by a warehouse  
24 receipt, bill of lading, or other document of title  
25 acknowledges possession of goods and contracts to deliver

1           them.

2           (2) "Carrier" means a person that issues a bill of  
3           lading.

4           (3) "Consignee" means a person named in a bill of  
5           lading to which or to whose order the bill promises  
6           delivery.

7           (4) "Consignor" means a person named in a bill of  
8           lading as the person from which the goods have been  
9           received for shipment.

10          (5) "Delivery order" means a record that contains an  
11          order to deliver goods directed to a warehouse, carrier,  
12          or other person that in the ordinary course of business  
13          issues warehouse receipts or bills of lading.

14          (6) "Good faith" means honesty in fact and the  
15          observance of reasonable commercial standards of fair  
16          dealing.

17          (7) "Goods" means all things that are treated as  
18          movable for the purposes of a contract for storage or  
19          transportation.

20          (8) "Issuer" means a bailee that issues a document of  
21          title or, in the case of an unaccepted delivery order, the  
22          person that orders the possessor of goods to deliver. The  
23          term includes a person for which an agent or employee  
24          purports to act in issuing a document if the agent or  
25          employee has real or apparent authority to issue  
26          documents, even if the issuer did not receive any goods,

1 the goods were misdescribed, or in any other respect the  
2 agent or employee violated the issuer's instructions.

3 (9) "Person entitled under the document" means the  
4 holder, in the case of a negotiable document of title, or  
5 the person to which delivery of the goods is to be made by  
6 the terms of, or pursuant to instructions in a record  
7 under, a nonnegotiable document of title.

8 (10) (Reserved). ~~"Record" means information that is~~  
9 ~~inscribed on a tangible medium or that is stored in an~~  
10 ~~electronic or other medium and is retrievable in~~  
11 ~~perceivable form.~~

12 (11) (Reserved). ~~"Sign" means, with present intent to~~  
13 ~~authenticate or adopt a record:~~

14 ~~(A) to execute or adopt a tangible symbol; or~~

15 ~~(B) to attach to or logically associate with the~~  
16 ~~record an electronic sound, symbol, or process.~~

17 (12) "Shipper" means a person that enters into a  
18 contract of transportation with a carrier.

19 (13) "Warehouse" means a person engaged in the  
20 business of storing goods for hire. The owner of a  
21 self-service storage facility as defined in the  
22 Self-Service Storage Facility Act is not a warehouse for  
23 the purposes of this Article.

24 (b) Definitions in other Articles applying to this Article  
25 and the Sections in which they appear are:

26 (1) "Contract for sale", Section 2-106.

1           (2) "Lessee in the ordinary course of business",  
2           Section 2A-103.

3           (3) "Receipt" of goods, Section 2-103.

4           (c) In addition, Article 1 contains general definitions  
5           and principles of construction and interpretation applicable  
6           throughout this Article.

7           (Source: P.A. 95-895, eff. 1-1-09.)

8           (810 ILCS 5/7-106)

9           Sec. 7-106. Control of electronic document of title.

10          (a) A person has control of an electronic document of  
11          title if a system employed for evidencing the transfer of  
12          interests in the electronic document reliably establishes that  
13          person as the person to which the electronic document was  
14          issued or transferred.

15          (b) A system satisfies subsection (a), and a person has ~~is~~  
16          ~~deemed to have~~ control of an electronic document of title, if  
17          the document is created, stored, and transferred ~~assigned~~ in  
18          ~~such~~ a manner that:

19                 (1) a single authoritative copy of the document exists  
20                 which is unique, identifiable, and, except as otherwise  
21                 provided in paragraphs (4), (5), and (6), unalterable;

22                 (2) the authoritative copy identifies the person  
23                 asserting control as:

24                         (A) the person to which the document was issued;

25                         or

1 (B) if the authoritative copy indicates that the  
2 document has been transferred, the person to which the  
3 document was most recently transferred;

4 (3) the authoritative copy is communicated to and  
5 maintained by the person asserting control or its  
6 designated custodian;

7 (4) copies or amendments that add or change an  
8 identified transferee ~~assignee~~ of the authoritative copy  
9 can be made only with the consent of the person asserting  
10 control;

11 (5) each copy of the authoritative copy and any copy  
12 of a copy is readily identifiable as a copy that is not the  
13 authoritative copy; and

14 (6) any amendment of the authoritative copy is readily  
15 identifiable as authorized or unauthorized.

16 (c) A system satisfies subsection (a), and a person has  
17 control of an electronic document of title, if an  
18 authoritative electronic copy of the document, a record  
19 attached to or logically associated with the electronic copy,  
20 or a system in which the electronic copy is recorded:

21 (1) enables the person readily to identify each  
22 electronic copy as either an authoritative copy or a  
23 nonauthoritative copy;

24 (2) enables the person readily to identify itself in  
25 any way, including by name, identifying number,  
26 cryptographic key, office, or account number, as the

1 person to which each authoritative electronic copy was  
2 issued or transferred; and

3 (3) gives the person exclusive power, subject to  
4 subsection (d), to:

5 (A) prevent others from adding or changing the  
6 person to which each authoritative electronic copy has  
7 been issued or transferred; and

8 (B) transfer control of each authoritative  
9 electronic copy.

10 (d) Subject to subsection (e), a power is exclusive under  
11 subsection (c) (3) (A) and (B) even if:

12 (1) the authoritative electronic copy, a record  
13 attached to or logically associated with the authoritative  
14 electronic copy, or a system in which the authoritative  
15 electronic copy is recorded limits the use of the document  
16 of title or has a protocol that is programmed to cause a  
17 change, including a transfer or loss of control; or

18 (2) the power is shared with another person.

19 (e) A power of a person is not shared with another person  
20 under subsection (d) (2) and the person's power is not  
21 exclusive if:

22 (1) the person can exercise the power only if the  
23 power also is exercised by the other person; and

24 (2) the other person:

25 (A) can exercise the power without exercise of the  
26 power by the person; or

1                   (B) is the transferor to the person of an interest  
2                   in the document of title.

3                   (f) If a person has the powers specified in subsection  
4                   (c) (3) (A) and (B), the powers are presumed to be exclusive.

5                   (g) A person has control of an electronic document of  
6                   title if another person, other than the transferor to the  
7                   person of an interest in the document:

8                   (1) has control of the document and acknowledges that  
9                   it has control on behalf of the person; or

10                   (2) obtains control of the document after having  
11                   acknowledged that it will obtain control of the document  
12                   on behalf of the person.

13                   (h) A person that has control under this Section is not  
14                   required to acknowledge that it has control on behalf of  
15                   another person.

16                   (i) If a person acknowledges that it has or will obtain  
17                   control on behalf of another person, unless the person  
18                   otherwise agrees or law other than this Article or Article 9  
19                   otherwise provides, the person does not owe any duty to the  
20                   other person and is not required to confirm the acknowledgment  
21                   to any other person.

22                   (Source: P.A. 95-895, eff. 1-1-09.)

23                   (810 ILCS 5/8-102) (from Ch. 26, par. 8-102)

24                   Sec. 8-102. Definitions.

25                   (a) In this Article:



1           (1) "Adverse claim" means a claim that a claimant has  
2 a property interest in a financial asset and that it is a  
3 violation of the rights of the claimant for another person  
4 to hold, transfer, or deal with the financial asset.

5           (2) "Bearer form," as applied to a certificated  
6 security, means a form in which the security is payable to  
7 the bearer of the security certificate according to its  
8 terms but not by reason of an indorsement.

9           (3) "Broker" means a person defined as a broker or  
10 dealer under the federal securities laws, but without  
11 excluding a bank acting in that capacity.

12           (4) "Certificated security" means a security that is  
13 represented by a certificate.

14           (5) "Clearing corporation" means:

15               (i) a person that is registered as a "clearing  
16 agency" under the federal securities laws;

17               (ii) a federal reserve bank; or

18               (iii) any other person that provides clearance or  
19 settlement services with respect to financial assets  
20 that would require it to register as a clearing agency  
21 under the federal securities laws but for an exclusion  
22 or exemption from the registration requirement, if its  
23 activities as a clearing corporation, including  
24 promulgation of rules, are subject to regulation by a  
25 federal or state governmental authority.

26           (6) "Communicate" means to:

- 1 (i) send a signed record ~~writing~~; or  
2 (ii) transmit information by any mechanism agreed  
3 upon by the persons transmitting and receiving the  
4 information.

5 (7) "Entitlement holder" means a person identified in  
6 the records of a securities intermediary as the person  
7 having a security entitlement against the securities  
8 intermediary. If a person acquires a security entitlement  
9 by virtue of Section 8-501(b)(2) or (3), that person is  
10 the entitlement holder.

11 (8) "Entitlement order" means a notification  
12 communicated to a securities intermediary directing  
13 transfer or redemption of a financial asset to which the  
14 entitlement holder has a security entitlement.

15 (9) "Financial asset," except as otherwise provided in  
16 Section 8-103, means:

- 17 (i) a security;  
18 (ii) an obligation of a person or a share,  
19 participation, or other interest in a person or in  
20 property or an enterprise of a person, which is, or is  
21 of a type, dealt in or traded on financial markets, or  
22 which is recognized in any area in which it is issued  
23 or dealt in as a medium for investment; or  
24 (iii) any property that is held by a securities  
25 intermediary for another person in a securities  
26 account if the securities intermediary has expressly

1           agreed with the other person that the property is to be  
2           treated as a financial asset under this Article. As  
3           context requires, the term means either the interest  
4           itself or the means by which a person's claim to it is  
5           evidenced, including a certificated or uncertificated  
6           security, a security certificate, or a security  
7           entitlement.

8           (10) "Good faith," for purposes of the obligation of  
9           good faith in the performance or enforcement of contracts  
10          or duties within this Article, means honesty in fact and  
11          the observance of reasonable commercial standards of fair  
12          dealing.

13          (11) "Indorsement" means a signature that alone or  
14          accompanied by other words is made on a security  
15          certificate in registered form or on a separate document  
16          for the purpose of assigning, transferring, or redeeming  
17          the security or granting a power to assign, transfer, or  
18          redeem it.

19          (12) "Instruction" means a notification communicated  
20          to the issuer of an uncertificated security which directs  
21          that the transfer of the security be registered or that  
22          the security be redeemed.

23          (13) "Registered form," as applied to a certificated  
24          security, means a form in which:

25                  (i) the security certificate specifies a person  
26                  entitled to the security; and

1           (ii) a transfer of the security may be registered  
2           upon books maintained for that purpose by or on behalf  
3           of the issuer, or the security certificate so states.

4           (14) "Securities intermediary" means:

5           (i) a clearing corporation; or

6           (ii) a person, including a bank or broker, that in  
7           the ordinary course of its business maintains  
8           securities accounts for others and is acting in that  
9           capacity.

10          (15) "Security," except as otherwise provided in  
11          Section 8-103, means an obligation of an issuer or a  
12          share, participation, or other interest in an issuer or in  
13          property or an enterprise of an issuer:

14          (i) which is represented by a security certificate  
15          in bearer or registered form, or the transfer of which  
16          may be registered upon books maintained for that  
17          purpose by or on behalf of the issuer;

18          (ii) which is one of a class or series or by its  
19          terms is divisible into a class or series of shares,  
20          participations, interests, or obligations; and

21          (iii) which:

22                  (A) is, or is of a type, dealt in or traded on  
23                  securities exchanges or securities markets; or

24                  (B) is a medium for investment and by its  
25                  terms expressly provides that it is a security  
26                  governed by this Article.

1           (16) "Security certificate" means a certificate  
2 representing a security.

3           (17) "Security entitlement" means the rights and  
4 property interest of an entitlement holder with respect to  
5 a financial asset specified in Part 5.

6           (18) "Uncertificated security" means a security that  
7 is not represented by a certificate.

8           (b) The following ~~Other~~ definitions in ~~applying to~~ this  
9 Article and other Articles apply to this Article ~~the Sections~~  
10 ~~in which they appear are:~~

11	Appropriate person	Section 8-107
12	Control	Section 8-106
13	<u>Controllable account</u>	<u>Section 9-102</u>
14	<u>Controllable electronic</u>	
15	<u>record</u>	<u>Section 12-102</u>
16	<u>Controllable payment</u>	
17	<u>intangible</u>	<u>Section 9-102</u>
18	Delivery	Section 8-301
19	Investment company security	Section 8-103
20	Issuer	Section 8-201
21	Overissue	Section 8-210
22	Protected purchaser	Section 8-303
23	Securities account	Section 8-501

24           (c) In addition, Article 1 contains general definitions

1 and principles of construction and interpretation applicable  
2 throughout this Article.

3 (d) The characterization of a person, business, or  
4 transaction for purposes of this Article does not determine  
5 the characterization of the person, business, or transaction  
6 for purposes of any other law, regulation, or rule.

7 (Source: P.A. 89-364, eff. 1-1-96.)

8 (810 ILCS 5/8-103) (from Ch. 26, par. 8-103)

9 Sec. 8-103. Rules for determining whether certain  
10 obligations and interests are securities or financial assets.

11 (a) A share or similar equity interest issued by a  
12 corporation, business trust, joint stock company, or similar  
13 entity is a security.

14 (b) An "investment company security" is a security.  
15 "Investment company security" means a share or similar equity  
16 interest issued by an entity that is registered as an  
17 investment company under the federal investment company laws,  
18 an interest in a unit investment trust that is so registered,  
19 or a face-amount certificate issued by a face-amount  
20 certificate company that is so registered. Investment company  
21 security does not include an insurance policy or endowment  
22 policy or annuity contract issued by an insurance company.

23 (c) An interest in a partnership or limited liability  
24 company is not a security unless it is dealt in or traded on  
25 securities exchanges or in securities markets, its terms

1 expressly provide that it is a security governed by this  
2 Article, or it is an investment company security. However, an  
3 interest in a partnership or limited liability company is a  
4 financial asset if it is held in a securities account.

5 (d) A writing that is a security certificate is governed  
6 by this Article and not by Article 3, even though it also meets  
7 the requirements of that Article. However, a negotiable  
8 instrument governed by Article 3 is a financial asset if it is  
9 held in a securities account.

10 (e) An option or similar obligation issued by a clearing  
11 corporation to its participants is not a security, but is a  
12 financial asset.

13 (f) A commodity contract, as defined in Section  
14 9-102(a)(15), is not a security or a financial asset.

15 (g) A document of title is not a financial asset unless  
16 Section 8-102(a)(9)(iii) applies.

17 (h) A controllable account, controllable electronic  
18 record, or controllable payment intangible is not a financial  
19 asset unless Section 8-102(a)(9)(iii) applies.

20 (Source: P.A. 95-895, eff. 1-1-09.)

21 (810 ILCS 5/8-106) (from Ch. 26, par. 8-106)

22 Sec. 8-106. Control.

23 (a) A purchaser has "control" of a certificated security  
24 in bearer form if the certificated security is delivered to  
25 the purchaser.

1 (b) A purchaser has "control" of a certificated security  
2 in registered form if the certificated security is delivered  
3 to the purchaser, and:

4 (1) the certificate is indorsed to the purchaser or in  
5 blank by an effective indorsement; or

6 (2) the certificate is registered in the name of the  
7 purchaser, upon original issue or registration of transfer  
8 by the issuer.

9 (c) A purchaser has "control" of an uncertificated  
10 security if:

11 (1) the uncertificated security is delivered to the  
12 purchaser; or

13 (2) the issuer has agreed that it will comply with  
14 instructions originated by the purchaser without further  
15 consent by the registered owner.

16 (d) A purchaser has "control" of a security entitlement  
17 if:

18 (1) the purchaser becomes the entitlement holder;

19 (2) the securities intermediary has agreed that it  
20 will comply with entitlement orders originated by the  
21 purchaser without further consent by the entitlement  
22 holder; or

23 (3) another person, other than the transferor to the  
24 purchaser of an interest in the security entitlement: ~~has~~  
25 ~~control of the security entitlement on behalf of the~~  
26 ~~purchaser or, having previously acquired control of the~~



1 ~~security entitlement, acknowledges that it has control on~~  
2 ~~behalf of the purchaser.~~

3 (A) has control of the security entitlement and  
4 acknowledges that it has control on behalf of the  
5 purchaser; or

6 (B) obtains control of the security entitlement  
7 after having acknowledged that it will obtain control  
8 of the security entitlement on behalf of the  
9 purchaser.

10 (e) If an interest in a security entitlement is granted by  
11 the entitlement holder to the entitlement holder's own  
12 securities intermediary, the securities intermediary has  
13 control.

14 (f) A purchaser who has satisfied the requirements of  
15 subsection (c) or (d) has control even if the registered owner  
16 in the case of subsection (c) or the entitlement holder in the  
17 case of subsection (d) retains the right to make substitutions  
18 for the uncertificated security or security entitlement, to  
19 originate instructions or entitlement orders to the issuer or  
20 securities intermediary, or otherwise to deal with the  
21 uncertificated security or security entitlement.

22 (g) An issuer or a securities intermediary may not enter  
23 into an agreement of the kind described in subsection (c)(2)  
24 or (d)(2) without the consent of the registered owner or  
25 entitlement holder, but an issuer or a securities intermediary  
26 is not required to enter into such an agreement even though the

1 registered owner or entitlement holder so directs. An issuer  
2 or securities intermediary that has entered into such an  
3 agreement is not required to confirm the existence of the  
4 agreement to another party unless requested to do so by the  
5 registered owner or entitlement holder.

6 (h) A person that has control under this Section is not  
7 required to acknowledge that it has control on behalf of a  
8 purchaser.

9 (i) If a person acknowledges that it has or will obtain  
10 control on behalf of a purchaser, unless the person otherwise  
11 agrees or law other than this Article or Article 9 otherwise  
12 provides, the person does not owe any duty to the purchaser and  
13 is not required to confirm the acknowledgment to any other  
14 person.

15 (Source: P.A. 95-331, eff. 8-21-07.)

16 (810 ILCS 5/8-110)

17 Sec. 8-110. Applicability; choice of law.

18 (a) The local law of the issuer's jurisdiction, as  
19 specified in subsection (d), governs:

20 (1) the validity of a security;

21 (2) the rights and duties of the issuer with respect  
22 to registration of transfer;

23 (3) the effectiveness of registration of transfer by  
24 the issuer;

25 (4) whether the issuer owes any duties to an adverse

1 claimant to a security; and

2 (5) whether an adverse claim can be asserted against a  
3 person to whom transfer of a certificated or  
4 uncertificated security is registered or a person who  
5 obtains control of an uncertificated security.

6 (b) The local law of the securities intermediary's  
7 jurisdiction, as specified in subsection (e), governs:

8 (1) acquisition of a security entitlement from the  
9 securities intermediary;

10 (2) the rights and duties of the securities  
11 intermediary and entitlement holder arising out of a  
12 security entitlement;

13 (3) whether the securities intermediary owes any  
14 duties to an adverse claimant to a security entitlement;  
15 and

16 (4) whether an adverse claim can be asserted against a  
17 person who acquires a security entitlement from the  
18 securities intermediary or a person who purchases a  
19 security entitlement or interest therein from an  
20 entitlement holder.

21 (c) The local law of the jurisdiction in which a security  
22 certificate is located at the time of delivery governs whether  
23 an adverse claim can be asserted against a person to whom the  
24 security certificate is delivered.

25 (d) "Issuer's jurisdiction" means the jurisdiction under  
26 which the issuer of the security is organized or, if permitted

1 by the law of that jurisdiction, the law of another  
2 jurisdiction specified by the issuer. An issuer organized  
3 under the law of this State may specify the law of another  
4 jurisdiction as the law governing the matters specified in  
5 subsection (a) (2) through (5).

6 (e) The following rules determine a "securities  
7 intermediary's jurisdiction" for purposes of this Section:

8 (1) If an agreement between the securities  
9 intermediary and its entitlement holder governing the  
10 securities account expressly provides that a particular  
11 jurisdiction is the securities intermediary's jurisdiction  
12 for purposes of this Part, this Article, or this Act, that  
13 jurisdiction is the securities intermediary's  
14 jurisdiction.

15 (2) If paragraph (1) does not apply and an agreement  
16 between the securities intermediary and its entitlement  
17 holder governing the securities account expressly provides  
18 that the agreement is governed by the law of a particular  
19 jurisdiction, that jurisdiction is the securities  
20 intermediary's jurisdiction.

21 (3) If neither paragraph (1) nor paragraph (2) applies  
22 and an agreement between the securities intermediary and  
23 its entitlement holder governing the securities account  
24 expressly provides that the securities account is  
25 maintained at an office in a particular jurisdiction, that  
26 jurisdiction is the securities intermediary's

1 jurisdiction.

2 (4) If none of the preceding paragraphs applies, the  
3 securities intermediary's jurisdiction is the jurisdiction  
4 in which the office identified in an account statement as  
5 the office serving the entitlement holder's account is  
6 located.

7 (5) If none of the preceding paragraphs applies, the  
8 securities intermediary's jurisdiction is the jurisdiction  
9 in which the chief executive office of the securities  
10 intermediary is located.

11 (f) A securities intermediary's jurisdiction is not  
12 determined by the physical location of certificates  
13 representing financial assets, or by the jurisdiction in which  
14 is organized the issuer of the financial asset with respect to  
15 which an entitlement holder has a security entitlement, or by  
16 the location of facilities for data processing or other record  
17 keeping concerning the account.

18 (g) The local law of the issuer's jurisdiction or the  
19 securities intermediary's jurisdiction governs a matter or  
20 transaction specified in subsection (a) or (b) even if the  
21 matter or transaction does not bear any relation to the  
22 jurisdiction.

23 (Source: P.A. 91-893, eff. 7-1-01.)

24 (810 ILCS 5/8-303) (from Ch. 26, par. 8-303)

25 Sec. 8-303. Protected purchaser.

1 (a) "Protected purchaser" means a purchaser of a  
2 certificated or uncertificated security, or of an interest  
3 therein, who:

4 (1) gives value;

5 (2) does not have notice of any adverse claim to the  
6 security; and

7 (3) obtains control of the certificated or  
8 uncertificated security.

9 ~~(b) A In addition to acquiring the rights of a purchaser, a~~  
10 protected purchaser also acquires its interest in the security  
11 free of any adverse claim.

12 (Source: P.A. 89-364, eff. 1-1-96.)

13 (810 ILCS 5/9-102) (from Ch. 26, par. 9-102)

14 Sec. 9-102. Definitions and index of definitions.

15 (a) Article 9 definitions. In this Article:

16 (1) "Accession" means goods that are physically united  
17 with other goods in such a manner that the identity of the  
18 original goods is not lost.

19 (2) "Account", except as used in "account for",  
20 "account statement", "account to", "commodity account" in  
21 paragraph (14), "customer's account", "deposit account" in  
22 paragraph (29), "on account of", and "statement of  
23 account", means a right to payment of a monetary  
24 obligation, whether or not earned by performance, (i) for  
25 property that has been or is to be sold, leased, licensed,

1 assigned, or otherwise disposed of, (ii) for services  
2 rendered or to be rendered, (iii) for a policy of  
3 insurance issued or to be issued, (iv) for a secondary  
4 obligation incurred or to be incurred, (v) for energy  
5 provided or to be provided, (vi) for the use or hire of a  
6 vessel under a charter or other contract, (vii) arising  
7 out of the use of a credit or charge card or information  
8 contained on or for use with the card, or (viii) as  
9 winnings in a lottery or other game of chance operated or  
10 sponsored by a State, governmental unit of a State, or  
11 person licensed or authorized to operate the game by a  
12 State or governmental unit of a State. The term includes  
13 controllable accounts and health-care-insurance  
14 receivables. The term does not include (i) ~~rights to~~  
15 ~~payment evidenced by chattel paper or an instrument,~~ (ii)  
16 commercial tort claims, (iii) deposit accounts, (iv)  
17 investment property, (v) letter-of-credit rights or  
18 letters of credit, ~~or~~ (vi) rights to payment for money or  
19 funds advanced or sold, other than rights arising out of  
20 the use of a credit or charge card or information  
21 contained on or for use with the card, or (vii) rights to  
22 payment evidenced by an instrument.

23 (3) "Account debtor" means a person obligated on an  
24 account, chattel paper, or general intangible. The term  
25 does not include persons obligated to pay a negotiable  
26 instrument, even if the negotiable instrument evidences

1 ~~constitutes part of~~ chattel paper.

2 (4) "Accounting", except as used in "accounting for",  
3 means a record:

4 (A) signed ~~authenticated~~ by a secured party;

5 (B) indicating the aggregate unpaid secured  
6 obligations as of a date not more than 35 days earlier  
7 or 35 days later than the date of the record; and

8 (C) identifying the components of the obligations  
9 in reasonable detail.

10 (5) "Agricultural lien" means an interest, other than  
11 a security interest, in farm products:

12 (A) which secures payment or performance of an  
13 obligation for goods or services furnished in  
14 connection with a debtor's farming operation;

15 (B) which is created by statute in favor of a  
16 person that in the ordinary course of its business  
17 furnished goods or services to a debtor in connection  
18 with a debtor's farming operation; and

19 (C) whose effectiveness does not depend on the  
20 person's possession of the personal property.

21 (6) "As-extracted collateral" means:

22 (A) oil, gas, or other minerals that are subject  
23 to a security interest that:

24 (i) is created by a debtor having an interest  
25 in the minerals before extraction; and

26 (ii) attaches to the minerals as extracted; or



1 (B) accounts arising out of the sale at the  
2 wellhead or minehead of oil, gas, or other minerals in  
3 which the debtor had an interest before extraction.

4 (7) (Reserved). ~~"Authenticate" means:~~

5 ~~(A) to sign; or~~

6 ~~(B) with present intent to adopt or accept a~~  
7 ~~record, to attach to or logically associate with the~~  
8 ~~record an electronic sound, symbol, or process.~~

9 (7A) "Assignee", except as used in "assignee for  
10 benefit of creditors", means a person (i) in whose favor a  
11 security interest that secures an obligation is created or  
12 provided for under a security agreement, whether or not  
13 the obligation is outstanding or (ii) to which an account,  
14 chattel paper, payment intangible, or promissory note has  
15 been sold. The term includes a person to which a security  
16 interest has been transferred by a secured party.

17 (7B) "Assignor" means a person that (i) under a  
18 security agreement creates or provides for a security  
19 interest that secures an obligation or (ii) sells an  
20 account, chattel paper, payment intangible, or promissory  
21 note. The term includes a secured party that has  
22 transferred a security interest to another person.

23 (8) "Bank" means an organization that is engaged in  
24 the business of banking. The term includes savings banks,  
25 savings and loan associations, credit unions, and trust  
26 companies.



1                    (ii) the predominant purpose of the  
2                    transaction giving rise to the lease was to give  
3                    the lessee the right to possession and use of the  
4                    goods.

5                    The term does not include a right to payment arising out of a  
6                    charter or other contract involving the use or hire of a  
7                    vessel or a right to payment arising out of the use of a  
8                    credit or charge card or information contained on or for  
9                    use with the card.

10                   ~~a record or records that evidence both a monetary obligation~~  
11                   ~~and a security interest in specific goods, a security~~  
12                   ~~interest in specific goods and software used in the goods,~~  
13                   ~~a security interest in specific goods and license of~~  
14                   ~~software used in the goods, a lease of specific goods, or a~~  
15                   ~~lease of specified goods and a license of software used in~~  
16                   ~~the goods. In this paragraph, "monetary obligation" means~~  
17                   ~~a monetary obligation secured by the goods or owed under a~~  
18                   ~~lease of the goods and includes a monetary obligation with~~  
19                   ~~respect to software used in the goods. The term does not~~  
20                   ~~include (i) charters or other contracts involving the use~~  
21                   ~~or hire of a vessel or (ii) records that evidence a right~~  
22                   ~~to payment arising out of the use of a credit or charge~~  
23                   ~~card or information contained on or for use with the card.~~  
24                   ~~If a transaction is evidenced by records that include an~~  
25                   ~~instrument or series of instruments, the group of records~~  
26                   ~~taken together constitutes chattel paper.~~

1           (12) "Collateral" means the property subject to a  
2 security interest or agricultural lien. The term includes:

3           (A) proceeds to which a security interest  
4 attaches;

5           (B) accounts, chattel paper, payment intangibles,  
6 and promissory notes that have been sold; and

7           (C) goods that are the subject of a consignment.

8           (13) "Commercial tort claim" means a claim arising in  
9 tort with respect to which:

10           (A) the claimant is an organization; or

11           (B) the claimant is an individual and the claim:

12           (i) arose in the course of the claimant's  
13 business or profession; and

14           (ii) does not include damages arising out of  
15 personal injury to or the death of an individual.

16           (14) "Commodity account" means an account maintained  
17 by a commodity intermediary in which a commodity contract  
18 is carried for a commodity customer.

19           (15) "Commodity contract" means a commodity futures  
20 contract, an option on a commodity futures contract, a  
21 commodity option, or another contract if the contract or  
22 option is:

23           (A) traded on or subject to the rules of a board of  
24 trade that has been designated as a contract market  
25 for such a contract pursuant to federal commodities  
26 laws; or

1 (B) traded on a foreign commodity board of trade,  
2 exchange, or market, and is carried on the books of a  
3 commodity intermediary for a commodity customer.

4 (16) "Commodity customer" means a person for which a  
5 commodity intermediary carries a commodity contract on its  
6 books.

7 (17) "Commodity intermediary" means a person that:

8 (A) is registered as a futures commission merchant  
9 under federal commodities law; or

10 (B) in the ordinary course of its business  
11 provides clearance or settlement services for a board  
12 of trade that has been designated as a contract market  
13 pursuant to federal commodities law.

14 (18) "Communicate" means:

15 (A) to send a written or other tangible record;

16 (B) to transmit a record by any means agreed upon  
17 by the persons sending and receiving the record; or

18 (C) in the case of transmission of a record to or  
19 by a filing office, to transmit a record by any means  
20 prescribed by filing-office rule.

21 (19) "Consignee" means a merchant to which goods are  
22 delivered in a consignment.

23 (20) "Consignment" means a transaction, regardless of  
24 its form, in which a person delivers goods to a merchant  
25 for the purpose of sale and:

26 (A) the merchant:

1 (i) deals in goods of that kind under a name  
2 other than the name of the person making delivery;

3 (ii) is not an auctioneer; and

4 (iii) is not generally known by its creditors  
5 to be substantially engaged in selling the goods  
6 of others;

7 (B) with respect to each delivery, the aggregate  
8 value of the goods is \$1,000 or more at the time of  
9 delivery;

10 (C) the goods are not consumer goods immediately  
11 before delivery; and

12 (D) the transaction does not create a security  
13 interest that secures an obligation.

14 (21) "Consignor" means a person that delivers goods to  
15 a consignee in a consignment.

16 (22) "Consumer debtor" means a debtor in a consumer  
17 transaction.

18 (23) "Consumer goods" means goods that are used or  
19 bought for use primarily for personal, family, or  
20 household purposes.

21 (24) "Consumer-goods transaction" means a consumer  
22 transaction in which:

23 (A) an individual incurs an obligation primarily  
24 for personal, family, or household purposes; and

25 (B) a security interest in consumer goods secures  
26 the obligation.

1           (25) "Consumer obligor" means an obligor who is an  
2 individual and who incurred the obligation as part of a  
3 transaction entered into primarily for personal, family,  
4 or household purposes.

5           (26) "Consumer transaction" means a transaction in  
6 which (i) an individual incurs an obligation primarily for  
7 personal, family, or household purposes, (ii) a security  
8 interest secures the obligation, and (iii) the collateral  
9 is held or acquired primarily for personal, family, or  
10 household purposes. The term includes consumer-goods  
11 transactions.

12           (27) "Continuation statement" means an amendment of a  
13 financing statement which:

14                 (A) identifies, by its file number, the initial  
15 financing statement to which it relates; and

16                 (B) indicates that it is a continuation statement  
17 for, or that it is filed to continue the effectiveness  
18 of, the identified financing statement.

19           (27A) "Controllable account" means an account  
20 evidenced by a controllable electronic record that  
21 provides that the account debtor undertakes to pay the  
22 person that has control under Section 12-105 of the  
23 controllable electronic record.

24           (27B) "Controllable payment intangible" means a  
25 payment intangible evidenced by a controllable electronic  
26 record that provides that the account debtor undertakes to

1 pay the person that has control under Section 12-105 of  
2 the controllable electronic record.

3 (28) "Debtor" means:

4 (A) a person having an interest, other than a  
5 security interest or other lien, in the collateral,  
6 whether or not the person is an obligor;

7 (B) a seller of accounts, chattel paper, payment  
8 intangibles, or promissory notes; or

9 (C) a consignee.

10 (29) "Deposit account" means a demand, time, savings,  
11 passbook, nonnegotiable certificates of deposit,  
12 uncertificated certificates of deposit, nontransferable  
13 ~~nontransferable~~ certificates of deposit, or similar  
14 account maintained with a bank. The term does not include  
15 investment property or accounts evidenced by an  
16 instrument.

17 (30) "Document" means a document of title or a receipt  
18 of the type described in Section 7-201(b).

19 (31) (Reserved). ~~"Electronic chattel paper" means~~  
20 ~~chattel paper evidenced by a record or records consisting~~  
21 ~~of information stored in an electronic medium.~~

22 (31A) "Electronic money" means money in an electronic  
23 form.

24 (32) "Encumbrance" means a right, other than an  
25 ownership interest, in real property. The term includes  
26 mortgages and other liens on real property.



1           (33) "Equipment" means goods other than inventory,  
2 farm products, or consumer goods.

3           (34) "Farm products" means goods, other than standing  
4 timber, with respect to which the debtor is engaged in a  
5 farming operation and which are:

6           (A) crops grown, growing, or to be grown,  
7 including:

8           (i) crops produced on trees, vines, and  
9 bushes; and

10           (ii) aquatic goods produced in aquacultural  
11 operations;

12           (B) livestock, born or unborn, including aquatic  
13 goods produced in aquacultural operations;

14           (C) supplies used or produced in a farming  
15 operation; or

16           (D) products of crops or livestock in their  
17 unmanufactured states.

18           (35) "Farming operation" means raising, cultivating,  
19 propagating, fattening, grazing, or any other farming,  
20 livestock, or aquacultural operation.

21           (36) "File number" means the number assigned to an  
22 initial financing statement pursuant to Section 9-519(a).

23           (37) "Filing office" means an office designated in  
24 Section 9-501 as the place to file a financing statement.

25           (38) "Filing-office rule" means a rule adopted  
26 pursuant to Section 9-526.

1           (39) "Financing statement" means a record or records  
2 composed of an initial financing statement and any filed  
3 record relating to the initial financing statement.

4           (40) "Fixture filing" means the filing of a financing  
5 statement covering goods that are or are to become  
6 fixtures and satisfying Section 9-502(a) and (b). The term  
7 includes the filing of a financing statement covering  
8 goods of a transmitting utility which are or are to become  
9 fixtures.

10          (41) "Fixtures" means goods that have become so  
11 related to particular real property that an interest in  
12 them arises under real property law.

13          (42) "General intangible" means any personal property,  
14 including things in action, other than accounts, chattel  
15 paper, commercial tort claims, deposit accounts,  
16 documents, goods, instruments, investment property,  
17 letter-of-credit rights, letters of credit, money, and  
18 oil, gas, or other minerals before extraction. The term  
19 includes controllable electronic records, payment  
20 intangibles, and software.

21          (43) "Good faith" means honesty in fact and the  
22 observance of reasonable commercial standards of fair  
23 dealing.

24          (44) "Goods" means all things that are movable when a  
25 security interest attaches. The term includes (i)  
26 fixtures, (ii) standing timber that is to be cut and

1 removed under a conveyance or contract for sale, (iii) the  
2 unborn young of animals, (iv) crops grown, growing, or to  
3 be grown, even if the crops are produced on trees, vines,  
4 or bushes, and (v) manufactured homes. The term also  
5 includes a computer program embedded in goods and any  
6 supporting information provided in connection with a  
7 transaction relating to the program if (i) the program is  
8 associated with the goods in such a manner that it  
9 customarily is considered part of the goods, or (ii) by  
10 becoming the owner of the goods, a person acquires a right  
11 to use the program in connection with the goods. The term  
12 does not include a computer program embedded in goods that  
13 consist solely of the medium in which the program is  
14 embedded. The term also does not include accounts, chattel  
15 paper, commercial tort claims, deposit accounts,  
16 documents, general intangibles, instruments, investment  
17 property, letter-of-credit rights, letters of credit,  
18 money, or oil, gas, or other minerals before extraction.

19 (45) "Governmental unit" means a subdivision, agency,  
20 department, county, parish, municipality, or other unit of  
21 the government of the United States, a State, or a foreign  
22 country. The term includes an organization having a  
23 separate corporate existence if the organization is  
24 eligible to issue debt on which interest is exempt from  
25 income taxation under the laws of the United States.

26 (46) "Health-care-insurance receivable" means an

1 interest in or claim under a policy of insurance which is a  
2 right to payment of a monetary obligation for health-care  
3 goods or services provided.

4 (47) "Instrument" means a negotiable instrument or any  
5 other writing that evidences a right to the payment of a  
6 monetary obligation, is not itself a security agreement or  
7 lease, and is of a type that in ordinary course of business  
8 is transferred by delivery with any necessary indorsement  
9 or assignment. The term does not include (i) investment  
10 property, (ii) letters of credit, (iii) nonnegotiable  
11 certificates of deposit, (iv) uncertificated certificates  
12 of deposit, (v) nontransferable ~~nontransferrable~~  
13 certificates of deposit, ~~or~~ (vi) writings that evidence a  
14 right to payment arising out of the use of a credit or  
15 charge card or information contained on or for use with  
16 the card, or (vii) writings that evidence chattel paper.

17 (48) "Inventory" means goods, other than farm  
18 products, which:

19 (A) are leased by a person as lessor;

20 (B) are held by a person for sale or lease or to be  
21 furnished under a contract of service;

22 (C) are furnished by a person under a contract of  
23 service; or

24 (D) consist of raw materials, work in process, or  
25 materials used or consumed in a business.

26 (49) "Investment property" means a security, whether

1           certificated or uncertificated, security entitlement,  
2           securities account, commodity contract, or commodity  
3           account.

4           (50) "Jurisdiction of organization", with respect to a  
5           registered organization, means the jurisdiction under  
6           whose law the organization is formed or organized.

7           (51) "Letter-of-credit right" means a right to payment  
8           or performance under a letter of credit, whether or not  
9           the beneficiary has demanded or is at the time entitled to  
10          demand payment or performance. The term does not include  
11          the right of a beneficiary to demand payment or  
12          performance under a letter of credit.

13          (52) "Lien creditor" means:

14                (A) a creditor that has acquired a lien on the  
15                property involved by attachment, levy, or the like;

16                (B) an assignee for benefit of creditors from the  
17                time of assignment;

18                (C) a trustee in bankruptcy from the date of the  
19                filing of the petition; or

20                (D) a receiver in equity from the time of  
21                appointment.

22          (53) "Manufactured home" means a structure,  
23          transportable in one or more sections, which, in the  
24          traveling mode, is eight body feet or more in width or 40  
25          body feet or more in length, or, when erected on site, is  
26          320 or more square feet, and which is built on a permanent

1 chassis and designed to be used as a dwelling with or  
2 without a permanent foundation when connected to the  
3 required utilities, and includes the plumbing, heating,  
4 air-conditioning, and electrical systems contained  
5 therein. The term includes any structure that meets all of  
6 the requirements of this paragraph except the size  
7 requirements and with respect to which the manufacturer  
8 voluntarily files a certification required by the United  
9 States Secretary of Housing and Urban Development and  
10 complies with the standards established under Title 42 of  
11 the United States Code. The term "manufactured home" does  
12 not include campers and recreational vehicles.

13 (54) "Manufactured-home transaction" means a secured  
14 transaction:

15 (A) that creates a purchase-money security  
16 interest in a manufactured home, other than a  
17 manufactured home held as inventory; or

18 (B) in which a manufactured home, other than a  
19 manufactured home held as inventory, is the primary  
20 collateral.

21 (54A) "Money" has the meaning in Section 1-201(b) (24),  
22 but does not include (i) a deposit account or (ii) money in  
23 an electronic form that cannot be subjected to control  
24 under Section 9-105A.

25 (55) "Mortgage" means a consensual interest in real  
26 property, including fixtures, which secures payment or

1 performance of an obligation.

2 (56) "New debtor" means a person that becomes bound as  
3 debtor under Section 9-203(d) by a security agreement  
4 previously entered into by another person.

5 (57) "New value" means (i) money, (ii) money's worth  
6 in property, services, or new credit, or (iii) release by  
7 a transferee of an interest in property previously  
8 transferred to the transferee. The term does not include  
9 an obligation substituted for another obligation.

10 (58) "Noncash proceeds" means proceeds other than cash  
11 proceeds.

12 (59) "Obligor" means a person that, with respect to an  
13 obligation secured by a security interest in or an  
14 agricultural lien on the collateral, (i) owes payment or  
15 other performance of the obligation, (ii) has provided  
16 property other than the collateral to secure payment or  
17 other performance of the obligation, or (iii) is otherwise  
18 accountable in whole or in part for payment or other  
19 performance of the obligation. The term does not include  
20 issuers or nominated persons under a letter of credit.

21 (60) "Original debtor", except as used in Section  
22 9-310(c), means a person that, as debtor, entered into a  
23 security agreement to which a new debtor has become bound  
24 under Section 9-203(d).

25 (61) "Payment intangible" means a general intangible  
26 under which the account debtor's principal obligation is a

1 monetary obligation. The term includes a controllable  
2 payment intangible.

3 (62) "Person related to", with respect to an  
4 individual, means:

5 (A) the spouse of the individual;

6 (B) a brother, brother-in-law, sister, or  
7 sister-in-law of the individual;

8 (C) an ancestor or lineal descendant of the  
9 individual or the individual's spouse; or

10 (D) any other relative, by blood or marriage, of  
11 the individual or the individual's spouse who shares  
12 the same home with the individual.

13 (63) "Person related to", with respect to an  
14 organization, means:

15 (A) a person directly or indirectly controlling,  
16 controlled by, or under common control with the  
17 organization;

18 (B) an officer or director of, or a person  
19 performing similar functions with respect to, the  
20 organization;

21 (C) an officer or director of, or a person  
22 performing similar functions with respect to, a person  
23 described in subparagraph (A);

24 (D) the spouse of an individual described in  
25 subparagraph (A), (B), or (C); or

26 (E) an individual who is related by blood or



1 marriage to an individual described in subparagraph  
2 (A), (B), (C), or (D) and shares the same home with the  
3 individual.

4 (64) "Proceeds", except as used in Section 9-609(b),  
5 means the following property:

6 (A) whatever is acquired upon the sale, lease,  
7 license, exchange, or other disposition of collateral;

8 (B) whatever is collected on, or distributed on  
9 account of, collateral;

10 (C) rights arising out of collateral;

11 (D) to the extent of the value of collateral,  
12 claims arising out of the loss, nonconformity, or  
13 interference with the use of, defects or infringement  
14 of rights in, or damage to, the collateral; or

15 (E) to the extent of the value of collateral and to  
16 the extent payable to the debtor or the secured party,  
17 insurance payable by reason of the loss or  
18 nonconformity of, defects or infringement of rights  
19 in, or damage to, the collateral.

20 (65) "Promissory note" means an instrument that  
21 evidences a promise to pay a monetary obligation, does not  
22 evidence an order to pay, and does not contain an  
23 acknowledgment by a bank that the bank has received for  
24 deposit a sum of money or funds.

25 (66) "Proposal" means a record signed ~~authenticated~~ by  
26 a secured party which includes the terms on which the

1 secured party is willing to accept collateral in full or  
2 partial satisfaction of the obligation it secures pursuant  
3 to Sections 9-620, 9-621, and 9-622.

4 (67) "Public-finance transaction" means a secured  
5 transaction in connection with which:

6 (A) debt securities are issued;

7 (B) all or a portion of the securities issued have  
8 an initial stated maturity of at least 20 years; and

9 (C) the debtor, obligor, secured party, account  
10 debtor or other person obligated on collateral,  
11 assignor or assignee of a secured obligation, or  
12 assignor or assignee of a security interest is a State  
13 or a governmental unit of a State.

14 (68) "Public organic record" means a record that is  
15 available to the public for inspection and is:

16 (A) a record consisting of the record initially  
17 filed with or issued by a State or the United States to  
18 form or organize an organization and any record filed  
19 with or issued by the State or the United States which  
20 amends or restates the initial record;

21 (B) an organic record of a business trust  
22 consisting of the record initially filed with a State  
23 and any record filed with the State which amends or  
24 restates the initial record, if a statute of the State  
25 governing business trusts requires that the record be  
26 filed with the State; or

1           (C) a record consisting of legislation enacted by  
2           the legislature of a State or the Congress of the  
3           United States which forms or organizes an  
4           organization, any record amending the legislation, and  
5           any record filed with or issued by the State or the  
6           United States which amends or restates the name of the  
7           organization.

8           (69) "Pursuant to commitment", with respect to an  
9           advance made or other value given by a secured party,  
10          means pursuant to the secured party's obligation, whether  
11          or not a subsequent event of default or other event not  
12          within the secured party's control has relieved or may  
13          relieve the secured party from its obligation.

14          (70) "Record", except as used in "for record", "of  
15          record", "record or legal title", and "record owner",  
16          means information that is inscribed on a tangible medium  
17          or which is stored in an electronic or other medium and is  
18          retrievable in perceivable form.

19          (71) "Registered organization" means an organization  
20          formed or organized solely under the law of a single State  
21          or the United States by the filing of a public organic  
22          record with, the issuance of a public organic record by,  
23          or the enactment of legislation by the State or the United  
24          States. The term includes a business trust that is formed  
25          or organized under the law of a single State if a statute  
26          of the State governing business trusts requires that the

1 business trust's organic record be filed with the State.

2 (72) "Secondary obligor" means an obligor to the  
3 extent that:

4 (A) the obligor's obligation is secondary; or

5 (B) the obligor has a right of recourse with  
6 respect to an obligation secured by collateral against  
7 the debtor, another obligor, or property of either.

8 (73) "Secured party" means:

9 (A) a person in whose favor a security interest is  
10 created or provided for under a security agreement,  
11 whether or not any obligation to be secured is  
12 outstanding;

13 (B) a person that holds an agricultural lien;

14 (C) a consignor;

15 (D) a person to which accounts, chattel paper,  
16 payment intangibles, or promissory notes have been  
17 sold;

18 (E) a trustee, indenture trustee, agent,  
19 collateral agent, or other representative in whose  
20 favor a security interest or agricultural lien is  
21 created or provided for; or

22 (F) a person that holds a security interest  
23 arising under Section 2-401, 2-505, 2-711(3),  
24 2A-508(5), 4-210, or 5-118.

25 (74) "Security agreement" means an agreement that  
26 creates or provides for a security interest.

1           (75) (Reserved). ~~"Send", in connection with a record~~  
2 ~~or notification, means:~~

3           ~~(A) to deposit in the mail, deliver for~~  
4 ~~transmission, or transmit by any other usual means of~~  
5 ~~communication, with postage or cost of transmission~~  
6 ~~provided for, addressed to any address reasonable~~  
7 ~~under the circumstances; or~~

8           ~~(B) to cause the record or notification to be~~  
9 ~~received within the time that it would have been~~  
10 ~~received if properly sent under subparagraph (A).~~

11           (76) "Software" means a computer program and any  
12 supporting information provided in connection with a  
13 transaction relating to the program. The term does not  
14 include a computer program that is included in the  
15 definition of goods.

16           (77) "State" means a State of the United States, the  
17 District of Columbia, Puerto Rico, the United States  
18 Virgin Islands, or any territory or insular possession  
19 subject to the jurisdiction of the United States.

20           (78) "Supporting obligation" means a letter-of-credit  
21 right or secondary obligation that supports the payment or  
22 performance of an account, chattel paper, a document, a  
23 general intangible, an instrument, or investment property.

24           (79) (Reserved). ~~"Tangible chattel paper" means~~  
25 ~~chattel paper evidenced by a record or records consisting~~  
26 ~~of information that is inscribed on a tangible medium.~~

1           (79A) "Tangible money" means money in a tangible form.

2           (80) "Termination statement" means an amendment of a  
3 financing statement which:

4           (A) identifies, by its file number, the initial  
5 financing statement to which it relates; and

6           (B) indicates either that it is a termination  
7 statement or that the identified financing statement  
8 is no longer effective.

9           (81) "Transmitting utility" means a person primarily  
10 engaged in the business of:

11           (A) operating a railroad, subway, street railway,  
12 or trolley bus;

13           (B) transmitting communications electrically,  
14 electromagnetically, or by light;

15           (C) transmitting goods by pipeline or sewer; or

16           (D) transmitting or producing and transmitting  
17 electricity, steam, gas, or water.

18           (b) Definitions in other Articles. "Control" as provided  
19 in Section 7-106 and the following definitions in other  
20 Articles apply to this Article:

21           "Applicant". Section 5-102.

22           "Beneficiary". Section 5-102.

23           "Broker". Section 8-102.

24           "Certificated security". Section 8-102.

25           "Check". Section 3-104.

26           "Clearing corporation". Section 8-102.

1 "Contract for sale". Section 2-106.  
2 "Controllable electronic record". Section 12-102.  
3 "Customer". Section 4-104.  
4 "Entitlement holder". Section 8-102.  
5 "Financial asset". Section 8-102.  
6 "Holder in due course". Section 3-302.  
7 "Issuer" (with respect to a letter of credit or  
8 letter-of-credit right). Section 5-102.  
9 "Issuer" (with respect to a security). Section 8-201.  
10 "Issuer" (with respect to documents of title). Section  
11 7-102.  
12 "Lease". Section 2A-103.  
13 "Lease agreement". Section 2A-103.  
14 "Lease contract". Section 2A-103.  
15 "Leasehold interest". Section 2A-103.  
16 "Lessee". Section 2A-103.  
17 "Lessee in ordinary course of business". Section 2A-103.  
18 "Lessor". Section 2A-103.  
19 "Lessor's residual interest". Section 2A-103.  
20 "Letter of credit". Section 5-102.  
21 "Merchant". Section 2-104.  
22 "Negotiable instrument". Section 3-104.  
23 "Nominated person". Section 5-102.  
24 "Note". Section 3-104.  
25 "Proceeds of a letter of credit". Section 5-114.  
26 "Protected purchaser". Section 8-303.

1 "Prove". Section 3-103.

2 "Qualifying purchaser". Section 12-102.

3 "Sale". Section 2-106.

4 "Securities account". Section 8-501.

5 "Securities intermediary". Section 8-102.

6 "Security". Section 8-102.

7 "Security certificate". Section 8-102.

8 "Security entitlement". Section 8-102.

9 "Uncertificated security". Section 8-102.

10 (c) Article 1 definitions and principles. Article 1  
11 contains general definitions and principles of construction  
12 and interpretation applicable throughout this Article.

13 (Source: P.A. 97-1034, eff. 7-1-13; 98-749, eff. 7-16-14.)

14 (810 ILCS 5/9-104) (from Ch. 26, par. 9-104)

15 Sec. 9-104. Control of deposit account.

16 (a) Requirements for control. A secured party has control  
17 of a deposit account if:

18 (1) the secured party is the bank with which the  
19 deposit account is maintained;

20 (2) the debtor, secured party, and bank have agreed in  
21 a signed ~~an authenticated~~ record that the bank will comply  
22 with instructions originated by the secured party  
23 directing disposition of the funds in the deposit account  
24 without further consent by the debtor; ~~or~~

25 (3) the secured party becomes the bank's customer with



1 respect to the deposit account; ~~or~~

2 (4) another person, other than the debtor:

3 (A) has control of the deposit account and  
4 acknowledges that it has control on behalf of the  
5 secured party; or

6 (B) obtains control of the deposit account after  
7 having acknowledged that it will obtain control of the  
8 deposit account on behalf of the secured party.

9 (b) Debtor's right to direct disposition. A secured party  
10 that has satisfied subsection (a) has control, even if the  
11 debtor retains the right to direct the disposition of funds  
12 from the deposit account.

13 (Source: P.A. 91-893, eff. 7-1-01.)

14 (810 ILCS 5/9-105) (from Ch. 26, par. 9-105)

15 Sec. 9-105. Control of electronic copy of record  
16 evidencing chattel paper.

17 (a) General rule: control of electronic copy of record  
18 evidencing chattel paper. A purchaser has control of an  
19 authoritative electronic copy of a record evidencing chattel  
20 paper if a system employed for evidencing the assignment of  
21 interests in the chattel paper reliably establishes the  
22 purchaser as the person to which the authoritative electronic  
23 copy was assigned.

24 (b) Single authoritative copy. A system satisfies  
25 subsection (a) if the record or records evidencing the chattel

1 paper are created, stored, and assigned in a manner that:

2 (1) a single authoritative copy of the record or  
3 records exists which is unique, identifiable, and, except  
4 as otherwise provided in paragraphs (4), (5), and (6),  
5 unalterable;

6 (2) the authoritative copy identifies the purchaser as  
7 the assignee of the record or records;

8 (3) the authoritative copy is communicated to and  
9 maintained by the purchaser or its designated custodian;

10 (4) copies or amendments that add or change an  
11 identified assignee of the authoritative copy can be made  
12 only with the consent of the purchaser;

13 (5) each copy of the authoritative copy and any copy  
14 of a copy is readily identifiable as a copy that is not the  
15 authoritative copy; and

16 (6) any amendment of the authoritative copy is readily  
17 identifiable as authorized or unauthorized.

18 (c) One or more authoritative copies. A system satisfies  
19 subsection (a), and a purchaser has control of an  
20 authoritative electronic copy of a record evidencing chattel  
21 paper, if the electronic copy, a record attached to or  
22 logically associated with the electronic copy, or a system in  
23 which the electronic copy is recorded:

24 (1) enables the purchaser readily to identify each  
25 electronic copy as either an authoritative copy or a  
26 nonauthoritative copy;

1           (2) enables the purchaser readily to identify itself  
2           in any way, including by name, identifying number,  
3           cryptographic key, office, or account number, as the  
4           assignee of the authoritative electronic copy; and

5           (3) gives the purchaser exclusive power, subject to  
6           subsection (d), to:

7                   (A) prevent others from adding or changing an  
8                   identified assignee of the authoritative electronic  
9                   copy; and

10                   (B) transfer control of the authoritative  
11                   electronic copy.

12           (d) Meaning of exclusive. Subject to subsection (e), a  
13           power is exclusive under subsection (c) (3) (A) and (B) even if:

14                   (1) the authoritative electronic copy, a record  
15                   attached to or logically associated with the authoritative  
16                   electronic copy, or a system in which the authoritative  
17                   electronic copy is recorded limits the use of the  
18                   authoritative electronic copy or has a protocol programmed  
19                   to cause a change, including a transfer or loss of  
20                   control; or

21                   (2) the power is shared with another person.

22           (e) When power not shared with another person. A power of a  
23           purchaser is not shared with another person under subsection  
24           (d) (2) and the purchaser's power is not exclusive if:

25                   (1) the purchaser can exercise the power only if the  
26                   power also is exercised by the other person; and

1           (2) the other person:

2                   (A) can exercise the power without exercise of the  
3                   power by the purchaser; or

4                   (B) is the transferor to the purchaser of an  
5                   interest in the chattel paper.

6           (f) Presumption of exclusivity of certain powers. If a  
7           purchaser has the powers specified in subsection (c) (3) (A) and  
8           (B), the powers are presumed to be exclusive.

9           (g) Obtaining control through another person. A purchaser  
10           has control of an authoritative electronic copy of a record  
11           evidencing chattel paper if another person, other than the  
12           transferor to the purchaser of an interest in the chattel  
13           paper:

14                   (1) has control of the authoritative electronic copy  
15                   and acknowledges that it has control on behalf of the  
16                   purchaser; or

17                   (2) obtains control of the authoritative electronic  
18                   copy after having acknowledged that it will obtain control  
19                   of the electronic copy on behalf of the purchaser.

20           ~~(a) General rule: Control of electronic chattel paper. A~~  
21           ~~secured party has control of electronic chattel paper if a~~  
22           ~~system employed for evidencing the transfer of interests in~~  
23           ~~the chattel paper reliably establishes the secured party as~~  
24           ~~the person to which the chattel paper was assigned.~~

25           ~~(b) Specific facts giving control. A system satisfies~~  
26           ~~subsection (a) if the record or records comprising the chattel~~

1 ~~paper are created, stored, and assigned in such a manner that:~~

2 ~~(1) a single authoritative copy of the record or~~  
3 ~~records exists which is unique, identifiable and, except~~  
4 ~~as otherwise provided in paragraphs (4), (5), and (6),~~  
5 ~~unalterable;~~

6 ~~(2) the authoritative copy identifies the secured~~  
7 ~~party as the assignee of the record or records;~~

8 ~~(3) the authoritative copy is communicated to and~~  
9 ~~maintained by the secured party or its designated~~  
10 ~~custodian;~~

11 ~~(4) copies or amendments that add or change an~~  
12 ~~identified assignee of the authoritative copy can be made~~  
13 ~~only with the consent of the secured party;~~

14 ~~(5) each copy of the authoritative copy and any copy~~  
15 ~~of a copy is readily identifiable as a copy that is not the~~  
16 ~~authoritative copy; and~~

17 ~~(6) any amendment of the authoritative copy is readily~~  
18 ~~identifiable as authorized or unauthorized.~~

19 (Source: P.A. 97-1034, eff. 7-1-13.)

20 (810 ILCS 5/9-105A new)

21 Sec. 9-105A. Control of electronic money.

22 (a) General rule: control of electronic money. A person  
23 has control of electronic money if:

24 (1) the electronic money, a record attached to or  
25 logically associated with the electronic money, or a

1 system in which the electronic money is recorded gives the  
2 person:

3 (A) power to avail itself of substantially all the  
4 benefit from the electronic money; and

5 (B) exclusive power, subject to subsection (b),

6 to:

7 (i) prevent others from availing themselves of  
8 substantially all the benefit from the electronic  
9 money; and

10 (ii) transfer control of the electronic money  
11 to another person or cause another person to  
12 obtain control of other electronic money as a  
13 result of the transfer of the electronic money;  
14 and

15 (2) the electronic money, a record attached to or  
16 logically associated with the electronic money, or a  
17 system in which the electronic money is recorded enables  
18 the person readily to identify itself in any way,  
19 including by name, identifying number, cryptographic key,  
20 office, or account number, as having the powers under  
21 paragraph (1).

22 (b) Meaning of exclusive. Subject to subsection (c), a  
23 power is exclusive under subsection (a) (1) (B) (i) and (ii) even  
24 if:

25 (1) the electronic money, a record attached to or  
26 logically associated with the electronic money, or a

1 system in which the electronic money is recorded limits  
2 the use of the electronic money or has a protocol  
3 programmed to cause a change, including a transfer or loss  
4 of control; or

5 (2) the power is shared with another person.

6 (c) When power not shared with another person. A power of a  
7 person is not shared with another person under subsection  
8 (b) (2) and the person's power is not exclusive if:

9 (1) the person can exercise the power only if the  
10 power also is exercised by the other person; and

11 (2) the other person:

12 (A) can exercise the power without exercise of the  
13 power by the person; or

14 (B) is the transferor to the person of an interest  
15 in the electronic money.

16 (d) Presumption of exclusivity of certain powers. If a  
17 person has the powers specified in subsection (a) (1) (B) (i) and  
18 (ii), the powers are presumed to be exclusive.

19 (e) Control through another person. A person has control  
20 of electronic money if another person, other than the  
21 transferor to the person of an interest in the electronic  
22 money:

23 (1) has control of the electronic money and  
24 acknowledges that it has control on behalf of the person;

25 or

26 (2) obtains control of the electronic money after

1 having acknowledged that it will obtain control of the  
2 electronic money on behalf of the person.

3 (810 ILCS 5/9-107A new)

4 Sec. 9-107A. Control of controllable electronic record,  
5 controllable account, or controllable payment intangible.

6 (a) Control under Section 12-105. A secured party has  
7 control of a controllable electronic record as provided in  
8 Section 12-105.

9 (b) Control of controllable account and controllable  
10 payment intangible. A secured party has control of a  
11 controllable account or controllable payment intangible if the  
12 secured party has control of the controllable electronic  
13 record that evidences the controllable account or controllable  
14 payment intangible.

15 (810 ILCS 5/9-107B new)

16 Sec. 9-107B. No requirement to acknowledge or confirm; no  
17 duties.

18 (a) No requirement to acknowledge. A person that has  
19 control under Section 9-104, 9-105, or 9-105A is not required  
20 to acknowledge that it has control on behalf of another  
21 person.

22 (b) No duties or confirmation. If a person acknowledges  
23 that it has or will obtain control on behalf of another person,  
24 unless the person otherwise agrees or law other than this



1 Article otherwise provides, the person does not owe any duty  
2 to the other person and is not required to confirm the  
3 acknowledgment to any other person.

4 (810 ILCS 5/9-201) (from Ch. 26, par. 9-201)

5 Sec. 9-201. General effectiveness of security agreement.

6 (a) General effectiveness. Except as otherwise provided in  
7 the Uniform Commercial Code, a security agreement is effective  
8 according to its terms between the parties, against purchasers  
9 of the collateral, and against creditors.

10 (b) Applicable consumer laws and other law. A transaction  
11 subject to this Article is subject to any applicable rule of  
12 law, statute, or regulation which establishes a different rule  
13 for consumers, including, without limitation:

14 (1) the Retail Installment Sales Act;

15 (2) the Motor Vehicle Retail Installment Sales Act;

16 (3) Article II of Chapter 3 of the Illinois Vehicle  
17 Code;

18 (4) Article IIIB of the Boat Registration and Safety  
19 Act;

20 (5) the Pawnbroker Regulation Act of 2023;

21 (6) the Motor Vehicle Leasing Act;

22 (7) the Consumer Installment Loan Act; ~~and~~

23 (8) the Consumer Deposit Security Act of 1987; ~~and~~

24 (9) the Predatory Loan Prevention Act;

25 (10) the Consumer Fraud and Deceptive Business

1 Practices Act;

2 (11) any other statute or regulation that regulates  
3 the rates, charges, agreements, and practices for loans,  
4 credit sales, or other extensions of credit; and

5 (12) any consumer protection statute or regulation.

6 (c) Other applicable law controls. In case of conflict  
7 between this Article and a rule of law, statute, or regulation  
8 described in subsection (b), the rule of law, statute, or  
9 regulation controls. Failure to comply with a rule of law,  
10 statute, or regulation described in subsection (b) has only  
11 the effect such rule of law, statute, or regulation specifies.

12 (d) Further deference to other applicable law. This  
13 Article does not:

14 (1) validate any rate, charge, agreement, or practice  
15 that violates a rule of law, statute, or regulation  
16 described in subsection (b); or

17 (2) extend the application of the rule of law,  
18 statute, or regulation to a transaction not otherwise  
19 subject to it.

20 (Source: P.A. 103-585, eff. 3-22-24.)

21 (810 ILCS 5/9-203) (from Ch. 26, par. 9-203)

22 Sec. 9-203. Attachment and enforceability of security  
23 interest; proceeds; supporting obligations; formal requisites.

24 (a) Attachment. A security interest attaches to collateral  
25 when it becomes enforceable against the debtor with respect to

1 the collateral, unless an agreement expressly postpones the  
2 time of attachment.

3 (b) Enforceability. Except as otherwise provided in  
4 subsections (c) through (i), a security interest is  
5 enforceable against the debtor and third parties with respect  
6 to the collateral only if:

7 (1) value has been given;

8 (2) the debtor has rights in the collateral or the  
9 power to transfer rights in the collateral to a secured  
10 party; and

11 (3) one of the following conditions is met:

12 (A) the debtor has signed ~~authenticated~~ a security  
13 agreement that provides a description of the  
14 collateral and, if the security interest covers timber  
15 to be cut, a description of the land concerned;

16 (B) the collateral is not a certificated security  
17 and is in the possession of the secured party under  
18 Section 9-313 pursuant to the debtor's security  
19 agreement;

20 (C) the collateral is a certificated security in  
21 registered form and the security certificate has been  
22 delivered to the secured party under Section 8-301  
23 pursuant to the debtor's security agreement; ~~or~~

24 (D) the collateral is controllable accounts,  
25 controllable electronic records, controllable payment  
26 intangibles, deposit accounts, electronic documents,

1           electronic money, ~~electronic chattel paper,~~ investment  
2           property, or letter-of-credit rights, ~~or electronic~~  
3           ~~documents,~~ and the secured party has control under  
4           Section 7-106, 9-104, 9-105A, 9-105, 9-106, ~~or~~ 9-107,  
5           or 9-107A pursuant to the debtor's security agreement;  
6           or-

7           (E) the collateral is chattel paper and the  
8           secured party has possession and control under Section  
9           9-314A pursuant to the debtor's security agreement.

10           (c) Other UCC provisions. Subsection (b) is subject to  
11           Section 4-210 on the security interest of a collecting bank,  
12           Section 5-118 on the security interest of a letter-of-credit  
13           issuer or nominated person, Section 9-110 on a security  
14           interest arising under Article 2 or 2A, and Section 9-206 on  
15           security interests in investment property.

16           (d) When person becomes bound by another person's security  
17           agreement. A person becomes bound as debtor by a security  
18           agreement entered into by another person if, by operation of  
19           law other than this Article or by contract:

20           (1) the security agreement becomes effective to create  
21           a security interest in the person's property; or

22           (2) the person becomes generally obligated for the  
23           obligations of the other person, including the obligation  
24           secured under the security agreement, and acquires or  
25           succeeds to all or substantially all of the assets of the  
26           other person.

1           (e) Effect of new debtor becoming bound. If a new debtor  
2 becomes bound as debtor by a security agreement entered into  
3 by another person:

4           (1) the agreement satisfies subsection (b)(3) with  
5 respect to existing or after-acquired property of the new  
6 debtor to the extent the property is described in the  
7 agreement; and

8           (2) another agreement is not necessary to make a  
9 security interest in the property enforceable.

10          (f) Proceeds and supporting obligations. The attachment of  
11 a security interest in collateral gives the secured party the  
12 rights to proceeds provided by Section 9-315 and is also  
13 attachment of a security interest in a supporting obligation  
14 for the collateral.

15          (g) Lien securing right to payment. The attachment of a  
16 security interest in a right to payment or performance secured  
17 by a security interest or other lien on personal or real  
18 property is also attachment of a security interest in the  
19 security interest, mortgage, or other lien.

20          (h) Security entitlement carried in securities account.  
21 The attachment of a security interest in a securities account  
22 is also attachment of a security interest in the security  
23 entitlements carried in the securities account.

24          (i) Commodity contracts carried in commodity account. The  
25 attachment of a security interest in a commodity account is  
26 also attachment of a security interest in the commodity

1 contracts carried in the commodity account.

2 (Source: P.A. 95-895, eff. 1-1-09.)

3 (810 ILCS 5/9-204) (from Ch. 26, par. 9-204)

4 Sec. 9-204. After-acquired property; future advances.

5 (a) After-acquired collateral. Except as otherwise  
6 provided in subsection (b), a security agreement may create or  
7 provide for a security interest in after-acquired collateral.

8 (b) When after-acquired property clause not effective.  
9 Subject to subsection (b.1), a ~~A~~ security interest does not  
10 attach under a term constituting an after-acquired property  
11 clause to:

12 (1) consumer goods, other than an accession when given  
13 as additional security, unless the debtor acquires rights  
14 in them within 10 days after the secured party gives  
15 value; or

16 (2) a commercial tort claim.

17 (b.1) Limitation on subsection (b). Subsection (b) does  
18 not prevent a security interest from attaching:

19 (1) to consumer goods as proceeds under Section  
20 9-315(a) or commingled goods under Section 9-336(c);

21 (2) to a commercial tort claim as proceeds under  
22 Section 9-315(a); or

23 (3) under an after-acquired property clause to  
24 property that is proceeds of consumer goods or a  
25 commercial tort claim.

1 (c) Future advances and other value. A security agreement  
2 may provide that collateral secures, or that accounts, chattel  
3 paper, payment intangibles, or promissory notes are sold in  
4 connection with, future advances or other value, whether or  
5 not the advances or value are given pursuant to commitment.

6 (Source: P.A. 91-893, eff. 7-1-01.)

7 (810 ILCS 5/9-207) (from Ch. 26, par. 9-207)

8 Sec. 9-207. Rights and duties of secured party having  
9 possession or control of collateral.

10 (a) Duty of care when secured party in possession. Except  
11 as otherwise provided in subsection (d), a secured party shall  
12 use reasonable care in the custody and preservation of  
13 collateral in the secured party's possession. In the case of  
14 chattel paper or an instrument, reasonable care includes  
15 taking necessary steps to preserve rights against prior  
16 parties unless otherwise agreed.

17 (b) Expenses, risks, duties, and rights when secured party  
18 in possession. Except as otherwise provided in subsection (d),  
19 if a secured party has possession of collateral:

20 (1) reasonable expenses, including the cost of  
21 insurance and payment of taxes or other charges, incurred  
22 in the custody, preservation, use, or operation of the  
23 collateral are chargeable to the debtor and are secured by  
24 the collateral;

25 (2) the risk of accidental loss or damage is on the

1 debtor to the extent of a deficiency in any effective  
2 insurance coverage;

3 (3) the secured party shall keep the collateral  
4 identifiable, but fungible collateral may be commingled;  
5 and

6 (4) the secured party may use or operate the  
7 collateral:

8 (A) for the purpose of preserving the collateral  
9 or its value;

10 (B) as permitted by an order of a court having  
11 competent jurisdiction; or

12 (C) except in the case of consumer goods, in the  
13 manner and to the extent agreed by the debtor.

14 (c) Duties and rights when secured party in possession or  
15 control. Except as otherwise provided in subsection (d), a  
16 secured party having possession of collateral or control of  
17 collateral under Section 7-106, 9-104, 9-105, 9-105A, 9-106,  
18 ~~or~~ 9-107, or 9-107A:

19 (1) may hold as additional security any proceeds,  
20 except money or funds, received from the collateral;

21 (2) shall apply money or funds received from the  
22 collateral to reduce the secured obligation, unless  
23 remitted to the debtor; and

24 (3) may create a security interest in the collateral.

25 (d) Buyer of certain rights to payment. If the secured  
26 party is a buyer of accounts, chattel paper, payment



1 intangibles, or promissory notes or a consignor:

2 (1) subsection (a) does not apply unless the secured  
3 party is entitled under an agreement:

4 (A) to charge back uncollected collateral; or

5 (B) otherwise to full or limited recourse against  
6 the debtor or a secondary obligor based on the  
7 nonpayment or other default of an account debtor or  
8 other obligor on the collateral; and

9 (2) subsections (b) and (c) do not apply.

10 (Source: P.A. 95-895, eff. 1-1-09.)

11 (810 ILCS 5/9-208) (from Ch. 26, par. 9-208)

12 Sec. 9-208. Additional duties of secured party having  
13 control of collateral.

14 (a) Applicability of Section. This Section applies to  
15 cases in which there is no outstanding secured obligation and  
16 the secured party is not committed to make advances, incur  
17 obligations, or otherwise give value.

18 (b) Duties of secured party after receiving demand from  
19 debtor. Within 10 days after receiving a signed ~~an~~  
20 ~~authenticated~~ demand by the debtor:

21 (1) a secured party having control of a deposit  
22 account under Section 9-104(a)(2) shall send to the bank  
23 with which the deposit account is maintained a signed  
24 record ~~an authenticated statement~~ that releases the bank  
25 from any further obligation to comply with instructions

1 originated by the secured party;

2 (2) a secured party having control of a deposit  
3 account under Section 9-104(a) (3) shall:

4 (A) pay the debtor the balance on deposit in the  
5 deposit account; or

6 (B) transfer the balance on deposit into a deposit  
7 account in the debtor's name;

8 (3) a secured party, other than a buyer, having  
9 control under Section 9-105 of an authoritative electronic  
10 copy of a record evidencing chattel paper shall transfer  
11 control of the electronic copy to the debtor or a person  
12 designated by the debtor; a secured party, other than a  
13 buyer, having control of electronic chattel paper under  
14 Section 9-105 shall:

15 ~~(A) communicate the authoritative copy of the~~  
16 ~~electronic chattel paper to the debtor or its~~  
17 ~~designated custodian;~~

18 ~~(B) if the debtor designates a custodian that is~~  
19 ~~the designated custodian with which the authoritative~~  
20 ~~copy of the electronic chattel paper is maintained for~~  
21 ~~the secured party, communicate to the custodian an~~  
22 ~~authenticated record releasing the designated~~  
23 ~~custodian from any further obligation to comply with~~  
24 ~~instructions originated by the secured party and~~  
25 ~~instructing the custodian to comply with instructions~~  
26 ~~originated by the debtor; and~~

1           ~~(C) take appropriate action to enable the debtor~~  
2           ~~or its designated custodian to make copies of or~~  
3           ~~revisions to the authoritative copy which add or~~  
4           ~~change an identified assignee of the authoritative~~  
5           ~~copy without the consent of the secured party;~~

6           (4) a secured party having control of investment  
7           property under Section 8-106(d) (2) or 9-106(b) shall send  
8           to the securities intermediary or commodity intermediary  
9           with which the security entitlement or commodity contract  
10          is maintained a signed ~~an authenticated~~ record that  
11          releases the securities intermediary or commodity  
12          intermediary from any further obligation to comply with  
13          entitlement orders or directions originated by the secured  
14          party;

15          (5) a secured party having control of a  
16          letter-of-credit right under Section 9-107 shall send to  
17          each person having an unfulfilled obligation to pay or  
18          deliver proceeds of the letter of credit to the secured  
19          party a signed ~~an authenticated~~ release from any further  
20          obligation to pay or deliver proceeds of the letter of  
21          credit to the secured party; ~~and~~

22          (6) a secured party having control under Section 7-106  
23          of an authoritative electronic copy of an electronic  
24          document shall transfer control of the electronic copy to  
25          the debtor or a person designated by the debtor; ~~a secured~~  
26          ~~party having control of an electronic document shall:~~

1           (7) a secured party having control under Section  
2           9-105A of electronic money shall transfer control of the  
3           electronic money to the debtor or a person designated by  
4           the debtor; and

5           (8) a secured party having control under Section  
6           12-105 of a controllable electronic record, other than a  
7           buyer of a controllable account or controllable payment  
8           intangible evidenced by the controllable electronic  
9           record, shall transfer control of the controllable  
10           electronic record to the debtor or a person designated by  
11           the debtor.

12           ~~(A) give control of the electronic document to the~~  
13           ~~debtor or its designated custodian;~~

14           ~~(B) if the debtor designates a custodian that is~~  
15           ~~the designated custodian with which the authoritative~~  
16           ~~copy of the electronic document is maintained for the~~  
17           ~~secured party, communicate to the custodian an~~  
18           ~~authenticated record releasing the designated~~  
19           ~~custodian from any further obligation to comply with~~  
20           ~~instructions originated by the secured party and~~  
21           ~~instructing the custodian to comply with instructions~~  
22           ~~originated by the debtor; and~~

23           ~~(C) take appropriate action to enable the debtor~~  
24           ~~or its designated custodian to make copies of or~~  
25           ~~revisions to the authoritative copy which add or~~  
26           ~~change an identified assignee of the authoritative~~

1 ~~copy without the consent of the secured party.~~

2 (Source: P.A. 95-895, eff. 1-1-09.)

3 (810 ILCS 5/9-209)

4 Sec. 9-209. Duties of secured party if account debtor has  
5 been notified of assignment.

6 (a) Applicability of Section. Except as otherwise provided  
7 in subsection (c), this Section applies if:

8 (1) there is no outstanding secured obligation; and

9 (2) the secured party is not committed to make  
10 advances, incur obligations, or otherwise give value.

11 (b) Duties of secured party after receiving demand from  
12 debtor. Within 10 days after receiving a signed ~~an~~  
13 ~~authenticated~~ demand by the debtor, a secured party shall send  
14 to an account debtor that has received notification under  
15 Section 9-406(a) or 12-106(b) of an assignment to the secured  
16 party as assignee a signed ~~under Section 9-406(a) an~~  
17 ~~authenticated~~ record that releases the account debtor from any  
18 further obligation to the secured party.

19 (c) Inapplicability to sales. This Section does not apply  
20 to an assignment constituting the sale of an account, chattel  
21 paper, or payment intangible.

22 (Source: P.A. 91-893, eff. 7-1-01.)

23 (810 ILCS 5/9-210)

24 Sec. 9-210. Request for accounting; request regarding list

1 of collateral or statement of account.

2 (a) Definitions. In this Section:

3 (1) "Request" means a record of a type described in  
4 paragraph (2), (3), or (4).

5 (2) "Request for an accounting" means a record signed  
6 ~~authenticated~~ by a debtor requesting that the recipient  
7 provide an accounting of the unpaid obligations secured by  
8 collateral and reasonably identifying the transaction or  
9 relationship that is the subject of the request.

10 (3) "Request regarding a list of collateral" means a  
11 record signed ~~authenticated~~ by a debtor requesting that  
12 the recipient approve or correct a list of what the debtor  
13 believes to be the collateral securing an obligation and  
14 reasonably identifying the transaction or relationship  
15 that is the subject of the request.

16 (4) "Request regarding a statement of account" means a  
17 record signed ~~authenticated~~ by a debtor requesting that  
18 the recipient approve or correct a statement indicating  
19 what the debtor believes to be the aggregate amount of  
20 unpaid obligations secured by collateral as of a specified  
21 date and reasonably identifying the transaction or  
22 relationship that is the subject of the request.

23 (b) Duty to respond to requests. Subject to subsections  
24 (c), (d), (e), and (f), a secured party, other than a buyer of  
25 accounts, chattel paper, payment intangibles, or promissory  
26 notes or a consignor, shall comply with a request within 14

1 days after receipt:

2 (1) in the case of a request for an accounting, by  
3 signing ~~authenticating~~ and sending to the debtor an  
4 accounting; and

5 (2) in the case of a request regarding a list of  
6 collateral or a request regarding a statement of account,  
7 by signing ~~authenticating~~ and sending to the debtor an  
8 approval or correction.

9 (c) Request regarding list of collateral; statement  
10 concerning type of collateral. A secured party that claims a  
11 security interest in all of a particular type of collateral  
12 owned by the debtor may comply with a request regarding a list  
13 of collateral by sending to the debtor a signed ~~an~~  
14 ~~authenticated~~ record including a statement to that effect  
15 within 14 days after receipt.

16 (d) Request regarding list of collateral; no interest  
17 claimed. A person that receives a request regarding a list of  
18 collateral, claims no interest in the collateral when it  
19 receives the request, and claimed an interest in the  
20 collateral at an earlier time shall comply with the request  
21 within 14 days after receipt by sending to the debtor a signed  
22 ~~an authenticated~~ record:

23 (1) disclaiming any interest in the collateral; and

24 (2) if known to the recipient, providing the name and  
25 mailing address of any assignee of or successor to the  
26 recipient's interest in the collateral.

1 (e) Request for accounting or regarding statement of  
2 account; no interest in obligation claimed. A person that  
3 receives a request for an accounting or a request regarding a  
4 statement of account, claims no interest in the obligations  
5 when it receives the request, and claimed an interest in the  
6 obligations at an earlier time shall comply with the request  
7 within 14 days after receipt by sending to the debtor a signed  
8 ~~an authenticated~~ record:

9 (1) disclaiming any interest in the obligations; and

10 (2) if known to the recipient, providing the name and  
11 mailing address of any assignee of or successor to the  
12 recipient's interest in the obligations.

13 (f) Charges for responses. A debtor is entitled without  
14 charge to one response to a request under this Section during  
15 any six-month period. The secured party may require payment of  
16 a charge not exceeding \$25 for each additional response.

17 (Source: P.A. 91-893, eff. 7-1-01.)

18 (810 ILCS 5/9-301) (from Ch. 26, par. 9-301)

19 Sec. 9-301. Law governing perfection and priority of  
20 security interests. Except as otherwise provided in Sections  
21 9-303 through 9-306B ~~9-306.1~~, the following rules determine  
22 the law governing perfection, the effect of perfection or  
23 nonperfection, and the priority of a security interest in  
24 collateral:

25 (1) Except as otherwise provided in this Section,



1 while a debtor is located in a jurisdiction, the local law  
2 of that jurisdiction governs perfection, the effect of  
3 perfection or nonperfection, and the priority of a  
4 security interest in collateral.

5 (2) While collateral is located in a jurisdiction, the  
6 local law of that jurisdiction governs perfection, the  
7 effect of perfection or nonperfection, and the priority of  
8 a possessory security interest in that collateral.

9 (3) Except as otherwise provided in paragraph (4),  
10 while tangible negotiable documents, goods, instruments,  
11 or tangible money, ~~or tangible chattel paper~~ is located in  
12 a jurisdiction, the local law of that jurisdiction  
13 governs:

14 (A) perfection of a security interest in the goods  
15 by filing a fixture filing;

16 (B) perfection of a security interest in timber to  
17 be cut; and

18 (C) the effect of perfection or nonperfection and  
19 the priority of a nonpossessory security interest in  
20 the collateral.

21 (4) The local law of the jurisdiction in which the  
22 wellhead or minehead is located governs perfection, the  
23 effect of perfection or nonperfection, and the priority of  
24 a security interest in as-extracted collateral.

25 (Source: P.A. 95-895, eff. 1-1-09.)

1 (810 ILCS 5/9-304) (from Ch. 26, par. 9-304)

2 Sec. 9-304. Law governing perfection and priority of  
3 security interests in deposit accounts.

4 (a) Law of bank's jurisdiction governs. The local law of a  
5 bank's jurisdiction governs perfection, the effect of  
6 perfection or nonperfection, and the priority of a security  
7 interest in a deposit account maintained with that bank even  
8 if the transaction does not bear any relation to the bank's  
9 jurisdiction.

10 (b) Bank's jurisdiction. The following rules determine a  
11 bank's jurisdiction for purposes of this Part:

12 (1) If an agreement between the bank and the debtor  
13 governing the deposit account expressly provides that a  
14 particular jurisdiction is the bank's jurisdiction for  
15 purposes of this Part, this Article, or the Uniform  
16 Commercial Code, that jurisdiction is the bank's  
17 jurisdiction.

18 (2) If paragraph (1) does not apply and an agreement  
19 between the bank and its customer governing the deposit  
20 account expressly provides that the agreement is governed  
21 by the law of a particular jurisdiction, that jurisdiction  
22 is the bank's jurisdiction.

23 (3) If neither paragraph (1) nor paragraph (2) applies  
24 and an agreement between the bank and its customer  
25 governing the deposit account expressly provides that the  
26 deposit account is maintained at an office in a particular

1 jurisdiction, that jurisdiction is the bank's  
2 jurisdiction.

3 (4) If none of the preceding paragraphs applies, the  
4 bank's jurisdiction is the jurisdiction in which the  
5 office identified in an account statement as the office  
6 serving the customer's account is located.

7 (5) If none of the preceding paragraphs applies, the  
8 bank's jurisdiction is the jurisdiction in which the chief  
9 executive office of the bank is located.

10 (Source: P.A. 91-893, eff. 7-1-01.)

11 (810 ILCS 5/9-305) (from Ch. 26, par. 9-305)

12 Sec. 9-305. Law governing perfection and priority of  
13 security interests in investment property.

14 (a) Governing law: general rules. Except as otherwise  
15 provided in subsection (c), the following rules apply:

16 (1) While a security certificate is located in a  
17 jurisdiction, the local law of that jurisdiction governs  
18 perfection, the effect of perfection or nonperfection, and  
19 the priority of a security interest in the certificated  
20 security represented thereby.

21 (2) The local law of the issuer's jurisdiction as  
22 specified in Section 8-110(d) governs perfection, the  
23 effect of perfection or nonperfection, and the priority of  
24 a security interest in an uncertificated security.

25 (3) The local law of the securities intermediary's

1 jurisdiction as specified in Section 8-110(e) governs  
2 perfection, the effect of perfection or nonperfection, and  
3 the priority of a security interest in a security  
4 entitlement or securities account.

5 (4) The local law of the commodity intermediary's  
6 jurisdiction governs perfection, the effect of perfection  
7 or nonperfection, and the priority of a security interest  
8 in a commodity contract or commodity account.

9 (5) Paragraphs (2), (3), and (4) apply even if the  
10 transaction does not bear any relation to the  
11 jurisdiction.

12 (b) Commodity intermediary's jurisdiction. The following  
13 rules determine a commodity intermediary's jurisdiction for  
14 purposes of this Part:

15 (1) If an agreement between the commodity intermediary  
16 and commodity customer governing the commodity account  
17 expressly provides that a particular jurisdiction is the  
18 commodity intermediary's jurisdiction for purposes of this  
19 Part, this Article, or the Uniform Commercial Code, that  
20 jurisdiction is the commodity intermediary's jurisdiction.

21 (2) If paragraph (1) does not apply and an agreement  
22 between the commodity intermediary and commodity customer  
23 governing the commodity account expressly provides that  
24 the agreement is governed by the law of a particular  
25 jurisdiction, that jurisdiction is the commodity  
26 intermediary's jurisdiction.

1           (3) If neither paragraph (1) nor paragraph (2) applies  
2           and an agreement between the commodity intermediary and  
3           commodity customer governing the commodity account  
4           expressly provides that the commodity account is  
5           maintained at an office in a particular jurisdiction, that  
6           jurisdiction is the commodity intermediary's jurisdiction.

7           (4) If none of the preceding paragraphs applies, the  
8           commodity intermediary's jurisdiction is the jurisdiction  
9           in which the office identified in an account statement as  
10          the office serving the commodity customer's account is  
11          located.

12          (5) If none of the preceding paragraphs applies, the  
13          commodity intermediary's jurisdiction is the jurisdiction  
14          in which the chief executive office of the commodity  
15          intermediary is located.

16          (c) When perfection governed by law of jurisdiction where  
17          debtor located. The local law of the jurisdiction in which the  
18          debtor is located governs:

19               (1) perfection of a security interest in investment  
20               property by filing;

21               (2) automatic perfection of a security interest in  
22               investment property created by a broker or securities  
23               intermediary; and

24               (3) automatic perfection of a security interest in a  
25               commodity contract or commodity account created by a  
26               commodity intermediary.

1 (Source: P.A. 91-893, eff. 7-1-01.)

2 (810 ILCS 5/9-306A new)

3 Sec. 9-306A. Law governing perfection and priority of  
4 security interests in chattel paper.

5 (a) Chattel paper evidenced by authoritative electronic  
6 copy. Except as provided in subsection (d), if chattel paper  
7 is evidenced only by an authoritative electronic copy of the  
8 chattel paper or is evidenced by an authoritative electronic  
9 copy and an authoritative tangible copy, the local law of the  
10 chattel paper's jurisdiction governs perfection, the effect of  
11 perfection or nonperfection, and the priority of a security  
12 interest in the chattel paper, even if the transaction does  
13 not bear any relation to the chattel paper's jurisdiction.

14 (b) Chattel paper's jurisdiction. The following rules  
15 determine the chattel paper's jurisdiction under this Section:

16 (1) If the authoritative electronic copy of the record  
17 evidencing chattel paper, or a record attached to or  
18 logically associated with the electronic copy and readily  
19 available for review, expressly provides that a particular  
20 jurisdiction is the chattel paper's jurisdiction for  
21 purposes of this part, this Article, or the Uniform  
22 Commercial Code, that jurisdiction is the chattel paper's  
23 jurisdiction.

24 (2) If paragraph (1) does not apply and the rules of  
25 the system in which the authoritative electronic copy is

1 recorded are readily available for review and expressly  
2 provide that a particular jurisdiction is the chattel  
3 paper's jurisdiction for purposes of this part, this  
4 Article, or the Uniform Commercial Code, that jurisdiction  
5 is the chattel paper's jurisdiction.

6 (3) If paragraphs (1) and (2) do not apply and the  
7 authoritative electronic copy, or a record attached to or  
8 logically associated with the electronic copy and readily  
9 available for review, expressly provides that the chattel  
10 paper is governed by the law of a particular jurisdiction,  
11 that jurisdiction is the chattel paper's jurisdiction.

12 (4) If paragraphs (1), (2), and (3) do not apply and  
13 the rules of the system in which the authoritative  
14 electronic copy is recorded are readily available for  
15 review and expressly provide that the chattel paper or the  
16 system is governed by the law of a particular  
17 jurisdiction, that jurisdiction is the chattel paper's  
18 jurisdiction.

19 (5) If paragraphs (1) through (4) do not apply, the  
20 chattel paper's jurisdiction is the jurisdiction in which  
21 the debtor is located.

22 (c) Chattel paper evidenced by authoritative tangible  
23 copy. If an authoritative tangible copy of a record evidences  
24 chattel paper and the chattel paper is not evidenced by an  
25 authoritative electronic copy, while the authoritative  
26 tangible copy of the record evidencing chattel paper is

1 located in a jurisdiction, the local law of that jurisdiction  
2 governs:

3 (1) perfection of a security interest in the chattel  
4 paper by possession under Section 9-314A; and

5 (2) the effect of perfection or nonperfection and the  
6 priority of a security interest in the chattel paper.

7 (d) When perfection governed by law of jurisdiction where  
8 debtor located. The local law of the jurisdiction in which the  
9 debtor is located governs perfection of a security interest in  
10 chattel paper by filing.

11 (810 ILCS 5/9-306B new)

12 Sec. 9-306B. Law governing perfection and priority of  
13 security interests in controllable accounts, controllable  
14 electronic records, and controllable payment intangibles.

15 (a) Governing law: general rules. Except as provided in  
16 subsection (b), the local law of the controllable electronic  
17 record's jurisdiction specified in Section 12-107(c) and (d)  
18 governs perfection, the effect of perfection or nonperfection,  
19 and the priority of a security interest in a controllable  
20 electronic record and a security interest in a controllable  
21 account or controllable payment intangible evidenced by the  
22 controllable electronic record.

23 (b) When perfection governed by law of jurisdiction where  
24 debtor located. The local law of the jurisdiction in which the  
25 debtor is located governs:



- 1           (1) perfection of a security interest in a  
2           controllable account, controllable electronic record, or  
3           controllable payment intangible by filing; and  
4           (2) automatic perfection of a security interest in a  
5           controllable payment intangible created by a sale of the  
6           controllable payment intangible.

7           (810 ILCS 5/9-310) (from Ch. 26, par. 9-310)

8           Sec. 9-310. When filing required to perfect security  
9           interest or agricultural lien; security interests and  
10           agricultural liens to which filing provisions do not apply.

11           (a) General rule: perfection by filing. Except as  
12           otherwise provided in subsection (b) and Section 9-312(b), a  
13           financing statement must be filed to perfect all security  
14           interests and agricultural liens.

15           (b) Exceptions: filing not necessary. The filing of a  
16           financing statement is not necessary to perfect a security  
17           interest:

18           (1) that is perfected under Section 9-308(d), (e),  
19           (f), or (g);

20           (2) that is perfected under Section 9-309 when it  
21           attaches;

22           (3) in property subject to a statute, regulation, or  
23           treaty described in Section 9-311(a);

24           (4) in goods in possession of a bailee which is  
25           perfected under Section 9-312(d) (1) or (2);

1 (5) in certificated securities, documents, goods, or  
2 instruments which is perfected without filing, control, or  
3 possession under Section 9-312(e), (f), or (g);

4 (6) in collateral in the secured party's possession  
5 under Section 9-313;

6 (7) in a certificated security which is perfected by  
7 delivery of the security certificate to the secured party  
8 under Section 9-313;

9 (8) in controllable accounts, controllable electronic  
10 records, controllable payment intangibles, deposit  
11 accounts, ~~electronic chattel paper,~~ electronic documents,  
12 investment property, letter-of-credit rights, or  
13 beneficial interests in Illinois land trusts which is  
14 perfected by control under Section 9-314;

15 (8.1) in chattel paper which is perfected by  
16 possession and control under Section 9-314A;

17 (9) in proceeds which is perfected under Section  
18 9-315; or

19 (10) that is perfected under Section 9-316.

20 (c) Assignment of perfected security interest. If a  
21 secured party assigns a perfected security interest or  
22 agricultural lien, a filing under this Article is not required  
23 to continue the perfected status of the security interest  
24 against creditors of and transferees from the original debtor.

25 (Source: P.A. 95-895, eff. 1-1-09.)

1 (810 ILCS 5/9-312) (from Ch. 26, par. 9-312)

2 Sec. 9-312. Perfection of security interests in chattel  
3 paper, controllable accounts, controllable electronic records,  
4 controllable payment intangibles, deposit accounts, negotiable  
5 documents, goods covered by documents, instruments, investment  
6 property, letter-of-credit rights, and money; perfection by  
7 permissive filing; temporary perfection without filing or  
8 transfer of possession.

9 (a) Perfection by filing permitted. A security interest in  
10 chattel paper, controllable accounts, controllable electronic  
11 records, controllable payment intangibles, ~~negotiable~~  
12 ~~documents,~~ instruments, beneficial interests in Illinois land  
13 trusts, ~~or~~ investment property, or negotiable documents may be  
14 perfected by filing.

15 (b) Control or possession of certain collateral. Except as  
16 otherwise provided in Section 9-315(c) and (d) for proceeds:

17 (1) a security interest in a deposit account may be  
18 perfected only by control under Section 9-314;

19 (2) and except as otherwise provided in Section  
20 9-308(d), a security interest in a letter-of-credit right  
21 may be perfected only by control under Section 9-314; ~~and~~

22 (3) a security interest in tangible money may be  
23 perfected only by the secured party's taking possession  
24 under Section 9-313; and-

25 (4) a security interest in electronic money may be  
26 perfected only by control under Section 9-314.

1 (c) Goods covered by negotiable document. While goods are  
2 in the possession of a bailee that has issued a negotiable  
3 document covering the goods:

4 (1) a security interest in the goods may be perfected  
5 by perfecting a security interest in the document; and

6 (2) a security interest perfected in the document has  
7 priority over any security interest that becomes perfected  
8 in the goods by another method during that time.

9 (d) Goods covered by nonnegotiable document. While goods  
10 are in the possession of a bailee that has issued a  
11 nonnegotiable document covering the goods, a security interest  
12 in the goods may be perfected by:

13 (1) issuance of a document in the name of the secured  
14 party;

15 (2) the bailee's receipt of notification of the  
16 secured party's interest; or

17 (3) filing as to the goods.

18 (e) Temporary perfection: new value. A security interest  
19 in certificated securities, negotiable documents, or  
20 instruments is perfected without filing or the taking of  
21 possession or control for a period of 20 days from the time it  
22 attaches to the extent that it arises for new value given under  
23 a signed ~~an authenticated~~ security agreement.

24 (f) Temporary perfection: goods or documents made  
25 available to debtor. A perfected security interest in a  
26 negotiable document or goods in possession of a bailee, other

1 than one that has issued a negotiable document for the goods,  
2 remains perfected for 20 days without filing if the secured  
3 party makes available to the debtor the goods or documents  
4 representing the goods for the purpose of:

5 (1) ultimate sale or exchange; or

6 (2) loading, unloading, storing, shipping,  
7 transshipping, manufacturing, processing, or otherwise  
8 dealing with them in a manner preliminary to their sale or  
9 exchange.

10 (g) Temporary perfection: delivery of security certificate  
11 or instrument to debtor. A perfected security interest in a  
12 certificated security or instrument remains perfected for 20  
13 days without filing if the secured party delivers the security  
14 certificate or instrument to the debtor for the purpose of:

15 (1) ultimate sale or exchange; or

16 (2) presentation, collection, enforcement, renewal, or  
17 registration of transfer.

18 (h) Expiration of temporary perfection. After the 20-day  
19 period specified in subsection (e), (f), or (g) expires,  
20 perfection depends upon compliance with this Article.

21 (Source: P.A. 95-895, eff. 1-1-09.)

22 (810 ILCS 5/9-313) (from Ch. 26, par. 9-313)

23 Sec. 9-313. When possession by or delivery to secured  
24 party perfects security interest without filing.

25 (a) Perfection by possession or delivery. Except as

1 otherwise provided in subsection (b), a secured party may  
2 perfect a security interest in ~~tangible negotiable documents,~~  
3 goods, instruments, negotiable tangible documents, or tangible  
4 ~~money, or tangible chattel paper~~ by taking possession of the  
5 collateral. A secured party may perfect a security interest in  
6 certificated securities by taking delivery of the certificated  
7 securities under Section 8-301.

8 (b) Goods covered by certificate of title. With respect to  
9 goods covered by a certificate of title issued by this State, a  
10 secured party may perfect a security interest in the goods by  
11 taking possession of the goods only in the circumstances  
12 described in Section 9-316(d).

13 (c) Collateral in possession of person other than debtor.  
14 With respect to collateral other than certificated securities  
15 and goods covered by a document, a secured party takes  
16 possession of collateral in the possession of a person other  
17 than the debtor, the secured party, or a lessee of the  
18 collateral from the debtor in the ordinary course of the  
19 debtor's business, when:

20 (1) the person in possession signs ~~authenticates~~ a  
21 record acknowledging that it holds possession of the  
22 collateral for the secured party's benefit; or

23 (2) the person takes possession of the collateral  
24 after having signed ~~authenticated~~ a record acknowledging  
25 that it will hold possession of the collateral for the  
26 secured party's benefit.

1 (d) Time of perfection by possession; continuation of  
2 perfection. If perfection of a security interest depends upon  
3 possession of the collateral by a secured party, perfection  
4 occurs not ~~no~~ earlier than the time the secured party takes  
5 possession and continues only while the secured party retains  
6 possession.

7 (e) Time of perfection by delivery; continuation of  
8 perfection. A security interest in a certificated security in  
9 registered form is perfected by delivery when delivery of the  
10 certificated security occurs under Section 8-301 and remains  
11 perfected by delivery until the debtor obtains possession of  
12 the security certificate.

13 (f) Acknowledgment not required. A person in possession of  
14 collateral is not required to acknowledge that it holds  
15 possession for a secured party's benefit.

16 (g) Effectiveness of acknowledgment; no duties or  
17 confirmation. If a person acknowledges that it holds  
18 possession for the secured party's benefit:

19 (1) the acknowledgment is effective under subsection  
20 (c) or Section 8-301(a), even if the acknowledgment  
21 violates the rights of a debtor; and

22 (2) unless the person otherwise agrees or law other  
23 than this Article otherwise provides, the person does not  
24 owe any duty to the secured party and is not required to  
25 confirm the acknowledgment to another person.

26 (h) Secured party's delivery to person other than debtor.

1 A secured party having possession of collateral does not  
2 relinquish possession by delivering the collateral to a person  
3 other than the debtor or a lessee of the collateral from the  
4 debtor in the ordinary course of the debtor's business if the  
5 person was instructed before the delivery or is instructed  
6 contemporaneously with the delivery:

7 (1) to hold possession of the collateral for the  
8 secured party's benefit; or

9 (2) to redeliver the collateral to the secured party.

10 (i) Effect of delivery under subsection (h); no duties or  
11 confirmation. A secured party does not relinquish possession,  
12 even if a delivery under subsection (h) violates the rights of  
13 a debtor. A person to which collateral is delivered under  
14 subsection (h) does not owe any duty to the secured party and  
15 is not required to confirm the delivery to another person  
16 unless the person otherwise agrees or law other than this  
17 Article otherwise provides.

18 (Source: P.A. 95-895, eff. 1-1-09.)

19 (810 ILCS 5/9-314) (from Ch. 26, par. 9-314)

20 Sec. 9-314. Perfection by control.

21 (a) Perfection by control. A security interest in  
22 controllable accounts, controllable electronic records,  
23 controllable payment intangibles, deposit accounts, electronic  
24 documents, electronic money, investment property, or  
25 letter-of-credit rights ~~investment property, deposit accounts,~~



1 ~~electronic chattel paper, letter of credit rights, electronic~~  
2 ~~documents,~~ or beneficial interests in Illinois land trusts may  
3 be perfected by control of the collateral under Section 7-106,  
4 9-104, 9-105A ~~9-105,~~ 9-106, 9-107, ~~or~~ 9-107.1, or 9-107A.

5 (b) Specified collateral: time of perfection by control;  
6 continuation of perfection. A security interest in  
7 controllable accounts, controllable electronic records,  
8 controllable payment intangibles, deposit accounts, electronic  
9 documents, electronic money, or letter-of-credit rights  
10 ~~deposit accounts, electronic chattel paper, letter of credit~~  
11 ~~rights, electronic documents,~~ or beneficial interests in  
12 Illinois land trusts is perfected by control under Section  
13 7-106, 9-104, 9-105A, ~~9-105,~~ 9-107, ~~or~~ 9-107.1, or 9-107A not  
14 earlier than the time ~~when~~ the secured party obtains control  
15 and remains perfected by control only while the secured party  
16 retains control.

17 (c) Investment property: time of perfection by control;  
18 continuation of perfection. A security interest in investment  
19 property is perfected by control under Section 9-106 not  
20 earlier than ~~from~~ the time the secured party obtains control  
21 and remains perfected by control until:

22 (1) the secured party does not have control; and

23 (2) one of the following occurs:

24 (A) if the collateral is a certificated security,  
25 the debtor has or acquires possession of the security  
26 certificate;

1 (B) if the collateral is an uncertificated  
2 security, the issuer has registered or registers the  
3 debtor as the registered owner; or

4 (C) if the collateral is a security entitlement,  
5 the debtor is or becomes the entitlement holder.

6 (Source: P.A. 95-895, eff. 1-1-09.)

7 (810 ILCS 5/9-314A new)

8 Sec. 9-314A. Perfection by possession and control of  
9 chattel paper.

10 (a) Perfection by possession and control. A secured party  
11 may perfect a security interest in chattel paper by taking  
12 possession of each authoritative tangible copy of the record  
13 evidencing the chattel paper and obtaining control of each  
14 authoritative electronic copy of the electronic record  
15 evidencing the chattel paper.

16 (b) Time of perfection; continuation of perfection. A  
17 security interest is perfected under subsection (a) not  
18 earlier than the time the secured party takes possession and  
19 obtains control and remains perfected under subsection (a)  
20 only while the secured party retains possession and control.

21 (c) Application of Section 9-313 to perfection by  
22 possession of chattel paper. Section 9-313(c) and (f) through  
23 (i) applies to perfection by possession of an authoritative  
24 tangible copy of a record evidencing chattel paper.

1 (810 ILCS 5/9-316) (from Ch. 26, par. 9-316)

2 Sec. 9-316. Effect of change in governing law.

3 (a) General rule: effect on perfection of change in  
4 governing law. A security interest perfected pursuant to the  
5 law of the jurisdiction designated in Section 9-301(1), ~~or~~  
6 9-305(c), 9-306A(d), or 9-306B(b) remains perfected until the  
7 earliest of:

8 (1) the time perfection would have ceased under the  
9 law of that jurisdiction;

10 (2) the expiration of four months after a change of  
11 the debtor's location to another jurisdiction; or

12 (3) the expiration of one year after a transfer of  
13 collateral to a person that thereby becomes a debtor and  
14 is located in another jurisdiction.

15 (b) Security interest perfected or unperfected under law  
16 of new jurisdiction. If a security interest described in  
17 subsection (a) becomes perfected under the law of the other  
18 jurisdiction before the earliest time or event described in  
19 that subsection, it remains perfected thereafter. If the  
20 security interest does not become perfected under the law of  
21 the other jurisdiction before the earliest time or event, it  
22 becomes unperfected and is deemed never to have been perfected  
23 as against a purchaser of the collateral for value.

24 (c) Possessory security interest in collateral moved to  
25 new jurisdiction. A possessory security interest in  
26 collateral, other than goods covered by a certificate of title

1 and as-extracted collateral consisting of goods, remains  
2 continuously perfected if:

3 (1) the collateral is located in one jurisdiction and  
4 subject to a security interest perfected under the law of  
5 that jurisdiction;

6 (2) thereafter the collateral is brought into another  
7 jurisdiction; and

8 (3) upon entry into the other jurisdiction, the  
9 security interest is perfected under the law of the other  
10 jurisdiction.

11 (d) Goods covered by certificate of title from this State.  
12 Except as otherwise provided in subsection (e), a security  
13 interest in goods covered by a certificate of title which is  
14 perfected by any method under the law of another jurisdiction  
15 when the goods become covered by a certificate of title from  
16 this State remains perfected until the security interest would  
17 have become unperfected under the law of the other  
18 jurisdiction had the goods not become so covered.

19 (e) When subsection (d) security interest becomes  
20 unperfected against purchasers. A security interest described  
21 in subsection (d) becomes unperfected as against a purchaser  
22 of the goods for value and is deemed never to have been  
23 perfected as against a purchaser of the goods for value if the  
24 applicable requirements for perfection under Section 9-311(b)  
25 or 9-313 are not satisfied before the earlier of:

26 (1) the time the security interest would have become

1           unperfected under the law of the other jurisdiction had  
2           the goods not become covered by a certificate of title  
3           from this State; or

4           (2) the expiration of four months after the goods had  
5           become so covered.

6           (f) Change in jurisdiction of chattel paper, controllable  
7 electronic record, bank, issuer, nominated person, securities  
8 intermediary, or commodity intermediary. A security interest  
9 in chattel paper, controllable accounts, controllable  
10 electronic records, controllable payment intangibles, deposit  
11 accounts, letter-of-credit rights, or investment property  
12 which is perfected under the law of the chattel paper's  
13 jurisdiction, the controllable electronic record's  
14 jurisdiction, the bank's jurisdiction, the issuer's  
15 jurisdiction, a nominated person's jurisdiction, the  
16 securities intermediary's jurisdiction, or the commodity  
17 intermediary's jurisdiction, as applicable, remains perfected  
18 until the earlier of:

19           (1) the time the security interest would have become  
20           unperfected under the law of that jurisdiction; or

21           (2) the expiration of four months after a change of  
22           the applicable jurisdiction to another jurisdiction.

23           (g) Subsection (f) security interest perfected or  
24           unperfected under law of new jurisdiction. If a security  
25           interest described in subsection (f) becomes perfected under  
26           the law of the other jurisdiction before the earlier of the

1 time or the end of the period described in that subsection, it  
2 remains perfected thereafter. If the security interest does  
3 not become perfected under the law of the other jurisdiction  
4 before the earlier of that time or the end of that period, it  
5 becomes unperfected and is deemed never to have been perfected  
6 as against a purchaser of the collateral for value.

7 (h) Effect on filed financing statement of change in  
8 governing law. The following rules apply to collateral to  
9 which a security interest attaches within four months after  
10 the debtor changes its location to another jurisdiction:

11 (1) A financing statement filed before the change  
12 pursuant to the law of the jurisdiction designated in  
13 Section 9-301(1) or 9-305(c) is effective to perfect a  
14 security interest in the collateral if the financing  
15 statement would have been effective to perfect a security  
16 interest in the collateral had the debtor not changed its  
17 location.

18 (2) If a security interest perfected by a financing  
19 statement that is effective under paragraph (1) becomes  
20 perfected under the law of the other jurisdiction before  
21 the earlier of the time the financing statement would have  
22 become ineffective under the law of the jurisdiction  
23 designated in Section 9-301(1) or 9-305(c) or the  
24 expiration of the four-month period, it remains perfected  
25 thereafter. If the security interest does not become  
26 perfected under the law of the other jurisdiction before

1           the earlier time or event, it becomes unperfected and is  
2           deemed never to have been perfected as against a purchaser  
3           of the collateral for value.

4           (i) Effect of change in governing law on financing  
5           statement filed against original debtor. If a financing  
6           statement naming an original debtor is filed pursuant to the  
7           law of the jurisdiction designated in Section 9-301(1) or  
8           9-305(c) and the new debtor is located in another  
9           jurisdiction, the following rules apply:

10           (1) The financing statement is effective to perfect a  
11           security interest in collateral acquired by the new debtor  
12           before, and within four months after, the new debtor  
13           becomes bound under Section 9-203(d), if the financing  
14           statement would have been effective to perfect a security  
15           interest in the collateral had the collateral been  
16           acquired by the original debtor.

17           (2) A security interest perfected by the financing  
18           statement and which becomes perfected under the law of the  
19           other jurisdiction before the earlier of the time the  
20           financing statement would have become ineffective under  
21           the law of the jurisdiction designated in Section 9-301(1)  
22           or 9-305(c) or the expiration of the four-month period  
23           remains perfected thereafter. A security interest that is  
24           perfected by the financing statement but which does not  
25           become perfected under the law of the other jurisdiction  
26           before the earlier time or event becomes unperfected and

1 is deemed never to have been perfected as against a  
2 purchaser of the collateral for value.

3 (Source: P.A. 97-1034, eff. 7-1-13.)

4 (810 ILCS 5/9-317) (from Ch. 26, par. 9-317)

5 Sec. 9-317. Interests that take priority over or take free  
6 of security interest or agricultural lien.

7 (a) Conflicting security interests and rights of lien  
8 creditors. A security interest or agricultural lien is  
9 subordinate to the rights of:

10 (1) a person entitled to priority under Section 9-322;  
11 and

12 (2) except as otherwise provided in subsection (e) or  
13 (f), a person that becomes a lien creditor before the  
14 earlier of the time:

15 (A) the security interest or agricultural lien is  
16 perfected; or

17 (B) one of the conditions specified in Section  
18 9-203(b)(3) is met and a financing statement covering  
19 the collateral is filed.

20 (b) Buyers that receive delivery. Except as otherwise  
21 provided in subsection (e), a buyer, other than a secured  
22 party, of ~~tangible chattel paper, tangible documents,~~ goods,  
23 instruments, tangible documents, or a certificated security  
24 takes free of a security interest or agricultural lien if the  
25 buyer gives value and receives delivery of the collateral



1 without knowledge of the security interest or agricultural  
2 lien and before it is perfected.

3 (c) Lessees that receive delivery. Except as otherwise  
4 provided in subsection (e), a lessee of goods takes free of a  
5 security interest or agricultural lien if the lessee gives  
6 value and receives delivery of the collateral without  
7 knowledge of the security interest or agricultural lien and  
8 before it is perfected.

9 (d) Licensees and buyers of certain collateral. Subject to  
10 subsections (g) through (j), a ~~A~~ licensee of a general  
11 intangible or a buyer, other than a secured party, of  
12 collateral other than electronic money ~~tangible chattel paper,~~  
13 ~~tangible documents,~~ goods, instruments, tangible documents, or  
14 a certificated security takes free of a security interest if  
15 the licensee or buyer gives value without knowledge of the  
16 security interest and before it is perfected.

17 (e) Purchase-money security interest. Except as otherwise  
18 provided in Sections 9-320 and 9-321, if a person files a  
19 financing statement with respect to a purchase-money security  
20 interest before or within 20 days after the debtor receives  
21 delivery of the collateral, the security interest takes  
22 priority over the rights of a buyer, lessee, or lien creditor  
23 which arise between the time the security interest attaches  
24 and the time of filing.

25 (f) Public deposits. An unperfected security interest  
26 shall take priority over the rights of a lien creditor if (i)

1 the lien creditor is a trustee or receiver of a bank or acting  
2 in furtherance of its supervisory authority over such bank and  
3 (ii) a security interest is granted by the bank to secure a  
4 deposit of public funds with the bank or a repurchase  
5 agreement with the bank pursuant to the Government Securities  
6 Act of 1986, as amended.

7 (g) Buyers of chattel paper. A buyer, other than a secured  
8 party, of chattel paper takes free of a security interest if,  
9 without knowledge of the security interest and before it is  
10 perfected, the buyer gives value and:

11 (1) receives delivery of each authoritative tangible  
12 copy of the record evidencing the chattel paper; and

13 (2) if each authoritative electronic copy of the  
14 record evidencing the chattel paper can be subjected to  
15 control under Section 9-105, obtains control of each  
16 authoritative electronic copy.

17 (h) Buyers of electronic documents. A buyer of an  
18 electronic document takes free of a security interest if,  
19 without knowledge of the security interest and before it is  
20 perfected, the buyer gives value and, if each authoritative  
21 electronic copy of the document can be subjected to control  
22 under Section 7-106, obtains control of each authoritative  
23 electronic copy.

24 (i) Buyers of controllable electronic records. A buyer of  
25 a controllable electronic record takes free of a security  
26 interest if, without knowledge of the security interest and

1 before it is perfected, the buyer gives value and obtains  
2 control of the controllable electronic record.

3 (j) Buyers of controllable accounts and controllable  
4 payment intangibles. A buyer, other than a secured party, of a  
5 controllable account or a controllable payment intangible  
6 takes free of a security interest if, without knowledge of the  
7 security interest and before it is perfected, the buyer gives  
8 value and obtains control of the controllable account or  
9 controllable payment intangible.

10 (Source: P.A. 97-1034, eff. 7-1-13.)

11 (810 ILCS 5/9-323)

12 Sec. 9-323. Future advances.

13 (a) When priority based on time of advance. Except as  
14 otherwise provided in subsection (c), for purposes of  
15 determining the priority of a perfected security interest  
16 under Section 9-322(a)(1), perfection of the security interest  
17 dates from the time an advance is made to the extent that the  
18 security interest secures an advance that:

19 (1) is made while the security interest is perfected  
20 only:

21 (A) under Section 9-309 when it attaches; or

22 (B) temporarily under Section 9-312(e), (f), or

23 (g); and

24 (2) is not made pursuant to a commitment entered into  
25 before or while the security interest is perfected by a

1 method other than under Section 9-309 or 9-312(e), (f), or  
2 (g).

3 (b) Lien creditor. Except as otherwise provided in  
4 subsection (c), a security interest is subordinate to the  
5 rights of a person that becomes a lien creditor to the extent  
6 that the security interest secures an advance made more than  
7 45 days after the person becomes a lien creditor unless the  
8 advance is made:

9 (1) without knowledge of the lien; or

10 (2) pursuant to a commitment entered into without  
11 knowledge of the lien.

12 (c) Buyer of receivables. Subsections (a) and (b) do not  
13 apply to a security interest held by a secured party that is a  
14 buyer of accounts, chattel paper, payment intangibles, or  
15 promissory notes or a consignor.

16 (d) Buyer of goods. Except as otherwise provided in  
17 subsection (e), a buyer of goods ~~other than a buyer in ordinary~~  
18 ~~course of business~~ takes free of a security interest to the  
19 extent that it secures advances made after the earlier of:

20 (1) the time the secured party acquires knowledge of  
21 the buyer's purchase; or

22 (2) 45 days after the purchase.

23 (e) Advances made pursuant to commitment: priority of  
24 buyer of goods. Subsection (d) does not apply if the advance is  
25 made pursuant to a commitment entered into without knowledge  
26 of the buyer's purchase and before the expiration of the

1 45-day period.

2 (f) Lessee of goods. Except as otherwise provided in  
3 subsection (g), a lessee of goods, ~~other than a lessee in~~  
4 ~~ordinary course of business~~, takes the leasehold interest free  
5 of a security interest to the extent that it secures advances  
6 made after the earlier of:

7 (1) the time the secured party acquires knowledge of  
8 the lease; or

9 (2) 45 days after the lease contract becomes  
10 enforceable.

11 (g) Advances made pursuant to commitment: priority of  
12 lessee of goods. Subsection (f) does not apply if the advance  
13 is made pursuant to a commitment entered into without  
14 knowledge of the lease and before the expiration of the 45-day  
15 period.

16 (Source: P.A. 91-893, eff. 7-1-01.)

17 (810 ILCS 5/9-324)

18 Sec. 9-324. Priority of purchase-money security interests.

19 (a) General rule: purchase-money priority. Except as  
20 otherwise provided in subsection (g), a perfected  
21 purchase-money security interest in goods other than inventory  
22 or livestock has priority over a conflicting security interest  
23 in the same goods, and, except as otherwise provided in  
24 Section 9-327, a perfected security interest in its  
25 identifiable proceeds also has priority, if the purchase-money

1 security interest is perfected when the debtor receives  
2 possession of the collateral or within 20 days thereafter.

3 (b) Inventory purchase-money priority. Subject to  
4 subsection (c) and except as otherwise provided in subsection  
5 (g), a perfected purchase-money security interest in inventory  
6 has priority over a conflicting security interest in the same  
7 inventory, has priority over a conflicting security interest  
8 in chattel paper or an instrument constituting proceeds of the  
9 inventory and in proceeds of the chattel paper, if so provided  
10 in Section 9-330, and, except as otherwise provided in Section  
11 9-327, also has priority in identifiable cash proceeds of the  
12 inventory to the extent the identifiable cash proceeds are  
13 received on or before the delivery of the inventory to a buyer,  
14 if:

15 (1) the purchase-money security interest is perfected  
16 when the debtor receives possession of the inventory;

17 (2) the purchase-money secured party sends a signed ~~an~~  
18 ~~authenticated~~ notification to the holder of the  
19 conflicting security interest;

20 (3) the holder of the conflicting security interest  
21 receives the notification within five years before the  
22 debtor receives possession of the inventory; and

23 (4) the notification states that the person sending  
24 the notification has or expects to acquire a  
25 purchase-money security interest in inventory of the  
26 debtor and describes the inventory.

1 (c) Holders of conflicting inventory security interests to  
2 be notified. Subsections (b) (2) through (4) apply only if the  
3 holder of the conflicting security interest had filed a  
4 financing statement covering the same types of inventory:

5 (1) if the purchase-money security interest is  
6 perfected by filing, before the date of the filing; or

7 (2) if the purchase-money security interest is  
8 temporarily perfected without filing or possession under  
9 Section 9-312(f), before the beginning of the 20-day  
10 period thereunder.

11 (d) Livestock purchase-money priority. Subject to  
12 subsection (e) and except as otherwise provided in subsection  
13 (g), a perfected purchase-money security interest in livestock  
14 that are farm products has priority over a conflicting  
15 security interest in the same livestock, and, except as  
16 otherwise provided in Section 9-327, a perfected security  
17 interest in their identifiable proceeds and identifiable  
18 products in their unmanufactured states also has priority, if:

19 (1) the purchase-money security interest is perfected  
20 when the debtor receives possession of the livestock;

21 (2) the purchase-money secured party sends a signed ~~an~~  
22 ~~authenticated~~ notification to the holder of the  
23 conflicting security interest;

24 (3) the holder of the conflicting security interest  
25 receives the notification within six months before the  
26 debtor receives possession of the livestock; and

1           (4) the notification states that the person sending  
2           the notification has or expects to acquire a  
3           purchase-money security interest in livestock of the  
4           debtor and describes the livestock.

5           (e) Holders of conflicting livestock security interests to  
6           be notified. Subsections (d) (2) through (4) apply only if the  
7           holder of the conflicting security interest had filed a  
8           financing statement covering the same types of livestock:

9           (1) if the purchase-money security interest is  
10          perfected by filing, before the date of the filing; or

11          (2) if the purchase-money security interest is  
12          temporarily perfected without filing or possession under  
13          Section 9-312(f), before the beginning of the 20-day  
14          period thereunder.

15          (f) Software purchase-money priority. Except as otherwise  
16          provided in subsection (g), a perfected purchase-money  
17          security interest in software has priority over a conflicting  
18          security interest in the same collateral, and, except as  
19          otherwise provided in Section 9-327, a perfected security  
20          interest in its identifiable proceeds also has priority, to  
21          the extent that the purchase-money security interest in the  
22          goods in which the software was acquired for use has priority  
23          in the goods and proceeds of the goods under this Section.

24          (g) Conflicting purchase-money security interests. If more  
25          than one security interest qualifies for priority in the same  
26          collateral under subsection (a), (b), (d), or (f):



1           (1) a security interest securing an obligation  
2 incurred as all or part of the price of the collateral has  
3 priority over a security interest securing an obligation  
4 incurred for value given to enable the debtor to acquire  
5 rights in or the use of collateral; and

6           (2) in all other cases, Section 9-322(a) applies to  
7 the qualifying security interests.

8 (Source: P.A. 91-893, eff. 7-1-01.)

9 (810 ILCS 5/9-326A new)

10 Sec. 9-326A. Priority of security interest in controllable  
11 account, controllable electronic record, and controllable  
12 payment intangible. A security interest in a controllable  
13 account, controllable electronic record, or controllable  
14 payment intangible held by a secured party having control of  
15 the account, electronic record, or payment intangible has  
16 priority over a conflicting security interest held by a  
17 secured party that does not have control.

18 (810 ILCS 5/9-330)

19 Sec. 9-330. Priority of purchaser of chattel paper or  
20 instrument.

21 (a) Purchaser's priority: security interest claimed merely  
22 as proceeds. A purchaser of chattel paper has priority over a  
23 security interest in the chattel paper which is claimed merely  
24 as proceeds of inventory subject to a security interest if:

1           (1) in good faith and in the ordinary course of the  
2 purchaser's business, the purchaser gives new value, ~~and~~  
3 takes possession of each authoritative tangible copy of  
4 the record evidencing the chattel paper, and ~~or~~ obtains  
5 control under Section 9-105 of each authoritative  
6 electronic copy of the record evidencing ~~of~~ the chattel  
7 paper ~~under Section 9-105~~; and

8           (2) the authoritative copies of the record evidencing  
9 the chattel paper do ~~chattel paper does~~ not indicate that  
10 the chattel paper ~~it~~ has been assigned to an identified  
11 assignee other than the purchaser.

12           (b) Purchaser's priority: other security interests. A  
13 purchaser of chattel paper has priority over a security  
14 interest in the chattel paper which is claimed other than  
15 merely as proceeds of inventory subject to a security interest  
16 if the purchaser gives new value, ~~and~~ takes possession of each  
17 authoritative tangible copy of the record evidencing the  
18 chattel paper, ~~and~~ ~~or~~ obtains control under Section 9-105 of  
19 each authoritative electronic copy of the record evidencing ~~of~~  
20 the chattel paper ~~under Section 9-105~~ in good faith, in the  
21 ordinary course of the purchaser's business, and without  
22 knowledge that the purchase violates the rights of the secured  
23 party.

24           (c) Chattel paper purchaser's priority in proceeds. Except  
25 as otherwise provided in Section 9-327, a purchaser having  
26 priority in chattel paper under subsection (a) or (b) also has

1 priority in proceeds of the chattel paper to the extent that:

2 (1) Section 9-322 provides for priority in the  
3 proceeds; or

4 (2) the proceeds consist of the specific goods covered  
5 by the chattel paper or cash proceeds of the specific  
6 goods, even if the purchaser's security interest in the  
7 proceeds is unperfected.

8 (d) Instrument purchaser's priority. Except as otherwise  
9 provided in Section 9-331(a), a purchaser of an instrument has  
10 priority over a security interest in the instrument perfected  
11 by a method other than possession if the purchaser gives value  
12 and takes possession of the instrument in good faith and  
13 without knowledge that the purchase violates the rights of the  
14 secured party.

15 (e) Holder of purchase-money security interest gives new  
16 value. For purposes of subsections (a) and (b), the holder of a  
17 purchase-money security interest in inventory gives new value  
18 for chattel paper constituting proceeds of the inventory.

19 (f) Indication of assignment gives knowledge. For purposes  
20 of subsections (b) and (d), if the authoritative copies of the  
21 record evidencing chattel paper or an instrument indicate  
22 ~~indicates~~ that the chattel paper or instrument ~~it~~ has been  
23 assigned to an identified secured party other than the  
24 purchaser, a purchaser of the chattel paper or instrument has  
25 knowledge that the purchase violates the rights of the secured  
26 party.

1 (Source: P.A. 91-893, eff. 7-1-01.)

2 (810 ILCS 5/9-331)

3 Sec. 9-331. Priority of rights of purchasers of  
4 controllable accounts, controllable electronic records,  
5 controllable payment intangibles, ~~instruments,~~ documents,  
6 instruments, and securities under other Articles; priority of  
7 interests in financial assets and security entitlements and  
8 protection against assertion of claim under Articles ~~Article~~ 8  
9 and 12.

10 (a) Rights under Articles 3, 7, ~~and 8,~~ and 12 not limited.  
11 This Article does not limit the rights of a holder in due  
12 course of a negotiable instrument, a holder to which a  
13 negotiable document of title has been duly negotiated, ~~or~~ a  
14 protected purchaser of a security, or a qualifying purchaser  
15 of a controllable account, controllable electronic record, or  
16 controllable payment intangible. These holders or purchasers  
17 take priority over an earlier security interest, even if  
18 perfected, to the extent provided in Articles 3, 7, ~~and 8,~~ and  
19 12.

20 (b) Protection under Articles ~~Article~~ 8 and 12. This  
21 Article does not limit the rights of or impose liability on a  
22 person to the extent that the person is protected against the  
23 assertion of a claim under Article 8 or 12.

24 (c) Filing not notice. Filing under this Article does not  
25 constitute notice of a claim or defense to the holders, or

1 purchasers, or persons described in subsections (a) and (b).

2 (Source: P.A. 91-893, eff. 7-1-01.)

3 (810 ILCS 5/9-332)

4 Sec. 9-332. Transfer of money; transfer of funds from  
5 deposit account.

6 (a) Transferee of tangible money. A transferee of tangible  
7 money takes the money free of a security interest if the  
8 transferee receives possession of the money without acting  
9 ~~unless the transferee acts~~ in collusion with the debtor in  
10 violating the rights of the secured party.

11 (b) Transferee of funds from deposit account. A transferee  
12 of funds from a deposit account takes the funds free of a  
13 security interest in the deposit account if the transferee  
14 receives the funds without acting ~~unless the transferee acts~~  
15 in collusion with the debtor in violating the rights of the  
16 secured party.

17 (c) Transferee of electronic money. A transferee of  
18 electronic money takes the money free of a security interest  
19 if the transferee obtains control of the money without acting  
20 in collusion with the debtor in violating the rights of the  
21 secured party.

22 (Source: P.A. 91-893, eff. 7-1-01.)

23 (810 ILCS 5/9-334)

24 Sec. 9-334. Priority of security interests in fixtures and

1 crops.

2 (a) Security interest in fixtures under this Article. A  
3 security interest under this Article may be created in goods  
4 that are fixtures or may continue in goods that become  
5 fixtures. A security interest does not exist under this  
6 Article in ordinary building materials incorporated into an  
7 improvement on land.

8 (b) Security interest in fixtures under real-property law.  
9 This Article does not prevent creation of an encumbrance upon  
10 fixtures under real property law.

11 (c) General rule: subordination of security interest in  
12 fixtures. In cases not governed by subsections (d) through  
13 (h), a security interest in fixtures is subordinate to a  
14 conflicting interest of an encumbrancer or owner of the  
15 related real property other than the debtor.

16 (d) Fixtures purchase-money priority. Except as otherwise  
17 provided in subsection (h), a perfected security interest in  
18 fixtures has priority over a conflicting interest of an  
19 encumbrancer or owner of the real property if the debtor has an  
20 interest of record in or is in possession of the real property  
21 and:

22 (1) the security interest is a purchase-money security  
23 interest;

24 (2) the interest of the encumbrancer or owner arises  
25 before the goods become fixtures; and

26 (3) the security interest is perfected by a fixture

1 filing before the goods become fixtures or within 20 days  
2 thereafter.

3 (e) Priority of security interest in fixtures over  
4 interests in real property. A perfected security interest in  
5 fixtures has priority over a conflicting interest of an  
6 encumbrancer or owner of the real property if:

7 (1) the debtor has an interest of record in the real  
8 property or is in possession of the real property and the  
9 security interest:

10 (A) is perfected by a fixture filing before the  
11 interest of the encumbrancer or owner is of record;  
12 and

13 (B) has priority over any conflicting interest of  
14 a predecessor in title of the encumbrancer or owner;

15 (2) before the goods become fixtures, the security  
16 interest is perfected by any method permitted by this  
17 Article and the fixtures are readily removable:

18 (A) factory or office machines;

19 (B) equipment that is not primarily used or leased  
20 for use in the operation of the real property; or

21 (C) replacements of domestic appliances that are  
22 consumer goods;

23 (3) the conflicting interest is a lien on the real  
24 property obtained by legal or equitable proceedings after  
25 the security interest was perfected by any method  
26 permitted by this Article; or

1 (4) the security interest is:

2 (A) created in a manufactured home in a  
3 manufactured-home transaction; and

4 (B) perfected pursuant to a statute described in  
5 Section 9-311(a)(2).

6 (f) Priority based on consent, disclaimer, or right to  
7 remove. A security interest in fixtures, whether or not  
8 perfected, has priority over a conflicting interest of an  
9 encumbrancer or owner of the real property if:

10 (1) the encumbrancer or owner has, in a signed ~~an~~  
11 ~~authenticated~~ record, consented to the security interest  
12 or disclaimed an interest in the goods as fixtures; or

13 (2) the debtor has a right to remove the goods as  
14 against the encumbrancer or owner.

15 (g) Continuation of subsection (f)(2) priority. The  
16 priority of the security interest under subsection (f)(2)  
17 continues for a reasonable time if the debtor's right to  
18 remove the goods as against the encumbrancer or owner  
19 terminates.

20 (h) Priority of construction mortgage. A mortgage is a  
21 construction mortgage to the extent that it secures an  
22 obligation incurred for the construction of an improvement on  
23 land, including the acquisition cost of the land, if a  
24 recorded record of the mortgage so indicates. Except as  
25 otherwise provided in subsections (e) and (f), a security  
26 interest in fixtures is subordinate to a construction mortgage



1 if a record of the mortgage is recorded before the goods become  
2 fixtures and the goods become fixtures before the completion  
3 of the construction. A mortgage has this priority to the same  
4 extent as a construction mortgage to the extent that it is  
5 given to refinance a construction mortgage.

6 (i) Priority of security interest in crops.

7 (1) Subject to Section 9-322(g), a perfected security  
8 interest in crops growing on real property has priority  
9 over:

10 (A) a conflicting interest of an encumbrancer or  
11 owner of the real property; and

12 (B) the rights of a holder of an obligation  
13 secured by a collateral assignment of beneficial  
14 interest in a land trust, including rights by virtue  
15 of an equitable lien.

16 (2) For purposes of this subsection:

17 (A) "Collateral assignment of beneficial interest"  
18 means any pledge or assignment of the beneficial  
19 interest in a land trust to a person to secure a debt  
20 to other obligation.

21 (B) "Land trust" means any trust arrangement under  
22 which the legal and equitable title to real estate is  
23 held by a trustee, the interest of the beneficiary of  
24 the trust is personal property, and the beneficiary or  
25 any person designated in writing by the beneficiary  
26 has (i) the exclusive power to direct or control the

1 trustee in dealing with the title to the trust  
2 property, (ii) the exclusive control of the  
3 management, operation, renting, and selling of the  
4 trust property, and (iii) the exclusive right to the  
5 earnings, avails, and proceeds of trust property.

6 (Source: P.A. 91-893, eff. 7-1-01.)

7 (810 ILCS 5/9-341)

8 Sec. 9-341. Bank's rights and duties with respect to  
9 deposit account. Except as otherwise provided in Section  
10 9-340(c), and unless the bank otherwise agrees in a signed ~~an~~  
11 ~~authenticated~~ record, a bank's rights and duties with respect  
12 to a deposit account maintained with the bank are not  
13 terminated, suspended, or modified by:

14 (1) the creation, attachment, or perfection of a  
15 security interest in the deposit account;

16 (2) the bank's knowledge of the security interest; or

17 (3) the bank's receipt of instructions from the  
18 secured party.

19 (Source: P.A. 91-893, eff. 7-1-01.)

20 (810 ILCS 5/9-404) (from Ch. 26, par. 9-404)

21 Sec. 9-404. Rights acquired by assignee; claims and  
22 defenses against assignee.

23 (a) Assignee's rights subject to terms, claims, and  
24 defenses; exceptions. Unless an account debtor has made an

1 enforceable agreement not to assert defenses or claims, and  
2 subject to subsections (b) through (e), the rights of an  
3 assignee are subject to:

4 (1) all terms of the agreement between the account  
5 debtor and assignor and any defense or claim in recoupment  
6 arising from the transaction that gave rise to the  
7 contract; and

8 (2) any other defense or claim of the account debtor  
9 against the assignor which accrues before the account  
10 debtor receives a notification of the assignment signed  
11 ~~authenticated~~ by the assignor or the assignee.

12 (b) Account debtor's claim reduces amount owed to  
13 assignee. Subject to subsection (c) and except as otherwise  
14 provided in subsection (d), the claim of an account debtor  
15 against an assignor may be asserted against an assignee under  
16 subsection (a) only to reduce the amount the account debtor  
17 owes.

18 (c) Rule for individual under other law. This Section is  
19 subject to law other than this Article which establishes a  
20 different rule for an account debtor who is an individual and  
21 who incurred the obligation primarily for personal, family, or  
22 household purposes.

23 (d) Omission of required statement in consumer  
24 transaction. In a consumer transaction, if a record evidences  
25 the account debtor's obligation, law other than this Article  
26 requires that the record include a statement to the effect

1 that the account debtor's recovery against an assignee with  
2 respect to claims and defenses against the assignor may not  
3 exceed amounts paid by the account debtor under the record,  
4 and the record does not include such a statement, the extent to  
5 which a claim of an account debtor against the assignor may be  
6 asserted against an assignee is determined as if the record  
7 included such a statement.

8 (e) Inapplicability to health-care-insurance receivable.  
9 This Section does not apply to an assignment of a  
10 health-care-insurance receivable.

11 (Source: P.A. 91-893, eff. 7-1-01.)

12 (810 ILCS 5/9-406) (from Ch. 26, par. 9-406)

13 Sec. 9-406. Discharge of account debtor; notification of  
14 assignment; identification and proof of assignment;  
15 restrictions on assignment of accounts, chattel paper, payment  
16 intangibles, and promissory notes ineffective.

17 (a) Discharge of account debtor; effect of notification.  
18 Subject to subsections (b) through (i) and (1), an account  
19 debtor on an account, chattel paper, or a payment intangible  
20 may discharge its obligation by paying the assignor until, but  
21 not after, the account debtor receives a notification, signed  
22 ~~authenticated~~ by the assignor or the assignee, that the amount  
23 due or to become due has been assigned and that payment is to  
24 be made to the assignee. After receipt of the notification,  
25 the account debtor may discharge its obligation by paying the

1 assignee and may not discharge the obligation by paying the  
2 assignor.

3 (b) When notification ineffective. Subject to subsections  
4 ~~subsection~~ (h) and (1), notification is ineffective under  
5 subsection (a):

6 (1) if it does not reasonably identify the rights  
7 assigned;

8 (2) to the extent that an agreement between an account  
9 debtor and a seller of a payment intangible limits the  
10 account debtor's duty to pay a person other than the  
11 seller and the limitation is effective under law other  
12 than this Article; or

13 (3) at the option of an account debtor, if the  
14 notification notifies the account debtor to make less than  
15 the full amount of any installment or other periodic  
16 payment to the assignee, even if:

17 (A) only a portion of the account, chattel paper,  
18 or payment intangible has been assigned to that  
19 assignee;

20 (B) a portion has been assigned to another  
21 assignee; or

22 (C) the account debtor knows that the assignment  
23 to that assignee is limited.

24 (c) Proof of assignment. Subject to subsections ~~subsection~~  
25 (h) and (1), if requested by the account debtor, an assignee  
26 shall seasonably furnish reasonable proof that the assignment

1 has been made. Unless the assignee complies, the account  
2 debtor may discharge its obligation by paying the assignor,  
3 even if the account debtor has received a notification under  
4 subsection (a).

5 (d) Term restricting assignment generally ineffective. In  
6 this subsection, "promissory note" includes a negotiable  
7 instrument that evidences chattel paper. Except as otherwise  
8 provided in subsection (e) and Sections 2A-303 and 9-407, and  
9 subject to subsection (h), a term in an agreement between an  
10 account debtor and an assignor or in a promissory note is  
11 ineffective to the extent that it:

12 (1) prohibits, restricts, or requires the consent of  
13 the account debtor or person obligated on the promissory  
14 note to the assignment or transfer of, or the creation,  
15 attachment, perfection, or enforcement of a security  
16 interest in, the account, chattel paper, payment  
17 intangible, or promissory note; or

18 (2) provides that the assignment or transfer or the  
19 creation, attachment, perfection, or enforcement of the  
20 security interest may give rise to a default, breach,  
21 right of recoupment, claim, defense, termination, right of  
22 termination, or remedy under the account, chattel paper,  
23 payment intangible, or promissory note.

24 (e) Inapplicability of subsection (d) to certain sales.  
25 Subsection (d) does not apply to the sale of a payment  
26 intangible or promissory note, other than a sale pursuant to a

1 disposition under Section 9-610 or an acceptance of collateral  
2 under Section 9-620.

3 (f) Legal restrictions on assignment generally  
4 ineffective. Except as otherwise provided in Sections 2A-303  
5 and 9-407 and subject to subsections (h) and (i), a rule of  
6 law, statute, or regulation that prohibits, restricts, or  
7 requires the consent of a government, governmental body or  
8 official, or account debtor to the assignment or transfer of,  
9 or creation of a security interest in, an account or chattel  
10 paper is ineffective to the extent that the rule of law,  
11 statute, or regulation:

12 (1) prohibits, restricts, or requires the consent of  
13 the government, governmental body or official, or account  
14 debtor to the assignment or transfer of, or the creation,  
15 attachment, perfection, or enforcement of a security  
16 interest in the account or chattel paper; or

17 (2) provides that the assignment or transfer or the  
18 creation, attachment, perfection, or enforcement of the  
19 security interest may give rise to a default, breach,  
20 right of recoupment, claim, defense, termination, right of  
21 termination, or remedy under the account or chattel paper.

22 (g) Subsection (b) (3) not waivable. Subject to subsections  
23 ~~subsection~~ (h) and (1), an account debtor may not waive or vary  
24 its option under subsection (b) (3).

25 (h) Rule for individual under other law. This Section is  
26 subject to law other than this Article which establishes a

1 different rule for an account debtor who is an individual and  
2 who incurred the obligation primarily for personal, family, or  
3 household purposes.

4 (i) Inapplicability to health-care-insurance receivable.  
5 This Section does not apply to an assignment of a  
6 health-care-insurance receivable.

7 (j) (Reserved).

8 (k) (Reserved).

9 (l) Inapplicability of certain subsections. Subsections  
10 (a), (b), (c), and (g) do not apply to a controllable account  
11 or controllable payment intangible.

12 (Source: P.A. 97-1034, eff. 7-1-13.)

13 (810 ILCS 5/9-408) (from Ch. 26, par. 9-408)

14 Sec. 9-408. Restrictions on assignment of promissory  
15 notes, health-care-insurance receivables, and certain general  
16 intangibles ineffective.

17 (a) Term restricting assignment generally ineffective.  
18 Except as otherwise provided in subsection (b), a term in a  
19 promissory note or in an agreement between an account debtor  
20 and a debtor which relates to a health-care-insurance  
21 receivable or a general intangible, including a contract,  
22 permit, license, or franchise, and which term prohibits,  
23 restricts, or requires the consent of the person obligated on  
24 the promissory note or the account debtor to, the assignment  
25 or transfer of, or creation, attachment, or perfection of a



1 security interest in, the promissory note,  
2 health-care-insurance receivable, or general intangible, is  
3 ineffective to the extent that the term:

4 (1) would impair the creation, attachment, or  
5 perfection of a security interest; or

6 (2) provides that the assignment or transfer or the  
7 creation, attachment, or perfection of the security  
8 interest may give rise to a default, breach, right of  
9 recoupment, claim, defense, termination, right of  
10 termination, or remedy under the promissory note,  
11 health-care-insurance receivable, or general intangible.

12 (b) Applicability of subsection (a) to sales of certain  
13 rights to payment. Subsection (a) applies to a security  
14 interest in a payment intangible or promissory note only if  
15 the security interest arises out of a sale of the payment  
16 intangible or promissory note, other than a sale pursuant to a  
17 disposition under Section 9-610 or an acceptance of collateral  
18 under Section 9-620.

19 (c) Legal restrictions on assignment generally  
20 ineffective. A rule of law, statute, or regulation that  
21 prohibits, restricts, or requires the consent of a government,  
22 governmental body or official, person obligated on a  
23 promissory note, or account debtor to the assignment or  
24 transfer of, or creation of a security interest in, a  
25 promissory note, health-care-insurance receivable, or general  
26 intangible, including a contract, permit, license, or

1 franchise between an account debtor and a debtor, is  
2 ineffective to the extent that the rule of law, statute, or  
3 regulation:

4 (1) would impair the creation, attachment, or  
5 perfection of a security interest; or

6 (2) provides that the assignment or transfer or the  
7 creation, attachment, or perfection of the security  
8 interest may give rise to a default, breach, right of  
9 recoupment, claim, defense, termination, right of  
10 termination, or remedy under the promissory note,  
11 health-care-insurance receivable, or general intangible.

12 (d) Limitation on ineffectiveness under subsections (a)  
13 and (c). To the extent that a term in a promissory note or in  
14 an agreement between an account debtor and a debtor which  
15 relates to a health-care-insurance receivable or general  
16 intangible or a rule of law, statute, or regulation described  
17 in subsection (c) would be effective under law other than this  
18 Article but is ineffective under subsection (a) or (c), the  
19 creation, attachment, or perfection of a security interest in  
20 the promissory note, health-care-insurance receivable, or  
21 general intangible:

22 (1) is not enforceable against the person obligated on  
23 the promissory note or the account debtor;

24 (2) does not impose a duty or obligation on the person  
25 obligated on the promissory note or the account debtor;

26 (3) does not require the person obligated on the

1 promissory note or the account debtor to recognize the  
2 security interest, pay or render performance to the  
3 secured party, or accept payment or performance from the  
4 secured party;

5 (4) does not entitle the secured party to use or  
6 assign the debtor's rights under the promissory note,  
7 health-care-insurance receivable, or general intangible,  
8 including any related information or materials furnished  
9 to the debtor in the transaction giving rise to the  
10 promissory note, health-care-insurance receivable, or  
11 general intangible;

12 (5) does not entitle the secured party to use, assign,  
13 possess, or have access to any trade secrets or  
14 confidential information of the person obligated on the  
15 promissory note or the account debtor; and

16 (6) does not entitle the secured party to enforce the  
17 security interest in the promissory note,  
18 health-care-insurance receivable, or general intangible.

19 (e) "Promissory note". In this Section, "promissory note"  
20 includes a negotiable instrument that evidences chattel paper.

21 (Source: P.A. 97-1034, eff. 7-1-13.)

22 (810 ILCS 5/9-509)

23 Sec. 9-509. Persons entitled to file a record.

24 (a) Person entitled to file record. A person may file an  
25 initial financing statement, amendment that adds collateral

1 covered by a financing statement, or amendment that adds a  
2 debtor to a financing statement only if:

3 (1) the debtor authorizes the filing in a signed ~~an~~  
4 ~~authenticated~~ record or pursuant to subsection (b) or (c);  
5 or

6 (2) the person holds an agricultural lien that has  
7 become effective at the time of filing and the financing  
8 statement covers only collateral in which the person holds  
9 an agricultural lien.

10 (b) Security agreement as authorization. By signing  
11 ~~authenticating~~ or becoming bound as debtor by a security  
12 agreement, a debtor or new debtor authorizes the filing of an  
13 initial financing statement, and an amendment, covering:

14 (1) the collateral described in the security  
15 agreement; and

16 (2) property that becomes collateral under Section  
17 9-315(a)(2), whether or not the security agreement  
18 expressly covers proceeds.

19 (c) Acquisition of collateral as authorization. By  
20 acquiring collateral in which a security interest or  
21 agricultural lien continues under Section 9-315(a)(1), a  
22 debtor authorizes the filing of an initial financing  
23 statement, and an amendment, covering the collateral and  
24 property that becomes collateral under Section 9-315(a)(2).

25 (d) Person entitled to file certain amendments. A person  
26 may file an amendment other than an amendment that adds

1 collateral covered by a financing statement or an amendment  
2 that adds a debtor to a financing statement only if:

3 (1) the secured party of record authorizes the filing;

4 or

5 (2) the amendment is a termination statement for a  
6 financing statement as to which the secured party of  
7 record has failed to file or send a termination statement  
8 as required by Section 9-513(a) or (c), the debtor  
9 authorizes the filing, and the termination statement  
10 indicates that the debtor authorized it to be filed.

11 (e) Multiple secured parties of record. If there is more  
12 than one secured party of record for a financing statement,  
13 each secured party of record may authorize the filing of an  
14 amendment under subsection (d).

15 (Source: P.A. 91-893, eff. 7-1-01.)

16 (810 ILCS 5/9-513)

17 Sec. 9-513. Termination statement.

18 (a) Consumer goods. A secured party shall cause the  
19 secured party of record for a financing statement to file a  
20 termination statement for the financing statement if the  
21 financing statement covers consumer goods and:

22 (1) there is no obligation secured by the collateral  
23 covered by the financing statement and no commitment to  
24 make an advance, incur an obligation, or otherwise give  
25 value; or

1           (2) the debtor did not authorize the filing of the  
2           initial financing statement.

3           (b) Time for compliance with subsection (a). To comply  
4           with subsection (a), a secured party shall cause the secured  
5           party of record to file the termination statement:

6           (1) within one month after there is no obligation  
7           secured by the collateral covered by the financing  
8           statement and no commitment to make an advance, incur an  
9           obligation, or otherwise give value; or

10          (2) if earlier, within 20 days after the secured party  
11          receives a signed ~~an authenticated~~ demand from a debtor.

12          (c) Other collateral. In cases not governed by subsection  
13          (a), within 20 days after a secured party receives a signed ~~an~~  
14          ~~authenticated~~ demand from a debtor, the secured party shall  
15          cause the secured party of record for a financing statement to  
16          send to the debtor a termination statement for the financing  
17          statement or file the termination statement in the filing  
18          office if:

19          (1) except in the case of a financing statement  
20          covering accounts or chattel paper that has been sold or  
21          goods that are the subject of a consignment, there is no  
22          obligation secured by the collateral covered by the  
23          financing statement and no commitment to make an advance,  
24          incur an obligation, or otherwise give value;

25          (2) the financing statement covers accounts or chattel  
26          paper that has been sold but as to which the account debtor

1 or other person obligated has discharged its obligation;

2 (3) the financing statement covers goods that were the  
3 subject of a consignment to the debtor but are not in the  
4 debtor's possession; or

5 (4) the debtor did not authorize the filing of the  
6 initial financing statement.

7 (d) Effect of filing termination statement. Except as  
8 otherwise provided in Section 9-510, upon the filing of a  
9 termination statement with the filing office, the financing  
10 statement to which the termination statement relates ceases to  
11 be effective. Except as otherwise provided in Section 9-510,  
12 for purposes of Sections 9-519(g), 9-522(a), and 9-523(c) the  
13 filing with the filing office of a termination statement  
14 relating to a financing statement that indicates that the  
15 debtor is a transmitting utility also causes the effectiveness  
16 of the financing statement to lapse.

17 (Source: P.A. 91-893, eff. 7-1-01.)

18 (810 ILCS 5/9-601)

19 Sec. 9-601. Rights after default; judicial enforcement;  
20 consignor or buyer of accounts, chattel paper, payment  
21 intangibles, or promissory notes.

22 (a) Rights of secured party after default. After default,  
23 a secured party has the rights provided in this Part and,  
24 except as otherwise provided in Section 9-602, those provided  
25 by agreement of the parties. A secured party:

1           (1) may reduce a claim to judgment, foreclose, or  
2 otherwise enforce the claim, security interest, or  
3 agricultural lien by any available judicial procedure; and

4           (2) if the collateral is documents, may proceed either  
5 as to the documents or as to the goods they cover.

6           (b) Rights and duties of secured party in possession or  
7 control. A secured party in possession of collateral or  
8 control of collateral under Section 7-106, 9-104, 9-105,  
9 9-105A, 9-106, ~~or~~ 9-107, or 9-107A has the rights and duties  
10 provided in Section 9-207.

11           (c) Rights cumulative; simultaneous exercise. The rights  
12 under subsections (a) and (b) are cumulative and may be  
13 exercised simultaneously.

14           (d) Rights of debtor and obligor. Except as otherwise  
15 provided in subsection (g) and Section 9-605, after default, a  
16 debtor and an obligor have the rights provided in this Part and  
17 by agreement of the parties.

18           (e) Lien of levy after judgment. If a secured party has  
19 reduced its claim to judgment, the lien of any levy that may be  
20 made upon the collateral by virtue of a judgment relates back  
21 to the earliest of:

22           (1) the date of perfection of the security interest or  
23 agricultural lien in the collateral;

24           (2) the date of filing a financing statement covering  
25 the collateral; or

26           (3) any date specified in a statute under which the



1 agricultural lien was created.

2 (f) Execution sale. A sale pursuant to a judgment is a  
3 foreclosure of the security interest or agricultural lien by  
4 judicial procedure within the meaning of this Section. A  
5 secured party may purchase at the sale and thereafter hold the  
6 collateral free of any other requirements of this Article.

7 (g) Consignor or buyer of certain rights to payment.  
8 Except as otherwise provided in Section 9-607(c), this Part  
9 imposes no duties upon a secured party that is a consignor or  
10 is a buyer of accounts, chattel paper, payment intangibles, or  
11 promissory notes.

12 (Source: P.A. 95-895, eff. 1-1-09.)

13 (810 ILCS 5/9-605)

14 Sec. 9-605. Unknown debtor or secondary obligor.

15 (a) In general: No duty owed by secured party. Except as  
16 provided in subsection (b), a ~~A~~ secured party does not owe a  
17 duty based on its status as secured party:

18 (1) to a person that is a debtor or obligor, unless the  
19 secured party knows:

20 (A) that the person is a debtor or obligor;

21 (B) the identity of the person; and

22 (C) how to communicate with the person; or

23 (2) to a secured party or lienholder that has filed a  
24 financing statement against a person, unless the secured  
25 party knows:

1 (A) that the person is a debtor; and

2 (B) the identity of the person.

3 (b) Exception: Secured party owes duty to debtor or  
4 obligor. A secured party owes a duty based on its status as a  
5 secured party to a person if, at the time the secured party  
6 obtains control of collateral that is a controllable account,  
7 controllable electronic record, or controllable payment  
8 intangible or at the time the security interest attaches to  
9 the collateral, whichever is later:

10 (1) the person is a debtor or obligor; and

11 (2) the secured party knows that the information in  
12 subsection (a)(1)(A), (B), or (C) relating to the person  
13 is not provided by the collateral, a record attached to or  
14 logically associated with the collateral, or the system in  
15 which the collateral is recorded.

16 (Source: P.A. 91-893, eff. 7-1-01.)

17 (810 ILCS 5/9-608)

18 Sec. 9-608. Application of proceeds of collection or  
19 enforcement; liability for deficiency and right to surplus.

20 (a) Application of proceeds, surplus, and deficiency if  
21 obligation secured. If a security interest or agricultural  
22 lien secures payment or performance of an obligation, the  
23 following rules apply:

24 (1) A secured party shall apply or pay over for  
25 application the cash proceeds of collection or enforcement

1 under Section 9-607 in the following order to:

2 (A) the reasonable expenses of collection and  
3 enforcement and, to the extent provided for by  
4 agreement and not prohibited by law, reasonable  
5 attorney's fees and legal expenses incurred by the  
6 secured party;

7 (B) the satisfaction of obligations secured by the  
8 security interest or agricultural lien under which the  
9 collection or enforcement is made; and

10 (C) the satisfaction of obligations secured by any  
11 subordinate security interest in or other lien on the  
12 collateral subject to the security interest or  
13 agricultural lien under which the collection or  
14 enforcement is made if the secured party receives a  
15 signed ~~an authenticated~~ demand for proceeds before  
16 distribution of the proceeds is completed.

17 (2) If requested by a secured party, a holder of a  
18 subordinate security interest or other lien shall furnish  
19 reasonable proof of the interest or lien within a  
20 reasonable time. Unless the holder complies, the secured  
21 party need not comply with the holder's demand under  
22 paragraph (1) (C).

23 (3) A secured party need not apply or pay over for  
24 application noncash proceeds of collection and enforcement  
25 under Section 9-607 unless the failure to do so would be  
26 commercially unreasonable. A secured party that applies or

1           pays over for application noncash proceeds shall do so in  
2           a commercially reasonable manner.

3           (4) A secured party shall account to and pay a debtor  
4           for any surplus, and the obligor is liable for any  
5           deficiency.

6           (b) No surplus or deficiency in sales of certain rights to  
7           payment. If the underlying transaction is a sale of accounts,  
8           chattel paper, payment intangibles, or promissory notes, the  
9           debtor is not entitled to any surplus, and the obligor is not  
10          liable for any deficiency.

11          (Source: P.A. 91-893, eff. 7-1-01.)

12          (810 ILCS 5/9-611)

13          Sec. 9-611. Notification before disposition of collateral.

14          (a) "Notification date." In this Section, "notification  
15          date" means the earlier of the date on which:

16                 (1) a secured party sends to the debtor and any  
17                 secondary obligor a signed ~~an authenticated~~ notification  
18                 of disposition; or

19                 (2) the debtor and any secondary obligor waive the  
20                 right to notification.

21          (b) Notification of disposition required. Except as  
22          otherwise provided in subsection (d), a secured party that  
23          disposes of collateral under Section 9-610 shall send to the  
24          persons specified in subsection (c) a reasonable signed  
25          ~~authenticated~~ notification of disposition.

1 (c) Persons to be notified. To comply with subsection (b),  
2 the secured party shall send a signed ~~an authenticated~~  
3 notification of disposition to:

4 (1) the debtor;

5 (2) any secondary obligor; and

6 (3) if the collateral is other than consumer goods:

7 (A) any other person from which the secured party  
8 has received, before the notification date, a signed  
9 ~~an authenticated~~ notification of a claim of an  
10 interest in the collateral;

11 (B) any other secured party or lienholder that, 10  
12 days before the notification date, held a security  
13 interest in or other lien on the collateral perfected  
14 by the filing of a financing statement that:

15 (i) identified the collateral;

16 (ii) was indexed under the debtor's name as of  
17 that date; and

18 (iii) was filed in the office in which to file  
19 a financing statement against the debtor covering  
20 the collateral as of that date; and

21 (C) any other secured party that, 10 days before  
22 the notification date, held a security interest in the  
23 collateral perfected by compliance with a statute,  
24 regulation, or treaty described in Section 9-311(a).

25 (d) Subsection (b) inapplicable: perishable collateral;  
26 recognized market. Subsection (b) does not apply if the

1 collateral is perishable or threatens to decline speedily in  
2 value or is of a type customarily sold on a recognized market.

3 (e) Compliance with subsection (c)(3)(B). A secured party  
4 complies with the requirement for notification prescribed by  
5 subsection (c)(3)(B) if:

6 (1) not later than 20 days or earlier than 30 days  
7 before the notification date, the secured party requests,  
8 in a commercially reasonable manner, information  
9 concerning financing statements indexed under the debtor's  
10 name in the office indicated in subsection (c)(3)(B); and

11 (2) before the notification date, the secured party:

12 (A) did not receive a response to the request for  
13 information; or

14 (B) received a response to the request for  
15 information and sent a signed ~~an authenticated~~  
16 notification of disposition to each secured party or  
17 other lienholder named in that response whose  
18 financing statement covered the collateral.

19 (Source: P.A. 91-893, eff. 7-1-01.)

20 (810 ILCS 5/9-613)

21 Sec. 9-613. Contents and form of notification before  
22 disposition of collateral: general.

23 (a) Contents and form of notification. Except in a  
24 consumer-goods transaction, the following rules apply:

25 (1) The contents of a notification of disposition are

1 sufficient if the notification:

2 (A) describes the debtor and the secured party;

3 (B) describes the collateral that is the subject  
4 of the intended disposition;

5 (C) states the method of intended disposition;

6 (D) states that the debtor is entitled to an  
7 accounting of the unpaid indebtedness and states the  
8 charge, if any, for an accounting; and

9 (E) states the time and place of a public  
10 disposition or the time after which any other  
11 disposition is to be made.

12 (2) Whether the contents of a notification that lacks  
13 any of the information specified in paragraph (1) are  
14 nevertheless sufficient is a question of fact.

15 (3) The contents of a notification providing  
16 substantially the information specified in paragraph (1)  
17 are sufficient, even if the notification is accompanied by  
18 or combined other notification or includes:

19 (A) information not specified by that paragraph;

20 or

21 (B) minor errors that are not seriously  
22 misleading.

23 (4) A particular phrasing of the notification is not  
24 required.

25 (5) The following form of notification and the form  
26 appearing in Section 9-614(a)(4) ~~9-614(4)~~, when completed

1 in accordance with the instructions in subsection (b) and  
2 Section 9-614(b), each provides sufficient information:

3 NOTIFICATION OF DISPOSITION OF COLLATERAL

4 To: (Name of debtor, obligor, or other person to which the  
5 notification is sent)

6 From: (Name, address, and telephone number of secured party)

7 {1} Name of any debtor that is not an addressee: (Name of  
8 each debtor)

9 {2} We will sell (describe collateral) (to the highest  
10 qualified bidder) at public sale. A sale could include a lease  
11 or license. The sale will be held as follows:

12 (Date)

13 (Time)

14 (Place)

15 {3} We will sell (describe collateral) at private sale  
16 sometime after (date). A sale could include a lease or  
17 license.

18 {4} You are entitled to an accounting of the unpaid  
19 indebtedness secured by the property that we intend to sell  
20 or, as applicable, lease or license.

21 {5} If you request an accounting you must pay a charge of \$  
22 (amount).

23 {6} You may request an accounting by calling us at  
24 (telephone number).

25 [End of Form]

26 (b) Instructions for form of notification. The following



1 instructions apply to the form of notification in subsection

2 (a) (5):

3 (1) The instructions in this subsection refer to the  
4 numbers in braces before items in the form of notification  
5 in subsection (a) (5). Do not include the numbers or braces  
6 in the notification. The numbers and braces are used only  
7 for the purpose of these instructions.

8 (2) Include and complete item {1} only if there is a  
9 debtor that is not an addressee of the notification and  
10 list the name or names.

11 (3) Include and complete either item {2}, if the  
12 notification relates to a public disposition of the  
13 collateral, or item {3}, if the notification relates to a  
14 private disposition of the collateral. If item {2} is  
15 included, include the words "to the highest qualified  
16 bidder" only if applicable.

17 (4) Include and complete items {4} and {6}.

18 (5) Include and complete item {5} only if the sender  
19 will charge the recipient for an accounting.

20 ~~NOTIFICATION OF DISPOSITION OF COLLATERAL~~

21 ~~To: ..... (Name of~~  
22 ~~debtor, obligor, or other person to which the notification~~  
23 ~~is sent)~~

24 ~~From: ..... (Name,~~  
25 ~~address, and telephone number of secured party)~~

26 ~~Name of Debtor(s): ..... (Include only~~

1 ~~if debtor(s) are not an addressee)~~

2 ~~For a public disposition:~~

3 ~~We will sell or lease or license, as applicable, the~~  
4 ~~..... (describe collateral) to the~~  
5 ~~highest qualified bidder in public as follows:~~

6 ~~Day and Date: .....~~

7 ~~Time: .....~~

8 ~~Place: .....~~

9 ~~For a private disposition:~~

10 ~~We will sell (or lease or license, as applicable) the~~  
11 ~~..... (describe collateral)~~  
12 ~~privately sometime after ..... (day and date).~~

13 ~~You are entitled to an accounting of the unpaid~~  
14 ~~indebtedness secured by the property that we intend to~~  
15 ~~sell or lease or license, as applicable for a charge of~~  
16 ~~\$. .... You may request an accounting by~~  
17 ~~calling us at ..... (telephone number).~~

18 (Source: P.A. 91-893, eff. 7-1-01.)

19 (810 ILCS 5/9-614)

20 Sec. 9-614. Contents and form of notification before  
21 disposition of collateral: consumer-goods transaction.

22 (a) Contents and form of notification. In a consumer-goods  
23 transaction, the following rules apply:

1 (1) A notification of disposition must provide the  
2 following information:

3 (A) the information specified in Section  
4 9-613(a)(1) ~~9-613(1)~~;

5 (B) a description of any liability for a  
6 deficiency of the person to which the notification is  
7 sent;

8 (C) a telephone number from which the amount that  
9 must be paid to the secured party to redeem the  
10 collateral under Section 9-623 is available; and

11 (D) a telephone number or mailing address from  
12 which additional information concerning the  
13 disposition and the obligation secured is available.

14 (2) A particular phrasing of the notification is not  
15 required.

16 (3) The contents of a notification providing  
17 substantially the information specified in paragraph (1)  
18 are sufficient, even if the notification:

19 (A) is accompanied by or combined with other  
20 notifications;

21 (B) includes information not specified by that  
22 paragraph; or

23 (C) includes minor errors that are not seriously  
24 misleading.

25 (4) The following form of notification, when completed  
26 in accordance with the instructions in subsection (b),

1 provides sufficient information:

2 (Name and address of secured party)

3 (Date)

4 NOTICE OF OUR PLAN TO SELL PROPERTY

5 (Name and address of any obligor who is also a debtor)

6 Subject: (Identify transaction)

7 We have your (describe collateral), because you broke  
8 promises in our agreement.

9 {1} We will sell (describe collateral) at public sale. A  
10 sale could include a lease or license. The sale will be held as  
11 follows:

12 (Date)

13 (Time)

14 (Place)

15 You may attend the sale and bring bidders if you want.

16 {2} We will sell (describe collateral) at private sale  
17 sometime after (date). A sale could include a lease or  
18 license.

19 {3} The money that we get from the sale, after paying our  
20 costs, will reduce the amount you owe. If we get less money  
21 than you owe, you (will or will not, as applicable) still owe  
22 us the difference. If we get more money than you owe, you will  
23 get the extra money, unless we must pay it to someone else.

24 {4} You can get the property back at any time before we  
25 sell it by paying us the full amount you owe, not just the past  
26 due payments, including our expenses. To learn the exact

1 amount you must pay, call us at (telephone number).

2 {5} If you want us to explain to you in (writing) (writing  
3 or in (description of electronic record)) (description of  
4 electronic record) how we have figured the amount that you owe  
5 us, {6} call us at (telephone number) (or) (write us at  
6 (secured party's address)) (or contact us by (description of  
7 electronic communication method)) {7} and request (a written  
8 explanation) (a written explanation or an explanation in  
9 (description of electronic record)) (an explanation in  
10 (description of electronic record)).

11 {8} We will charge you \$ (amount) for the explanation if we  
12 sent you another written explanation of the amount you owe us  
13 within the last six months.

14 {9} If you need more information about the sale (call us at  
15 (telephone number)) (or) (write us at (secured party's  
16 address)) (or contact us by (description of electronic  
17 communication method)).

18 {10} We are sending this notice to the following other  
19 people who have an interest in (describe collateral) or who  
20 owe money under your agreement:

21 (Names of all other debtors and obligors, if any)

22 [End of Form]

23 (b) Instructions for form of notification. The following  
24 instructions apply to the form of notification in subsection

25 (a) (4):

26 (1) The instructions in this subsection refer to the

1 numbers in braces before items in the form of notification  
2 in subsection (a) (4). Do not include the numbers or braces  
3 in the notification. The numbers and braces are used only  
4 for the purpose of these instructions.

5 (2) Include and complete either item {1}, if the  
6 notification relates to a public disposition of the  
7 collateral, or item {2}, if the notification relates to a  
8 private disposition of the collateral.

9 (3) Include and complete items {3}, {4}, {5}, {6}, and  
10 {7}.

11 (4) In item {5}, include and complete any one of the  
12 three alternative methods for the explanation-writing,  
13 writing or electronic record, or electronic record.

14 (5) In item {6}, include the telephone number. In  
15 addition, the sender may include and complete either or  
16 both of the two additional alternative methods of  
17 communication-writing or electronic communication-for the  
18 recipient of the notification to communicate with the  
19 sender. Neither of the two additional methods of  
20 communication is required to be included.

21 (6) In item {7}, include and complete the method or  
22 methods for the explanation-writing, writing or electronic  
23 record, or electronic record-included in item {5}.

24 (7) Include and complete item {8} only if a written  
25 explanation is included in item {5} as a method for  
26 communicating the explanation and the sender will charge

1 the recipient for another written explanation.

2 (8) In item {9}, include either the telephone number  
3 or the address or both the telephone number and the  
4 address. In addition, the sender may include and complete  
5 the additional method of communication—electronic  
6 communication—for the recipient of the notification to  
7 communicate with the sender. The additional method of  
8 electronic communication is not required to be included.

9 (9) If item {10} does not apply, insert "None" after  
10 "agreement:".

11 ~~..... (Name and address of secured party)~~

12 ~~..... (Date)~~

13 ~~NOTICE OF OUR PLAN TO SELL PROPERTY~~

14 ~~.....~~

15 ~~(Name and address of any obligor who is also a debtor)~~

16 ~~Subject: .....~~

17 ~~(Identification of Transaction)~~

18 ~~We have your ..... (describe~~  
19 ~~collateral), because you broke promises in our agreement.~~

20 ~~For a public disposition:~~

21 ~~We will sell ..... (describe~~  
22 ~~collateral) at public sale. A sale could include a lease~~  
23 ~~or license. The sale will be held as follows:~~

24 ~~Date: .....~~

25 ~~Time: .....~~

1 Place: .....

2 ~~You may attend the sale and bring bidders if you want.~~

3 ~~For a private disposition:~~

4 ~~We will sell ..... (describe~~  
5 ~~collateral) at private sale sometime after~~  
6 ~~..... (date). A sale could include a lease~~  
7 ~~or license.~~

8 ~~The money that we get from the sale (after paying our~~  
9 ~~costs) will reduce the amount you owe. If we get less money~~  
10 ~~than you owe, you ..... (will or will not, as~~  
11 ~~applicable) still owe us the difference. If we get more~~  
12 ~~money than you owe, you will get the extra money, unless we~~  
13 ~~must pay it to someone else.~~

14 ~~You can get the property back at any time before we~~  
15 ~~sell it by paying us the full amount you owe (not just the~~  
16 ~~past due payments), including our expenses. To learn the~~  
17 ~~exact amount you must pay, call us at .....~~  
18 ~~(telephone number).~~

19 ~~If you want us to explain to you in writing how we have~~  
20 ~~figured the amount that you owe us, you may call us at~~  
21 ~~..... (telephone number) or write us at~~  
22 ~~..... (secured party's~~  
23 ~~address) and request a written explanation. We will charge~~  
24 ~~you \$ ..... for the explanation if we sent you~~  
25 ~~another written explanation of the amount you owe us~~



1 ~~within the last six months.~~

2 ~~If you need more information about the sale call us at~~

3 ~~..... (telephone number) or write us at~~

4 ~~..... (secured party's address).~~

5 ~~We are sending this notice to the following other~~

6 ~~people who have an interest .....~~

7 ~~(describe collateral) or who owe money under your~~

8 ~~agreement:~~

9 ~~.....~~

10 ~~(Names of all other debtors and obligors, if any)~~

11 ~~(5) A notification in the form of paragraph (4) is~~

12 ~~sufficient, even if it includes errors in information not~~

13 ~~required by paragraph (1).~~

14 ~~(6) If a notification under this Section is not in the~~

15 ~~form of paragraph (4), law other than this Article~~

16 ~~determines the effect of including information not~~

17 ~~required by paragraph (1).~~

18 (Source: P.A. 91-893, eff. 7-1-01.)

19 (810 ILCS 5/9-615)

20 Sec. 9-615. Application of proceeds of disposition;  
21 liability for deficiency and right to surplus.

22 (a) Application of proceeds. A secured party shall apply  
23 or pay over for application the cash proceeds of disposition  
24 in the following order to:

25 (1) the reasonable expenses of retaking, holding,

1 preparing for disposition, processing, and disposing, and,  
2 to the extent provided for by agreement and not prohibited  
3 by law, reasonable attorney's fees and legal expenses  
4 incurred by the secured party;

5 (2) the satisfaction of obligations secured by the  
6 security interest or agricultural lien under which the  
7 disposition is made;

8 (3) the satisfaction of obligations secured by any  
9 subordinate security interest in or other subordinate lien  
10 on the collateral if:

11 (A) the secured party receives from the holder of  
12 the subordinate security interest or other lien a  
13 signed ~~an authenticated~~ demand for proceeds before  
14 distribution of the proceeds is completed; and

15 (B) in a case in which a consignor has an interest  
16 in the collateral, the subordinate security interest  
17 or other lien is senior to the interest of the  
18 consignor; and

19 (4) a secured party that is a consignor of the  
20 collateral if the secured party receives from the  
21 consignor a signed ~~an authenticated~~ demand for proceeds  
22 before distribution of the proceeds is completed.

23 (b) Proof of subordinate interest. If requested by a  
24 secured party, a holder of a subordinate security interest or  
25 other lien shall furnish reasonable proof of the interest or  
26 lien within a reasonable time. Unless the holder does so, the

1 secured party need not comply with the holder's demand under  
2 subsection (a) (3).

3 (c) Application of noncash proceeds. A secured party need  
4 not apply or pay over for application noncash proceeds of  
5 disposition under this Section unless the failure to do so  
6 would be commercially unreasonable. A secured party that  
7 applies or pays over for application noncash proceeds shall do  
8 so in a commercially reasonable manner.

9 (d) Surplus or deficiency if obligation secured. If the  
10 security interest under which a disposition is made secures  
11 payment or performance of an obligation, after making the  
12 payments and applications required by subsection (a) and  
13 permitted by subsection (c):

14 (1) unless subsection (a) (4) requires the secured  
15 party to apply or pay over cash proceeds to a consignor,  
16 the secured party shall account to and pay a debtor for any  
17 surplus; and

18 (2) the obligor is liable for any deficiency.

19 (e) No surplus or deficiency in sales of certain rights to  
20 payment. If the underlying transaction is a sale of accounts,  
21 chattel paper, payment intangibles, or promissory notes:

22 (1) the debtor is not entitled to any surplus; and

23 (2) the obligor is not liable for any deficiency.

24 (f) Calculation of surplus or deficiency in disposition to  
25 person related to secured party. The surplus or deficiency  
26 following a disposition is calculated based on the amount of

1 proceeds that would have been realized in a disposition  
2 complying with this Part and described in subsection (f)(2) of  
3 this Section to a transferee other than the secured party, a  
4 person related to the secured party, or a secondary obligor  
5 if:

6 (1) the transferee in the disposition is the secured  
7 party, a person related to the secured party, or a  
8 secondary obligor; and

9 (2) the amount of proceeds of the disposition is  
10 significantly below the range of proceeds that would have  
11 been received from a complying disposition by a forced  
12 sale without reserve to a willing buyer other than the  
13 secured party, a person related to the secured party, or a  
14 secondary obligor.

15 (g) Cash proceeds received by junior secured party. A  
16 secured party that receives cash proceeds of a disposition in  
17 good faith and without knowledge that the receipt violates the  
18 rights of the holder of a security interest or other lien that  
19 is not subordinate to the security interest or agricultural  
20 lien under which the disposition is made:

21 (1) takes the cash proceeds free of the security  
22 interest or other lien;

23 (2) is not obligated to apply the proceeds of the  
24 disposition to the satisfaction of obligations secured by  
25 the security interest or other lien; and

26 (3) is not obligated to account to or pay the holder of

1 the security interest or other lien for any surplus.

2 (Source: P.A. 91-893, eff. 7-1-01.)

3 (810 ILCS 5/9-616)

4 Sec. 9-616. Explanation of calculation of surplus or  
5 deficiency.

6 (a) Definitions. In this Section:

7 (1) "Explanation" means a record ~~writing~~ that:

8 (A) states whether a surplus or deficiency is owed  
9 and the amount of the surplus, if applicable;

10 (B) states, if applicable, that future debits,  
11 credits, charges, including additional credit service  
12 charges or interest, rebates, and expenses may affect  
13 the amount of the surplus or deficiency;

14 (C) provides a telephone number or mailing address  
15 from which the debtor or consumer obligor may obtain  
16 additional information concerning the transaction and  
17 from which such person may request the amount of the  
18 deficiency and further information regarding how the  
19 secured party calculated the surplus or deficiency;  
20 and

21 (D) at the sender's option, the information set  
22 forth in subsection (c).

23 (2) "Request" means a record:

24 (A) signed ~~authenticated~~ by a debtor or consumer  
25 obligor;

1           (B) requesting that the recipient provide  
2 information of how it calculated the surplus or  
3 deficiency; and

4           (C) sent after disposition of the collateral under  
5 Section 9-610.

6           (b) Explanation of calculation. In a consumer-goods  
7 transaction in which the debtor is entitled to a surplus or a  
8 consumer obligor is liable for a deficiency under Section  
9 9-615, the secured party shall:

10           (1) send an explanation to the debtor or consumer  
11 obligor, as applicable, after the disposition and:

12           (A) before or when the secured party accounts to  
13 the debtor and pays any surplus or first makes ~~written~~  
14 demand in a record on the consumer obligor after the  
15 disposition for payment of the deficiency, other than  
16 in instances in which such demand is made by a  
17 third-party debt collector covered by the Fair Debt  
18 Collection Practices Act; and

19           (B) within 14 days after receipt of a request made  
20 by the debtor or consumer obligor within one year  
21 after the secured party has given an explanation under  
22 this Section or notice to such debtor or consumer  
23 obligor under Section 9-614 of this Article; or

24           (2) in the case of a consumer obligor who is liable for  
25 a deficiency, within 14 days after receipt of a request,  
26 send to the consumer obligor a record waiving the secured

1 party's right to a deficiency.

2 (c) Required information ~~for response to request~~. To  
3 comply with subsection (a) (1) (B) ~~a request~~, an explanation ~~the~~  
4 ~~secured party~~ must provide ~~a response in writing which~~  
5 ~~includes~~ the following information in the following order:

6 (1) the aggregate amount of obligations secured by the  
7 security interest under which the disposition was made,  
8 and, if the amount reflects a rebate of unearned interest  
9 or credit service charge, an indication of that fact,  
10 calculated as of a specified date:

11 (A) if the secured party takes or receives  
12 possession of the collateral after default, not more  
13 than 35 days before the secured party takes or  
14 receives possession; or

15 (B) if the secured party takes or receives  
16 possession of the collateral before default or does  
17 not take possession of the collateral, not more than  
18 35 days before the disposition;

19 (2) the amount of proceeds of the disposition;

20 (3) the aggregate amount of the obligations after  
21 deducting the amount of proceeds;

22 (4) the amount, in the aggregate or by type, and types  
23 of expenses, including expenses of retaking, holding,  
24 preparing for disposition, processing, and disposing of  
25 the collateral, and attorney's fees secured by the  
26 collateral which are known to the secured party and relate

1 to the current disposition;

2 (5) the amount, in the aggregate or by type, and types  
3 of credits, including rebates of interest or credit  
4 service charges, to which the obligor is known to be  
5 entitled and which are not reflected in the amount in  
6 paragraph (1); and

7 (6) the amount of the surplus or deficiency.

8 (d) Substantial compliance. A particular phrasing of the  
9 explanation or response to a request is not required. An  
10 explanation or a response to a request complying substantially  
11 with the requirements of this Section is sufficient even if it  
12 is:

13 (1) accompanied by or combined with other  
14 notifications;

15 (2) includes information not specified by this  
16 Section;

17 (3) includes minor errors that are not seriously  
18 misleading; or

19 (4) includes errors in information not required by  
20 this Section.

21 (e) Charges for responses. A debtor or consumer obligor is  
22 entitled without charge to one response to a request under  
23 this Section during any six-month period in which the secured  
24 party did not send to the debtor or consumer obligor an  
25 explanation pursuant to subsection (b)(1). The secured party  
26 may require payment of a charge not exceeding \$25 for each



1 additional response.

2 (Source: P.A. 91-893, eff. 7-1-01.)

3 (810 ILCS 5/9-619)

4 Sec. 9-619. Transfer of record or legal title.

5 (a) "Transfer statement." In this Section, "transfer  
6 statement" means a record signed ~~authenticated~~ by a secured  
7 party stating:

8 (1) that the debtor has defaulted in connection with  
9 an obligation secured by specified collateral;

10 (2) that the secured party has exercised its  
11 post-default remedies with respect to the collateral;

12 (3) that, by reason of the exercise, a transferee has  
13 acquired the rights of the debtor in the collateral; and

14 (4) the name and mailing address of the secured party,  
15 debtor, and transferee.

16 (b) Effect of transfer statement. A transfer statement  
17 entitles the transferee to the transfer of record of all  
18 rights of the debtor in the collateral specified in the  
19 statement in any official filing, recording, registration, or  
20 certificate-of-title system covering the collateral. If a  
21 transfer statement is presented with the applicable fee and  
22 request form to the official or office responsible for  
23 maintaining the system, the official or office shall:

24 (1) accept the transfer statement;

25 (2) promptly amend its records to reflect the

1 transfer; and

2 (3) if applicable, issue a new appropriate certificate  
3 of title in the name of the transferee.

4 (c) Transfer not a disposition; no relief of secured  
5 party's duties. A transfer of the record or legal title to  
6 collateral to a secured party under subsection (b) or  
7 otherwise is not of itself a disposition of collateral under  
8 this Article and does not of itself relieve the secured party  
9 of its duties under this Article.

10 (Source: P.A. 91-893, eff. 7-1-01.)

11 (810 ILCS 5/9-620)

12 Sec. 9-620. Acceptance of collateral in full or partial  
13 satisfaction of obligation; compulsory disposition of  
14 collateral.

15 (a) Conditions to acceptance in satisfaction. Except as  
16 otherwise provided in subsection (g), a secured party may  
17 accept collateral in full or partial satisfaction of the  
18 obligation it secures only if:

19 (1) the debtor consents to the acceptance under  
20 subsection (c);

21 (2) the secured party does not receive, within the  
22 time set forth in subsection (d), a notification of  
23 objection to the proposal signed ~~authenticated~~ by:

24 (A) a person to which the secured party was  
25 required to send a proposal under Section 9-621; or

1 (B) any other person, other than the debtor,  
2 holding an interest in the collateral subordinate to  
3 the security interest that is the subject of the  
4 proposal;

5 (3) if the collateral is consumer goods, the  
6 collateral is not in the possession of the debtor when the  
7 debtor consents to the acceptance; and

8 (4) subsection (e) does not require the secured party  
9 to dispose of the collateral or the debtor waives the  
10 requirement pursuant to Section 9-624.

11 (b) Purported acceptance ineffective. A purported or  
12 apparent acceptance of collateral under this Section is  
13 ineffective unless:

14 (1) the secured party consents to the acceptance in a  
15 signed ~~an authenticated~~ record or sends a proposal to the  
16 debtor; and

17 (2) the conditions of subsection (a) are met.

18 (c) Debtor's consent. For purposes of this Section:

19 (1) a debtor consents to an acceptance of collateral  
20 in partial satisfaction of the obligation it secures only  
21 if the debtor agrees to the terms of the acceptance in a  
22 record signed ~~authenticated~~ after default; and

23 (2) a debtor consents to an acceptance of collateral  
24 in full satisfaction of the obligation it secures only if  
25 the debtor agrees to the terms of the acceptance in a  
26 record signed ~~authenticated~~ after default or the secured

1 party:

2 (A) sends to the debtor after default a proposal  
3 that is unconditional or subject only to a condition  
4 that collateral not in the possession of the secured  
5 party be preserved or maintained;

6 (B) in the proposal, proposes to accept collateral  
7 in full satisfaction of the obligation it secures; and

8 (C) does not receive a notification of objection  
9 signed ~~authenticated~~ by the debtor within 20 days  
10 after the proposal is sent.

11 (d) Effectiveness of notification. To be effective under  
12 subsection (a)(2), a notification of objection must be  
13 received by the secured party:

14 (1) in the case of a person to which the proposal was  
15 sent pursuant to Section 9-621, within 20 days after  
16 notification was sent to that person; and

17 (2) in other cases:

18 (A) within 20 days after the last notification was  
19 sent pursuant to Section 9-621; or

20 (B) if a notification was not sent, before the  
21 debtor consents to the acceptance under subsection  
22 (c).

23 (e) Mandatory disposition of consumer goods. A secured  
24 party that has taken possession of collateral shall dispose of  
25 the collateral pursuant to Section 9-610 within the time  
26 specified in subsection (f) if:

1           (1) 60 percent of the cash price has been paid in the  
2 case of a purchase-money security interest in consumer  
3 goods; or

4           (2) 60 percent of the principal amount of the  
5 obligation secured has been paid in the case of a  
6 non-purchase-money security interest in consumer goods.

7           (f) Compliance with mandatory disposition requirement. To  
8 comply with subsection (e), the secured party shall dispose of  
9 the collateral:

10           (1) within 90 days after taking possession; or

11           (2) within any longer period to which the debtor and  
12 all secondary obligors have agreed in an agreement to that  
13 effect entered into and signed ~~authenticated~~ after  
14 default.

15           (g) No partial satisfaction in consumer transaction. In a  
16 consumer transaction, a secured party may not accept  
17 collateral in partial satisfaction of the obligation it  
18 secures.

19           (Source: P.A. 91-893, eff. 7-1-01.)

20           (810 ILCS 5/9-621)

21           Sec. 9-621. Notification of proposal to accept collateral.

22           (a) Persons to which proposal to be sent. A secured party  
23 that desires to accept collateral in full or partial  
24 satisfaction of the obligation it secures shall send its  
25 proposal to:

1           (1) any person from which the secured party has  
2 received, before the debtor consented to the acceptance, a  
3 signed ~~an authenticated~~ notification of a claim of an  
4 interest in the collateral;

5           (2) any other secured party or lienholder that, 10  
6 days before the debtor consented to the acceptance, held a  
7 security interest in or other lien on the collateral  
8 perfected by the filing of a financing statement that:

9                   (A) identified the collateral;

10                   (B) was indexed under the debtor's name as of that  
11 date; and

12                   (C) was filed in the office or offices in which to  
13 file a financing statement against the debtor covering  
14 the collateral as of that date; and

15           (3) any other secured party that, 10 days before the  
16 debtor consented to the acceptance, held a security  
17 interest in the collateral perfected by compliance with a  
18 statute, regulation, or treaty described in Section  
19 9-311(a).

20           (b) Proposal to be sent to secondary obligor in partial  
21 satisfaction. A secured party that desires to accept  
22 collateral in partial satisfaction of the obligation it  
23 secures shall send its proposal to any secondary obligor in  
24 addition to the persons described in subsection (a).

25           (Source: P.A. 91-893, eff. 7-1-01.)

1 (810 ILCS 5/9-624)

2 Sec. 9-624. Waiver.

3 (a) Waiver of disposition notification. A debtor or  
4 secondary obligor may waive the right to notification of  
5 disposition of collateral under Section 9-611 only by an  
6 agreement to that effect entered into and signed ~~authenticated~~  
7 after default.

8 (b) Waiver of mandatory disposition. A debtor may waive  
9 the right to require disposition of collateral under Section  
10 9-620(e) only by an agreement to that effect entered into and  
11 signed ~~authenticated~~ after default.

12 (c) Waiver of redemption right. A debtor or secondary  
13 obligor may waive the right to redeem collateral under Section  
14 9-623 only by an agreement to that effect entered into and  
15 signed ~~authenticated~~ after default.

16 (Source: P.A. 91-893, eff. 7-1-01.)

17 (810 ILCS 5/9-628)

18 Sec. 9-628. Nonliability and limitation on liability of  
19 secured party; liability of secondary obligor.

20 (a) Limitation of liability to debtor or obligor. Subject  
21 to subsection (f), unless ~~Unless~~ a secured party knows that a  
22 person is a debtor or obligor, knows the identity of the  
23 person, and knows how to communicate with the person:

24 (1) the secured party is not liable to the person, or  
25 to a secured party or lienholder that has filed a

1 financing statement against the person, for failure to  
2 comply with this Article; and

3 (2) the secured party's failure to comply with this  
4 Article does not affect the liability of the person for a  
5 deficiency.

6 (b) Limitation of liability to debtor, obligor, another  
7 secured party, or lienholder. Subject to subsection (f), a ~~A~~  
8 secured party is not liable because of its status as secured  
9 party:

10 (1) to a person that is a debtor or obligor, unless the  
11 secured party knows:

12 (A) that the person is a debtor or obligor;

13 (B) the identity of the person; and

14 (C) how to communicate with the person; or

15 (2) to a secured party or lienholder that has filed a  
16 financing statement against a person, unless the secured  
17 party knows:

18 (A) that the person is a debtor; and

19 (B) the identity of the person.

20 (c) Limitation of liability if reasonable belief that  
21 transaction not a consumer-goods transaction or consumer  
22 transaction. A secured party is not liable to any person, and a  
23 person's liability for a deficiency is not affected, because  
24 of any act or omission arising out of the secured party's  
25 reasonable belief that a transaction is not a consumer-goods  
26 transaction or a consumer transaction or that goods are not



1 consumer goods, if the secured party's belief is based on its  
2 reasonable reliance on:

3 (1) a debtor's representation concerning the purpose  
4 for which collateral was to be used, acquired, or held; or

5 (2) an obligor's representation concerning the purpose  
6 for which a secured obligation was incurred.

7 (d) Limitation of liability for statutory damages. A  
8 secured party is not liable to any person under Section  
9 9-625(c) (2) for its failure to comply with Section 9-616.

10 (e) Limitation of multiple liability for statutory  
11 damages. A secured party is not liable under Section  
12 9-625(c) (2) more than once with respect to any one secured  
13 obligation.

14 (f) Exception: Limitation of liability under subsections  
15 (a) and (b) does not apply. Subsections (a) and (b) do not  
16 apply to limit the liability of a secured party to a person if,  
17 at the time the secured party obtains control of collateral  
18 that is a controllable account, controllable electronic  
19 record, or controllable payment intangible or at the time the  
20 security interest attaches to the collateral, whichever is  
21 later:

22 (1) the person is a debtor or obligor; and

23 (2) the secured party knows that the information in  
24 subsection (b) (1) (A), (B), or (C) relating to the person  
25 is not provided by the collateral, a record attached to or  
26 logically associated with the collateral, or the system in



1 remain perfected until they lapse as provided in this  
2 amendatory Act of 1987, and may be continued as permitted by  
3 this amendatory Act of 1987.

4 (2) The persons shown on the books of the issuer as the  
5 holders of uncertificated securities outstanding when this  
6 amendatory Act of 1987 becomes effective shall be deemed to be  
7 the registered owners thereof. Prior to the 90th day after  
8 this amendatory Act of 1987 takes effect, the issuer of any  
9 uncertificated security outstanding when this amendatory Act  
10 of 1987 takes effect shall send to the registered owner a  
11 written statement containing:

12 (a) A description of the issue of which the uncertificated  
13 security is a part;

14 (b) The number of shares or other units owned by the  
15 registered owner;

16 (c) The name and address and (if known to the issuer) any  
17 taxpayer identification number of the registered owner;

18 (d) A notation of any liens or restrictions of the issuer  
19 and any adverse claims (as to which the issuer has a duty under  
20 Section 8-403(4)) to which the uncertificated security is or  
21 may be subject at the time when the statement is prepared or a  
22 statement that there are no such liens, restrictions or  
23 adverse claims; and

24 (e) The date the statement was prepared.

25 Statements sent pursuant to this subsection shall be  
26 signed by or on behalf of the issuer; shall be identified as

1 "initial transaction statement"; and shall be deemed to be  
2 initial transaction statements for the purposes of Article 8  
3 as amended by this amendatory Act of 1987.

4 (3) If a security interest in an uncertificated security  
5 outstanding prior to January 1, 1988, is perfected or has  
6 priority as to all persons or as to certain persons when this  
7 amendatory Act of 1987 takes effect by virtue of the previous  
8 filing of a financing statement, and if other acts would be  
9 required for the perfection or priority of the security  
10 interest against those persons under this amendatory Act of  
11 1987, the perfection and priority rights of the security  
12 interest shall continue and shall lapse on the date provided  
13 by the "Uniform Commercial Code", approved July 31, 1961, as  
14 amended prior to this amendatory Act of 1987, (whether or not a  
15 continuation statement is filed with respect to such security  
16 interest) unless the security interest is perfected in  
17 accordance with this amendatory Act of 1987.

18 (4) If an issuer's lien or restriction on an  
19 uncertificated security outstanding prior to January 1, 1988,  
20 or a term of such a security is valid and effective against all  
21 persons or against certain persons when this amendatory Act of  
22 1987 takes effect, and if the notation of such lien,  
23 restriction or term on an initial transaction statement would  
24 be required for its validity or effectiveness against those  
25 persons under this amendatory Act of 1987, such lien,  
26 restriction or term shall remain valid and effective until the

1 earlier of (i) the time when an initial transaction statement  
2 is sent by the issuer to the registered owner (after which the  
3 validity and effectiveness of the lien, restriction or term  
4 shall be governed by this amendatory Act of 1987), or (ii) 3  
5 years from the effective date of this amendatory Act of 1987.  
6 If an initial transaction statement regarding an  
7 uncertificated security outstanding on the effective date of  
8 this amendatory Act of 1987 is not sent to the registered owner  
9 thereof within 3 years after that date, any issuer's lien  
10 required to be noted thereon shall cease to be valid, and any  
11 restriction or term required to be noted thereon shall cease  
12 to be effective except as to those persons against whom an  
13 unnoted restriction or term would be effective under Article 8  
14 as amended by this amendatory Act of 1987.

15 (Source: P.A. 85-997.)

16 (810 ILCS 5/Art. 12 heading new)

17 ARTICLE 12

18 CONTROLLABLE ELECTRONIC RECORDS

19 (810 ILCS 5/12-101 new)

20 Sec. 12-101. Title. This Article may be cited as Uniform  
21 Commercial Code--Controllable Electronic Records.

22 (810 ILCS 5/12-102 new)

23 Sec. 12-102. Definitions.

1       (a) In this Article:

2           (1) "Controllable electronic record" means a record  
3       stored in an electronic medium that can be subjected to  
4       control under Section 12-105. The term does not include a  
5       controllable account, a controllable payment intangible, a  
6       deposit account, an electronic copy of a record evidencing  
7       chattel paper, an electronic document of title, electronic  
8       money, investment property, or a transferable record.

9           (2) "Qualifying purchaser" means a purchaser of a  
10       controllable electronic record or an interest in a  
11       controllable electronic record that obtains control of the  
12       controllable electronic record for value, in good faith,  
13       and without notice of a claim of a property right in the  
14       controllable electronic record.

15           (3) "Transferable record" has the meaning provided for  
16       that term in:

17           (A) Section 201(a)(1) of the Electronic Signatures  
18       in Global and National Commerce Act, 15 U.S.C. Section  
19       7021(a)(1), as amended; or

20           (B) Section 16(a) of the Uniform Electronic  
21       Transactions Act.

22           (4) "Value" has the meaning provided in Section  
23       3-303(a), as if references in that subsection to an  
24       "instrument" were references to a controllable account,  
25       controllable electronic record, or controllable payment  
26       intangible.

1       (b) Definitions in Article 9. The definitions in Article 9  
2 of "account debtor", "controllable account", "controllable  
3 payment intangible", "chattel paper", "deposit account",  
4 "electronic money", and "investment property" apply to this  
5 Article.

6       (c) Article 1 definitions and principles. Article 1  
7 contains general definitions and principles of construction  
8 and interpretation applicable throughout this Article.

9       (810 ILCS 5/12-103 new)

10       Sec. 12-103. Relation to Article 9 and consumer laws.

11       (a) Article 9 governs in case of conflict. If there is  
12 conflict between this Article and Article 9, Article 9  
13 governs.

14       (b) Applicable consumer law and other laws. A transaction  
15 subject to this Article is subject to any applicable rule of  
16 law, statute, or regulation which establishes a different rule  
17 for consumers including, without limitation, the Consumer  
18 Installment Loan Act, the Predatory Loan Prevention Act, the  
19 Consumer Fraud and Deceptive Business Practices Act, any other  
20 statute or regulation that regulates the rates, charges,  
21 agreements, and practices for loans, credit sales, or other  
22 extensions of credit, and any consumer protection statute or  
23 regulation.

24       (810 ILCS 5/12-104 new)

1       Sec. 12-104. Rights in controllable account, controllable  
2 electronic record, and controllable payment intangible.

3       (a) Applicability of Section to controllable account and  
4 controllable payment intangible. This Section applies to the  
5 acquisition and purchase of rights in a controllable account  
6 or controllable payment intangible, including the rights and  
7 benefits under subsections (c), (d), (e), (g), and (h) of a  
8 purchaser and qualifying purchaser, in the same manner this  
9 Section applies to a controllable electronic record.

10       (b) Control of controllable account and controllable  
11 payment intangible. To determine whether a purchaser of a  
12 controllable account or a controllable payment intangible is a  
13 qualifying purchaser, the purchaser obtains control of the  
14 account or payment intangible if it obtains control of the  
15 controllable electronic record that evidences the account or  
16 payment intangible.

17       (c) Applicability of other law to acquisition of rights.  
18 Except as provided in this Section, law other than this  
19 Article determines whether a person acquires a right in a  
20 controllable electronic record and the right the person  
21 acquires.

22       (d) Shelter principle and purchase of limited interest. A  
23 purchaser of a controllable electronic record acquires all  
24 rights in the controllable electronic record that the  
25 transferor had or had power to transfer, except that a  
26 purchaser of a limited interest in a controllable electronic



1 record acquires rights only to the extent of the interest  
2 purchased.

3 (e) Rights of qualifying purchaser. A qualifying purchaser  
4 acquires its rights in the controllable electronic record free  
5 of a claim of a property right in the controllable electronic  
6 record.

7 (f) Limitation of rights of qualifying purchaser in other  
8 property. Except as provided in subsections (a) and (e) for a  
9 controllable account and a controllable payment intangible or  
10 law other than this Article, a qualifying purchaser takes a  
11 right to payment, right to performance, or other interest in  
12 property evidenced by the controllable electronic record  
13 subject to a claim of a property right in the right to payment,  
14 right to performance, or other interest in property.

15 (g) No-action protection for qualifying purchaser. An  
16 action may not be asserted against a qualifying purchaser  
17 based on both a purchase by the qualifying purchaser of a  
18 controllable electronic record and a claim of a property right  
19 in another controllable electronic record, whether the action  
20 is framed in conversion, replevin, constructive trust,  
21 equitable lien, or other theory.

22 (h) Filing not notice. Filing of a financing statement  
23 under Article 9 is not notice of a claim of a property right in  
24 a controllable electronic record.

1       Sec. 12-105. Control of controllable electronic record.

2       (a) General rule: control of controllable electronic  
3 record. A person has control of a controllable electronic  
4 record if the electronic record, a record attached to or  
5 logically associated with the electronic record, or a system  
6 in which the electronic record is recorded:

7           (1) gives the person:

8               (A) power to avail itself of substantially all the  
9 benefit from the electronic record; and

10              (B) exclusive power, subject to subsection (b),

11           to:

12                   (i) prevent others from availing themselves of  
13 substantially all the benefit from the electronic  
14 record; and

15                   (ii) transfer control of the electronic record  
16 to another person or cause another person to  
17 obtain control of another controllable electronic  
18 record as a result of the transfer of the  
19 electronic record; and

20           (2) enables the person readily to identify itself in  
21 any way, including by name, identifying number,  
22 cryptographic key, office, or account number, as having  
23 the powers specified in paragraph (1).

24       (b) Meaning of exclusive. Subject to subsection (c), a  
25 power is exclusive under subsection (a)(1)(B)(i) and (ii) even  
26 if:

1           (1) the controllable electronic record, a record  
2           attached to or logically associated with the electronic  
3           record, or a system in which the electronic record is  
4           recorded limits the use of the electronic record or has a  
5           protocol programmed to cause a change, including a  
6           transfer or loss of control or a modification of benefits  
7           afforded by the electronic record; or

8           (2) the power is shared with another person.

9           (c) When power not shared with another person. A power of a  
10          person is not shared with another person under subsection  
11          (b) (2) and the person's power is not exclusive if:

12           (1) the person can exercise the power only if the  
13           power also is exercised by the other person; and

14           (2) the other person:

15               (A) can exercise the power without exercise of the  
16               power by the person; or

17               (B) is the transferor to the person of an interest  
18               in the controllable electronic record or a  
19               controllable account or controllable payment  
20               intangible evidenced by the controllable electronic  
21               record.

22          (d) Presumption of exclusivity of certain powers. If a  
23          person has the powers specified in subsection (a) (1) (B) (i) and  
24          (ii), the powers are presumed to be exclusive.

25          (e) Control through another person. A person has control  
26          of a controllable electronic record if another person, other

1 than the transferor to the person of an interest in the  
2 controllable electronic record or a controllable account or  
3 controllable payment intangible evidenced by the controllable  
4 electronic record:

5 (1) has control of the electronic record and  
6 acknowledges that it has control on behalf of the person;  
7 or

8 (2) obtains control of the electronic record after  
9 having acknowledged that it will obtain control of the  
10 electronic record on behalf of the person.

11 (f) No requirement to acknowledge. A person that has  
12 control under this Section is not required to acknowledge that  
13 it has control on behalf of another person.

14 (g) No duties or confirmation. If a person acknowledges  
15 that it has or will obtain control on behalf of another person,  
16 unless the person otherwise agrees or law other than this  
17 Article or Article 9 otherwise provides, the person does not  
18 owe any duty to the other person and is not required to confirm  
19 the acknowledgment to any other person.

20 (810 ILCS 5/12-106 new)

21 Sec. 12-106. Discharge of account debtor on controllable  
22 account or controllable payment intangible.

23 (a) Discharge of account debtor. An account debtor on a  
24 controllable account or controllable payment intangible may  
25 discharge its obligation by paying:

1           (1) the person having control of the controllable  
2           electronic record that evidences the controllable account  
3           or controllable payment intangible; or

4           (2) except as provided in subsection (b), a person  
5           that formerly had control of the controllable electronic  
6           record.

7           (b) Content and effect of notification. Subject to  
8           subsection (d), the account debtor may not discharge its  
9           obligation by paying a person that formerly had control of the  
10           controllable electronic record if the account debtor receives  
11           a notification that:

12           (1) is signed by a person that formerly had control or  
13           the person to which control was transferred;

14           (2) reasonably identifies the controllable account or  
15           controllable payment intangible;

16           (3) notifies the account debtor that control of the  
17           controllable electronic record that evidences the  
18           controllable account or controllable payment intangible  
19           was transferred;

20           (4) identifies the transferee, in any reasonable way,  
21           including by name, identifying number, cryptographic key,  
22           office, or account number; and

23           (5) provides a commercially reasonable method by which  
24           the account debtor is to pay the transferee.

25           (c) Discharge following effective notification. After  
26           receipt of a notification that complies with subsection (b),

1 the account debtor may discharge its obligation by paying in  
2 accordance with the notification and may not discharge the  
3 obligation by paying a person that formerly had control.

4 (d) When notification ineffective. Subject to subsection  
5 (h), notification is ineffective under subsection (b):

6 (1) unless, before the notification is sent, the  
7 account debtor and the person that, at that time, had  
8 control of the controllable electronic record that  
9 evidences the controllable account or controllable payment  
10 intangible agree in a signed record to a commercially  
11 reasonable method by which a person may furnish reasonable  
12 proof that control has been transferred;

13 (2) to the extent an agreement between the account  
14 debtor and seller of a payment intangible limits the  
15 account debtor's duty to pay a person other than the  
16 seller and the limitation is effective under law other  
17 than this Article; or

18 (3) at the option of the account debtor, if the  
19 notification notifies the account debtor to:

20 (A) divide a payment;

21 (B) make less than the full amount of an  
22 installment or other periodic payment; or

23 (C) pay any part of a payment by more than one  
24 method or to more than one person.

25 (e) Proof of transfer of control. Subject to subsection  
26 (h), if requested by the account debtor, the person giving the

1 notification under subsection (b) seasonably shall furnish  
2 reasonable proof, using the method in the agreement referred  
3 to in subsection (d)(1), that control of the controllable  
4 electronic record has been transferred. Unless the person  
5 complies with the request, the account debtor may discharge  
6 its obligation by paying a person that formerly had control,  
7 even if the account debtor has received a notification under  
8 subsection (b).

9 (f) What constitutes reasonable proof. A person furnishes  
10 reasonable proof under subsection (e) that control has been  
11 transferred if the person demonstrates, using the method in  
12 the agreement referred to in subsection (d)(1), that the  
13 transferee has the power to:

14 (1) avail itself of substantially all the benefit from  
15 the controllable electronic record;

16 (2) prevent others from availing themselves of  
17 substantially all the benefit from the controllable  
18 electronic record; and

19 (3) transfer the powers specified in paragraphs (1)  
20 and (2) to another person.

21 (g) Rights not waivable. Subject to subsection (h), an  
22 account debtor may not waive or vary its rights under  
23 subsections (d)(1) and (e) or its option under subsection  
24 (d)(3).

25 (h) Rule for individual under other law. This Section is  
26 subject to law other than this Article which establishes a

1 different rule for an account debtor who is an individual and  
2 who incurred the obligation primarily for personal, family, or  
3 household purposes.

4 (810 ILCS 5/12-107 new)

5 Sec. 12-107. Governing law.

6 (a) Governing law: general rule. Except as provided in  
7 subsection (b), the local law of a controllable electronic  
8 record's jurisdiction governs a matter covered by this  
9 Article.

10 (b) Governing law: Section 12-106. For a controllable  
11 electronic record that evidences a controllable account or  
12 controllable payment intangible, the local law of the  
13 controllable electronic record's jurisdiction governs a matter  
14 covered by Section 12-106 unless an effective agreement  
15 determines that the local law of another jurisdiction governs.

16 (c) Controllable electronic record's jurisdiction. The  
17 following rules determine a controllable electronic record's  
18 jurisdiction under this Section:

19 (1) If the controllable electronic record, or a record  
20 attached to or logically associated with the controllable  
21 electronic record and readily available for review,  
22 expressly provides that a particular jurisdiction is the  
23 controllable electronic record's jurisdiction for purposes  
24 of this Article or the Uniform Commercial Code, that  
25 jurisdiction is the controllable electronic record's



1       jurisdiction.

2       (2) If paragraph (1) does not apply and the rules of  
3 the system in which the controllable electronic record is  
4 recorded are readily available for review and expressly  
5 provide that a particular jurisdiction is the controllable  
6 electronic record's jurisdiction for purposes of this  
7 Article or the Uniform Commercial Code, that jurisdiction  
8 is the controllable electronic record's jurisdiction.

9       (3) If paragraphs (1) and (2) do not apply and the  
10 controllable electronic record, or a record attached to or  
11 logically associated with the controllable electronic  
12 record and readily available for review, expressly  
13 provides that the controllable electronic record is  
14 governed by the law of a particular jurisdiction, that  
15 jurisdiction is the controllable electronic record's  
16 jurisdiction.

17       (4) If paragraphs (1), (2), and (3) do not apply and  
18 the rules of the system in which the controllable  
19 electronic record is recorded are readily available for  
20 review and expressly provide that the controllable  
21 electronic record or the system is governed by the law of a  
22 particular jurisdiction, that jurisdiction is the  
23 controllable electronic record's jurisdiction.

24       (5) If paragraphs (1) through (4) do not apply, the  
25 controllable electronic record's jurisdiction is the  
26 District of Columbia.

1       (d) Applicability of Article 12. If subsection (c)(5)  
2 applies and Article 12 is not in effect in the District of  
3 Columbia without material modification, the governing law for  
4 a matter covered by this Article is the law of the District of  
5 Columbia as though Article 12 were in effect in the District of  
6 Columbia without material modification. In this subsection,  
7 "Article 12" means Article 12 of Uniform Commercial Code  
8 Amendments (2022).

9       (e) Relation of matter or transaction to controllable  
10 electronic record's jurisdiction not necessary. To the extent  
11 subsections (a) and (b) provide that the local law of the  
12 controllable electronic record's jurisdiction governs a matter  
13 covered by this Article, that law governs even if the matter or  
14 a transaction to which the matter relates does not bear any  
15 relation to the controllable electronic record's jurisdiction.

16       (f) Rights of purchasers determined at time of purchase.  
17 The rights acquired under Section 12-104 by a purchaser or  
18 qualifying purchaser are governed by the law applicable under  
19 this Section at the time of purchase.

20       (810 ILCS 5/Art. 12A heading new)

21                       ARTICLE 12A

22                       TRANSITIONAL PROVISIONS FOR UNIFORM COMMERCIAL

23                       CODE AMENDMENTS OF THE 103RD GENERAL ASSEMBLY

24       (810 ILCS 5/Art. 12A Pt. 1 heading new)

1 PART 1

2 GENERAL PROVISIONS AND DEFINITIONS

3 (810 ILCS 5/12A-101 new)

4 Sec. 12A-101. Title. This Article may be cited as  
5 Transitional Provisions for Uniform Commercial Code Amendments  
6 of the 103rd General Assembly.

7 (810 ILCS 5/12A-102 new)

8 Sec. 12A-102. Definitions.

9 (a) In this Article:

10 (1) "Adjustment date" means July 1, 2025, or the date  
11 that is one year after the effective date of this  
12 amendatory Act of the 103rd General Assembly, whichever is  
13 later.

14 (2) "Article 12" means Article 12 of the Uniform  
15 Commercial Code.

16 (3) "Article 12 property" means a controllable  
17 account, controllable electronic record, or controllable  
18 payment intangible.

19 (b) Definitions in other Articles. The following  
20 definitions in other Articles of the Uniform Commercial Code  
21 apply to this Article.

22 "Controllable account". Section 9-102.

23 "Controllable electronic record". Section 12-102.

24 "Controllable payment intangible". Section 9-102.

1 "Electronic money". Section 9-102.

2 "Financing statement". Section 9-102.

3 (c) Article 1 definitions and principles. Article 1  
4 contains general definitions and principles of construction  
5 and interpretation applicable throughout this Article.

6 (810 ILCS 5/Art. 12A Pt. 2 heading new)

7 PART 2

8 GENERAL TRANSITIONAL PROVISION

9 (810 ILCS 5/12A-201 new)

10 Sec. 12A-201. Saving clause. Except as provided in Part 3,  
11 a transaction validly entered into before the effective date  
12 of this amendatory Act of the 103rd General Assembly and the  
13 rights, duties, and interests flowing from the transaction  
14 remain valid thereafter and may be terminated, completed,  
15 consummated, or enforced as required or permitted by law other  
16 than the Uniform Commercial Code or, if applicable, the  
17 Uniform Commercial Code, as though this amendatory Act of the  
18 103rd General Assembly had not taken effect.

19 (810 ILCS 5/Art. 12A Pt. 3 heading new)

20 PART 3

21 TRANSITIONAL PROVISIONS FOR ARTICLES 9 AND 12

22 (810 ILCS 5/12A-301 new)

1       Sec. 12A-301. Saving clause.

2       (a) Pre-effective-date transaction, lien, or interest.

3       Except as provided in this Part, Article 9 as amended by this  
4       amendatory Act of the 103rd General Assembly and Article 12  
5       apply to a transaction, lien, or other interest in property,  
6       even if the transaction, lien, or interest was entered into,  
7       created, or acquired before the effective date of this  
8       amendatory Act of the 103rd General Assembly.

9       (b) Continuing validity. Except as provided in subsection

10      (c) and Sections 12A-302 through 12A-306:

11           (1) a transaction, lien, or interest in property that  
12           was validly entered into, created, or transferred before  
13           the effective date of this amendatory Act of the 103rd  
14           General Assembly and was not governed by the Uniform  
15           Commercial Code, but would be subject to Article 9 as  
16           amended by this amendatory Act of the 103rd General  
17           Assembly or Article 12 if it had been entered into,  
18           created, or transferred on or after the effective date of  
19           this amendatory Act of the 103rd General Assembly,  
20           including the rights, duties, and interests flowing from  
21           the transaction, lien, or interest, remains valid on and  
22           after the effective date of this amendatory Act of the  
23           103rd General Assembly; and

24           (2) the transaction, lien, or interest may be  
25           terminated, completed, consummated, and enforced as  
26           required or permitted by this amendatory Act of the 103rd

1 General Assembly or by the law that would apply if this  
2 amendatory Act of the 103rd General Assembly had not taken  
3 effect.

4 (c) Pre-effective-date proceeding. This amendatory Act of  
5 the 103rd General Assembly does not affect an action, case, or  
6 proceeding commenced before the effective date of this  
7 amendatory Act of the 103rd General Assembly.

8 (810 ILCS 5/12A-302 new)

9 Sec. 12A-302. Security interest perfected before effective  
10 date.

11 (a) Continuing perfection: perfection requirements  
12 satisfied. A security interest that is enforceable and  
13 perfected immediately before the effective date of this  
14 amendatory Act of the 103rd General Assembly is a perfected  
15 security interest under this amendatory Act of the 103rd  
16 General Assembly if, on the effective date of this amendatory  
17 Act of the 103rd General Assembly, the requirements for  
18 enforceability and perfection under this amendatory Act of the  
19 103rd General Assembly are satisfied without further action.

20 (b) Continuing perfection: enforceability or perfection  
21 requirements not satisfied. If a security interest is  
22 enforceable and perfected immediately before the effective  
23 date of this amendatory Act of the 103rd General Assembly, but  
24 the requirements for enforceability or perfection under this  
25 amendatory Act of the 103rd General Assembly are not satisfied

1 on the effective date of this amendatory Act of the 103rd  
2 General Assembly, the security interest:

3 (1) is a perfected security interest until the earlier  
4 of the time perfection would have ceased under the law in  
5 effect immediately before the effective date of this  
6 amendatory Act of the 103rd General Assembly or the  
7 adjustment date;

8 (2) remains enforceable thereafter only if the  
9 security interest satisfies the requirements for  
10 enforceability under Section 9-203, as amended by this  
11 amendatory Act of the 103rd General Assembly, before the  
12 adjustment date; and

13 (3) remains perfected thereafter only if the  
14 requirements for perfection under this amendatory Act of  
15 the 103rd General Assembly are satisfied before the time  
16 specified in paragraph (1).

17 (810 ILCS 5/12A-303 new)

18 Sec. 12A-303. Security interest unperfected before  
19 effective date. A security interest that is enforceable  
20 immediately before the effective date of this amendatory Act  
21 of the 103rd General Assembly but is unperfected at that time:

22 (1) remains an enforceable security interest until the  
23 adjustment date;

24 (2) remains enforceable thereafter if the security  
25 interest becomes enforceable under Section 9-203, as

1 amended by this amendatory Act of the 103rd General  
2 Assembly, on the effective date of this amendatory Act of  
3 the 103rd General Assembly or before the adjustment date;  
4 and

5 (3) becomes perfected:

6 (A) without further action, on the effective date  
7 of this amendatory Act of the 103rd General Assembly  
8 if the requirements for perfection under this  
9 amendatory Act of the 103rd General Assembly are  
10 satisfied before or at that time; or

11 (B) when the requirements for perfection are  
12 satisfied if the requirements are satisfied after that  
13 time.

14 (810 ILCS 5/12A-304 new)

15 Sec. 12A-304. Effectiveness of actions taken before  
16 effective date.

17 (a) Pre-effective-date action; attachment and perfection  
18 before adjustment date. If action, other than the filing of a  
19 financing statement, is taken before the effective date of  
20 this amendatory Act of the 103rd General Assembly and the  
21 action would have resulted in perfection of the security  
22 interest had the security interest become enforceable before  
23 the effective date of this amendatory Act of the 103rd General  
24 Assembly, the action is effective to perfect a security  
25 interest that attaches under this amendatory Act of the 103rd



1 General Assembly before the adjustment date. An attached  
2 security interest becomes unperfected on the adjustment date  
3 unless the security interest becomes a perfected security  
4 interest under this amendatory Act of the 103rd General  
5 Assembly before the adjustment date.

6 (b) Pre-effective-date filing. The filing of a financing  
7 statement before the effective date of this amendatory Act of  
8 the 103rd General Assembly is effective to perfect a security  
9 interest on the effective date of this amendatory Act of the  
10 103rd General Assembly to the extent the filing would satisfy  
11 the requirements for perfection under this amendatory Act of  
12 the 103rd General Assembly.

13 (c) Pre-effective-date enforceability action. The taking  
14 of an action before the effective date of this amendatory Act  
15 of the 103rd General Assembly is sufficient for the  
16 enforceability of a security interest on the effective date of  
17 this amendatory Act of the 103rd General Assembly if the  
18 action would satisfy the requirements for enforceability under  
19 this amendatory Act of the 103rd General Assembly.

20 (810 ILCS 5/12A-305 new)

21 Sec. 12A-305. Priority.

22 (a) Determination of priority. Subject to subsections (b)  
23 and (c), this amendatory Act of the 103rd General Assembly  
24 determines the priority of conflicting claims to collateral.

25 (b) Established priorities. Subject to subsection (c), if

1 the priorities of claims to collateral were established before  
2 the effective date of this amendatory Act of the 103rd General  
3 Assembly, Article 9 as in effect before the effective date of  
4 this amendatory Act of the 103rd General Assembly determines  
5 priority.

6 (c) Determination of certain priorities on adjustment  
7 date. On the adjustment date, to the extent the priorities  
8 determined by Article 9 as amended by this amendatory Act of  
9 the 103rd General Assembly modify the priorities established  
10 before the effective date of this amendatory Act of the 103rd  
11 General Assembly, the priorities of claims to Article 12  
12 property and electronic money established before the effective  
13 date of this amendatory Act of the 103rd General Assembly  
14 cease to apply.

15 (810 ILCS 5/12A-306 new)

16 Sec. 12A-306. Priority of claims when priority rules of  
17 Article 9 do not apply.

18 (a) Determination of priority. Subject to subsections (b)  
19 and (c), Article 12 determines the priority of conflicting  
20 claims to Article 12 property when the priority rules of  
21 Article 9 as amended by this amendatory Act of the 103rd  
22 General Assembly do not apply.

23 (b) Established priorities. Subject to subsection (c),  
24 when the priority rules of Article 9 as amended by this  
25 amendatory Act of the 103rd General Assembly do not apply and

1 the priorities of claims to Article 12 property were  
2 established before the effective date of this amendatory Act  
3 of the 103rd General Assembly, law other than Article 12  
4 determines priority.

5 (c) Determination of certain priorities on adjustment  
6 date. When the priority rules of Article 9 as amended by this  
7 amendatory Act of the 103rd General Assembly do not apply, to  
8 the extent the priorities determined by this amendatory Act of  
9 the 103rd General Assembly modify the priorities established  
10 before the effective date of this amendatory Act of the 103rd  
11 General Assembly, the priorities of claims to Article 12  
12 property established before the effective date of this  
13 amendatory Act of the 103rd General Assembly cease to apply on  
14 the adjustment date.

15 Section 99. Effective date. This Act takes effect January  
16 1, 2025.

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