



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
SB1646

Introduced 2/24/2005, by Sen. Kirk W. Dillard

SYNOPSIS AS INTRODUCED:

See Index

Amends the Uniform Commercial Code. Makes changes to Article 7, which deals with documents of title, in conformance with recommendations of the National Conference of Commissioners of Uniform State Laws. Makes conforming changes in other parts of the Uniform Commercial Code.

LRB094 04038 WGH 34055 b

1 AN ACT concerning the Uniform Commercial Code.

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 changing the headings of Articles 7 and Article 7, Part 1 and
 6 Sections 7-101, 7-102, 7-103, 7-104, and 7-105, the heading of
 7 Article 7, Part 2 and Sections 7-201, 7-202, 7-203, 7-204,
 8 7-205, 7-206, 7-207, 7-208, 7-209, and 7-210, the heading of
 9 Article 7, Part 3 and Sections 7-301, 7-302, 7-303, 7-304,
 10 7-305, 7-307, 7-308, and 7-309, the heading of Article 7, Part
 11 4 and Sections 7-401, 7-402, 7-403, and 7-404, the heading of
 12 Article 7, Part 5 and Sections 7-501, 7-502, 7-503, 7-504,
 13 7-505, 7-506, 7-507, 7-508, and 7-509, the heading of Article
 14 7, Part 6 and Sections 7-601, 7-602, and 7-603 and adding
 15 Section 7-106, the heading of Article 7, Part 7, and Sections
 16 7-701, 7-702, 7-703, and 7-704 as follows:

17 (810 ILCS 5/Art. 7 heading)

18 ARTICLE 7

19 DOCUMENTS OF TITLE ~~WAREHOUSE RECEIPTS, BILLS OF LADING~~

20 ~~AND OTHER DOCUMENTS OF TITLE~~

21 (810 ILCS 5/Art. 7 Pt. 1 heading)

22 PART 1-

23 GENERAL

24 (810 ILCS 5/7-101) (from Ch. 26, par. 7-101)

25 Sec. 7-101. Short title. This Article may be cited as
 26 Uniform Commercial Code-Documents of Title. ~~This Article shall~~
 27 ~~be known and may be cited as Uniform Commercial Code--Documents~~
 28 ~~of Title.~~

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

1 (810 ILCS 5/7-102) (from Ch. 26, par. 7-102)

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

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

4 (1) "Bailee" means a person that by a warehouse
5 receipt, bill of lading, or other document of title
6 acknowledges possession of goods and contracts to deliver
7 them.

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

10 (3) "Consignee" means a person named in a bill of
11 lading to which or to whose order the bill promises
12 delivery.

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

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

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

23 (7) "Goods" means all things that are treated as
24 movable for the purposes of a contract for storage or
25 transportation.

26 (8) "Issuer" means a bailee that issues a document of
27 title or, in the case of an unaccepted delivery order, the
28 person that orders the possessor of goods to deliver. The
29 term includes a person for which an agent or employee
30 purports to act in issuing a document if the agent or
31 employee has real or apparent authority to issue documents,
32 even if the issuer did not receive any goods, the goods
33 were misdescribed, or in any other respect the agent or
34 employee violated the issuer's instructions.

35 (9) "Person entitled under the document" means the
36 holder, in the case of a negotiable document of title, or

1 the person to which delivery of the goods is to be made by
2 the terms of, or pursuant to instructions in a record
3 under, a nonnegotiable document of title.

4 (10) "Record" means information that is inscribed on a
5 tangible medium or that is stored in an electronic or other
6 medium and is retrievable in perceivable form.

7 (11) "Sign" means, with present intent to authenticate
8 or adopt a record:

9 (A) to execute or adopt a tangible symbol; or

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

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

14 (13) "Warehouse" means a person engaged in the business
15 of storing goods for hire.

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

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

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

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

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

25 ~~(1) In this Article, unless the context otherwise requires:~~

26 ~~(a) "Bailee" means the person who by a warehouse receipt,~~
27 ~~bill of lading or other document of title acknowledges~~
28 ~~possession of goods and contracts to deliver them.~~

29 ~~(b) "Consignee" means the person named in a bill to whom or~~
30 ~~to whose order the bill promises delivery.~~

31 ~~(c) "Consignor" means the person named in a bill as the~~
32 ~~person from whom the goods have been received for shipment.~~

33 ~~(d) "Delivery order" means a written order to deliver goods~~
34 ~~directed to a warehouseman, carrier or other person who in the~~
35 ~~ordinary course of business issues warehouse receipts or bills~~
36 ~~of lading.~~

1 ~~(e) "Document" means document of title as defined in the~~
2 ~~general definitions in Article 1 (Section 1-201).~~

3 ~~(f) "Goods" means all things which are treated as movable~~
4 ~~for the purposes of a contract of storage or transportation.~~

5 ~~(g) "Issuer" means a bailee who issues a document except~~
6 ~~that in relation to an unaccepted delivery order it means the~~
7 ~~person who orders the possessor of goods to deliver. Issuer~~
8 ~~includes any person for whom an agent or employee purports to~~
9 ~~act in issuing a document if the agent or employee has real or~~
10 ~~apparent authority to issue documents, notwithstanding that~~
11 ~~the issuer received no goods or that the goods were~~
12 ~~misdescribed or that in any other respect the agent or employee~~
13 ~~violated his instructions.~~

14 ~~(h) "Warehouseman" is a person engaged in the business of~~
15 ~~storing goods for hire. The owner of a self-service storage~~
16 ~~facility as defined in the Self Service Storage Facility Act,~~
17 ~~enacted by the Eighty Third General Assembly, is not a~~
18 ~~warehouseman for the purposes of this Article.~~

19 ~~(2) Other definitions applying to this Article or to~~
20 ~~specified Parts thereof, and the Sections in which they appear~~
21 ~~are:~~

22 ~~"Duly negotiate". Section 7-501.~~

23 ~~"Person entitled under the document". Section 7-403(4).~~

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

26 ~~"Contract for sale". Section 2-106.~~

27 ~~"Overseas". Section 2-323.~~

28 ~~"Receipt" of goods. Section 2-103.~~

29 ~~(4) In addition Article 1 contains general definitions and~~
30 ~~principles of construction and interpretation applicable~~
31 ~~throughout this Article.~~

32 (Source: P.A. 83-800.)

33 (810 ILCS 5/7-103) (from Ch. 26, par. 7-103)

34 Sec. 7-103. Relation of Article to treaty or statute.
35 ~~Relation of Article to treaty, statute, tariff, classification~~

1 ~~or regulation.~~

2 (a) This Article is subject to any treaty or statute of the
3 United States or regulatory statute of this State to the extent
4 the treaty, statute, or regulatory statute is applicable.

5 (b) This Article does not modify or repeal any law
6 prescribing the form or content of a document of title or the
7 services or facilities to be afforded by a bailee, or otherwise
8 regulating a bailee's business in respects not specifically
9 treated in this Article. However, violation of such a law does
10 not affect the status of a document of title that otherwise is
11 within the definition of a document of title.

12 (c) This Act modifies, limits, and supersedes the federal
13 Electronic Signatures in Global and National Commerce Act (15
14 U.S.C. Section 7001, et. seq.) but does not modify, limit, or
15 supersede Section 101(c) of that Act (15 U.S.C. Section
16 7001(c)) or authorize electronic delivery of any of the notices
17 described in Section 103(b) of that Act (15 U.S.C. Section
18 7003(b)).

19 (d) (Blank).

20 ~~To the extent that any treaty or statute of the United~~
21 ~~States, regulatory statute of this State or tariff,~~
22 ~~classification or regulation filed or issued pursuant thereto~~
23 ~~is applicable, the provisions of this Article are subject~~
24 ~~thereto.~~

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

26 (810 ILCS 5/7-104) (from Ch. 26, par. 7-104)

27 Sec. 7-104. Negotiable and nonnegotiable document of
28 title. ~~Negotiable and non negotiable warehouse receipt, bill~~
29 ~~of lading or other document of title.~~

30 (a) Except as otherwise provided in subsection (c), a
31 document of title is negotiable if by its terms the goods are
32 to be delivered to bearer or to the order of a named person.

33 (b) A document of title other than one described in
34 subsection (a) is nonnegotiable. A bill of lading that states
35 that the goods are consigned to a named person is not made

1 negotiable by a provision that the goods are to be delivered
2 only against an order in a record signed by the same or another
3 named person.

4 (c) A document of title is nonnegotiable if, at the time it
5 is issued, the document has a conspicuous legend, however
6 expressed, that it is nonnegotiable.

7 ~~(1) A warehouse receipt, bill of lading or other document~~
8 ~~of title is negotiable~~

9 ~~(a) if by its terms the goods are to be delivered to~~
10 ~~bearer or to the order of a named person; or~~

11 ~~(b) where recognized in overseas trade, if it runs to a~~
12 ~~named person or assigns.~~

13 ~~(2) Any other document is non-negotiable. A bill of lading~~
14 ~~in which it is stated that the goods are consigned to a named~~
15 ~~person is not made negotiable by a provision that the goods are~~
16 ~~to be delivered only against a written order signed by the same~~
17 ~~or another named person.~~

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

19 (810 ILCS 5/7-105) (from Ch. 26, par. 7-105)

20 Sec. 7-105. Reissuance in alternative medium. ~~Construction~~
21 ~~against negative implication.~~

22 (a) Upon request of a person entitled under an electronic
23 document of title, the issuer of the electronic document may
24 issue a tangible document of title as a substitute for the
25 electronic document if:

26 (1) the person entitled under the electronic document
27 surrenders control of the document to the issuer; and

28 (2) the tangible document when issued contains a
29 statement that it is issued in substitution for the
30 electronic document.

31 (b) Upon issuance of a tangible document of title in
32 substitution for an electronic document of title in accordance
33 with subsection (a):

34 (1) the electronic document ceases to have any effect
35 or validity; and

1 (2) the person that procured issuance of the tangible
2 document warrants to all subsequent persons entitled under
3 the tangible document that the warrantor was a person
4 entitled under the electronic document when the warrantor
5 surrendered control of the electronic document to the
6 issuer.

7 (c) Upon request of a person entitled under a tangible
8 document of title, the issuer of the tangible document may
9 issue an electronic document of title as a substitute for the
10 tangible document if:

11 (1) the person entitled under the tangible document
12 surrenders possession of the document to the issuer; and

13 (2) the electronic document when issued contains a
14 statement that it is issued in substitution for the
15 tangible document.

16 (d) Upon issuance of an electronic document of title in
17 substitution for a tangible document of title in accordance
18 with subsection (c):

19 (1) the tangible document ceases to have any effect or
20 validity; and

21 (2) the person that procured issuance of the electronic
22 document warrants to all subsequent persons entitled under
23 the electronic document that the warrantor was a person
24 entitled under the tangible document when the warrantor
25 surrendered possession of the tangible document to the
26 issuer.

27 ~~The omission from either Part 2 or Part 3 of this Article of a~~
28 ~~provision corresponding to a provision made in the other Part~~
29 ~~does not imply that a corresponding rule of law is not~~
30 ~~applicable.~~

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

32 (810 ILCS 5/7-106 new)

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

34 (a) A person has control of an electronic document of title
35 if a system employed for evidencing the transfer of interests

1 in the electronic document reliably establishes that person as
2 the person to which the electronic document was issued or
3 transferred.

4 (b) A system satisfies subsection (a), and a person is
5 deemed to have control of an electronic document of title, if
6 the document is created, stored, and assigned in such a manner
7 that:

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

11 (2) the authoritative copy identifies the person
12 asserting control as:

13 (A) the person to which the document was issued; or

14 (B) if the authoritative copy indicates that the
15 document has been transferred, the person to which the
16 document was most recently transferred;

17 (3) the authoritative copy is communicated to and
18 maintained by the person asserting control or its
19 designated custodian;

20 (4) copies or amendments that add or change an
21 identified assignee of the authoritative copy can be made
22 only with the consent of the person asserting control;

23 (5) each copy of the authoritative copy and any copy of
24 a copy is readily identifiable as a copy that is not the
25 authoritative copy; and

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

28 (810 ILCS 5/Art. 7 Pt. 2 heading)

29 PART 2-

30 WAREHOUSE RECEIPTS: SPECIAL PROVISIONS

31 (810 ILCS 5/7-201) (from Ch. 26, par. 7-201)

32 Sec. 7-201. Person that may issue a warehouse receipt;
33 storage under bond. ~~Who may issue a warehouse receipt; storage~~
34 ~~under government bond.~~

1 (a) A warehouse receipt may be issued by any warehouse.

2 (b) If goods, including distilled spirits and agricultural
3 commodities, are stored under a statute requiring a bond
4 against withdrawal or a license for the issuance of receipts in
5 the nature of warehouse receipts, a receipt issued for the
6 goods is deemed to be a warehouse receipt even if issued by a
7 person that is the owner of the goods and is not a warehouse.

8 ~~(1) A warehouse receipt may be issued by any warehouseman.~~

9 ~~(2) Where goods including distilled spirits and~~
10 ~~agricultural commodities are stored under a statute requiring a~~
11 ~~bond against withdrawal or a license for the issuance of~~
12 ~~receipts in the nature of warehouse receipts, a receipt issued~~
13 ~~for the goods has like effect as a warehouse receipt even~~
14 ~~though issued by a person who is the owner of the goods and is~~
15 ~~not a warehouseman.~~

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

17 (810 ILCS 5/7-202) (from Ch. 26, par. 7-202)

18 Sec. 7-202. Form of warehouse receipt; effect of omission.
19 ~~Form of warehouse receipt; essential terms; optional terms.~~

20 (a) A warehouse receipt need not be in any particular form.

21 (b) Unless a warehouse receipt provides for each of the
22 following, the warehouse is liable for damages caused to a
23 person injured by its omission:

24 (1) a statement of the location of the warehouse
25 facility where the goods are stored;

26 (2) the date of issue of the receipt;

27 (3) the unique identification code of the receipt;

28 (4) a statement whether the goods received will be
29 delivered to the bearer, to a named person, or to a named
30 person or its order;

31 (5) the rate of storage and handling charges, unless
32 goods are stored under a field warehousing arrangement, in
33 which case a statement of that fact is sufficient on a
34 nonnegotiable receipt;

35 (6) a description of the goods or the packages

1 containing them;

2 (7) the signature of the warehouse or its agent;

3 (8) if the receipt is issued for goods that the
4 warehouse owns, either solely, jointly, or in common with
5 others, a statement of the fact of that ownership; and

6 (9) a statement of the amount of advances made and of
7 liabilities incurred for which the warehouse claims a lien
8 or security interest, unless the precise amount of advances
9 made or liabilities incurred, at the time of the issue of
10 the receipt, is unknown to the warehouse or to its agent
11 that issued the receipt, in which case a statement of the
12 fact that advances have been made or liabilities incurred
13 and the purpose of the advances or liabilities is
14 sufficient.

15 (c) A warehouse may insert in its receipt any terms that
16 are not contrary to the Uniform Commercial Code and do not
17 impair its obligation of delivery under Section 7-403 or its
18 duty of care under Section 7-204. Any contrary provision is
19 ineffective.

20 ~~(1) A warehouse receipt need not be in any particular form.~~

21 ~~(2) Unless a warehouse receipt embodies within its written~~
22 ~~or printed terms each of the following, the warehouseman is~~
23 ~~liable for damages caused by the omission to a person injured~~
24 ~~thereby:~~

25 ~~(a) the location of the warehouse where the goods are~~
26 ~~stored;~~

27 ~~(b) the date of issue of the receipt;~~

28 ~~(c) the consecutive number of the receipt;~~

29 ~~(d) a statement whether the goods received will be~~
30 ~~delivered to the bearer, to a specified person, or to a~~
31 ~~specified person or his order;~~

32 ~~(e) the rate of storage and handling charges, except~~
33 ~~that where goods are stored under a field warehousing~~
34 ~~arrangement a statement of that fact is sufficient on a~~
35 ~~non-negotiable receipt;~~

36 ~~(f) a description of the goods or of the packages~~

1 ~~containing them;~~

2 ~~(g) the signature of the warehouseman, which may be~~
3 ~~made by his authorized agent;~~

4 ~~(h) if the receipt is issued for goods of which the~~
5 ~~warehouseman is owner, either solely or jointly or in common~~
6 ~~with others, the fact of such ownership; and~~

7 ~~(i) a statement of the amount of advances made and of~~
8 ~~liabilities incurred for which the warehouseman claims a lien~~
9 ~~or security interest (Section 7-209). If the precise amount of~~
10 ~~such advances made or of such liabilities incurred is, at the~~
11 ~~time of the issue of the receipt, unknown to the warehouseman~~
12 ~~or to his agent who issues it, a statement of the fact that~~
13 ~~advances have been made or liabilities incurred and the purpose~~
14 ~~thereof is sufficient.~~

15 ~~(3) A warehouseman may insert in his receipt any other~~
16 ~~terms which are not contrary to the provisions of this Act and~~
17 ~~do not impair his obligation of delivery (Section 7-403) or~~
18 ~~his duty of care (Section 7-204). Any contrary provisions~~
19 ~~shall be ineffective.~~

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

21 (810 ILCS 5/7-203) (from Ch. 26, par. 7-203)

22 Sec. 7-203. Liability for non-receipt or misdescription. A
23 party to or purchaser for value in good faith of a document of
24 title, other than a bill of lading, that relies upon the
25 description of the goods in the document may recover from the
26 issuer damages caused by the nonreceipt or misdescription of
27 the goods, except to the extent that:

28 (1) the document conspicuously indicates that the
29 issuer does not know whether all or part of the goods in
30 fact were received or conform to the description, such as a
31 case in which the description is in terms of marks or
32 labels or kind, quantity, or condition, or the receipt or
33 description is qualified by "contents, condition, and
34 quality unknown", "said to contain", or words of similar
35 import, if the indication is true; or

1 (2) the party or purchaser otherwise has notice of the
2 nonreceipt or misdescription.

3 ~~A party to or purchaser for value in good faith of a~~
4 ~~document of title other than a bill of lading relying in either~~
5 ~~case upon the description therein of the goods may recover from~~
6 ~~the issuer damages caused by the non receipt or misdescription~~
7 ~~of the goods, except to the extent that the document~~
8 ~~conspicuously indicates that the issuer does not know whether~~
9 ~~any part or all of the goods in fact were received or conform~~
10 ~~to the description as where the description is in terms of~~
11 ~~marks or labels or kind, quantity or condition, or the receipt~~
12 ~~or description is qualified by "contents, condition and quality~~
13 ~~unknown", "said to contain" or the like, if such indication be~~
14 ~~true, or the party or purchaser otherwise has notice.~~

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

16 (810 ILCS 5/7-204) (from Ch. 26, par. 7-204)

17 Sec. 7-204. Duty of care; contractual limitation of
18 warehouse's liability. ~~Duty of care; contractual limitation of~~
19 ~~warehouseman's liability.~~

20 (a) A warehouse is liable for damages for loss of or injury
21 to the goods caused by its failure to exercise care with regard
22 to the goods that a reasonably careful person would exercise
23 under similar circumstances. Unless otherwise agreed, the
24 warehouse is not liable for damages that could not have been
25 avoided by the exercise of that care.

26 (b) Damages may be limited by a term in the warehouse
27 receipt or storage agreement limiting the amount of liability
28 in case of loss or damage beyond which the warehouse is not
29 liable. Such a limitation is not effective with respect to the
30 warehouse's liability for conversion to its own use. On request
31 of the bailor in a record at the time of signing the storage
32 agreement or within a reasonable time after receipt of the
33 warehouse receipt, the warehouse's liability may be increased
34 on part or all of the goods covered by the storage agreement or
35 the warehouse receipt. In this event, increased rates may be

1 charged based on an increased valuation of the goods.

2 (c) Reasonable provisions as to the time and manner of
3 presenting claims and commencing actions based on the bailment
4 may be included in the warehouse receipt or storage agreement.

5 (d) (Blank).

6 ~~(1) A warehouseman is liable for damages for loss of or~~
7 ~~injury to the goods caused by his failure to exercise such care~~
8 ~~in regard to them as a reasonably careful man would exercise~~
9 ~~under like circumstances but unless otherwise agreed he is not~~
10 ~~liable for damages which could not have been avoided by the~~
11 ~~exercise of such care.~~

12 ~~(2) Damages may be limited by a term in the warehouse~~
13 ~~receipt or storage agreement limiting the amount of liability~~
14 ~~in case of loss or damage, and setting forth a specific~~
15 ~~liability per article or item, or value per unit of weight,~~
16 ~~beyond which the warehouseman shall not be liable; provided,~~
17 ~~however, that such liability may on written request of the~~
18 ~~bailor at the time of signing such storage agreement or within~~
19 ~~a reasonable time after receipt of the warehouse receipt be~~
20 ~~increased on part or all of the goods thereunder, in which~~
21 ~~event increased rates may be charged based on such increased~~
22 ~~valuation, but that no such increase shall be permitted~~
23 ~~contrary to a lawful limitation of liability contained in the~~
24 ~~warehouseman's tariff, if any. No such limitation is effective~~
25 ~~with respect to the warehouseman's liability for conversion to~~
26 ~~his own use.~~

27 ~~(3) Reasonable provisions as to the time and manner of~~
28 ~~presenting claims and instituting actions based on the bailment~~
29 ~~may be included in the warehouse receipt or tariff.~~

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

31 (810 ILCS 5/7-205) (from Ch. 26, par. 7-205)

32 Sec. 7-205. Title under warehouse receipt defeated in
33 certain cases. A buyer in ordinary course of business of
34 fungible goods sold and delivered by a warehouse that is also
35 in the business of buying and selling such goods takes the

1 goods free of any claim under a warehouse receipt even if the
2 receipt is negotiable and has been duly negotiated.

3 ~~A buyer in the ordinary course of business of fungible~~
4 ~~goods sold and delivered by a warehouseman who is also in the~~
5 ~~business of buying and selling such goods takes free of any~~
6 ~~claim under a warehouse receipt even though it has been duly~~
7 ~~negotiated.~~

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

9 (810 ILCS 5/7-206) (from Ch. 26, par. 7-206)

10 Sec. 7-206. Termination of storage at warehouse's option.
11 ~~Termination of storage at warehouseman's option.~~

12 (a) A warehouse, by giving notice to the person on whose
13 account the goods are held and any other person known to claim
14 an interest in the goods, may require payment of any charges
15 and removal of the goods from the warehouse at the termination
16 of the period of storage fixed by the document of title or, if
17 a period is not fixed, within a stated period not less than 30
18 days after the warehouse gives notice. If the goods are not
19 removed before the date specified in the notice, the warehouse
20 may sell them pursuant to Section 7-210.

21 (b) If a warehouse in good faith believes that goods are
22 about to deteriorate or decline in value to less than the
23 amount of its lien within the time provided in subsection (a)
24 and Section 7-210, the warehouse may specify in the notice
25 given under subsection (a) any reasonable shorter time for
26 removal of the goods and, if the goods are not removed, may
27 sell them at public sale held not less than one week after a
28 single advertisement or posting.

29 (c) If, as a result of a quality or condition of the goods
30 of which the warehouse did not have notice at the time of
31 deposit, the goods are a hazard to other property, the
32 warehouse facilities, or other persons, the warehouse may sell
33 the goods at public or private sale without advertisement or
34 posting on reasonable notification to all persons known to
35 claim an interest in the goods. If the warehouse, after a

1 reasonable effort, is unable to sell the goods, it may dispose
2 of them in any lawful manner and does not incur liability by
3 reason of that disposition.

4 (d) A warehouse shall deliver the goods to any person
5 entitled to them under this Article upon due demand made at any
6 time before sale or other disposition under this Section.

7 (e) A warehouse may satisfy its lien from the proceeds of
8 any sale or disposition under this Section but shall hold the
9 balance for delivery on the demand of any person to which the
10 warehouse would have been bound to deliver the goods.

11 ~~(1) A warehouseman may on notifying the person on whose~~
12 ~~account the goods are held and any other person known to claim~~
13 ~~an interest in the goods require payment of any charges and~~
14 ~~removal of the goods from the warehouse at the termination of~~
15 ~~the period of storage fixed by the document, or, if no period~~
16 ~~is fixed, within a stated period not less than 30 days after~~
17 ~~the notification. If the goods are not removed before the date~~
18 ~~specified in the notification, the warehouseman may sell them~~
19 ~~in accordance with the provisions of the Section on enforcement~~
20 ~~of a warehouseman's lien (Section 7-210).~~

21 ~~(2) If a warehouseman in good faith believes that the goods~~
22 ~~are about to deteriorate or decline in value to less than the~~
23 ~~amount of his lien within the time prescribed in subsection (1)~~
24 ~~for notification, advertisement and sale, the warehouseman may~~
25 ~~specify in the notification any reasonable shorter time for~~
26 ~~removal of the goods and in case the goods are not removed, may~~
27 ~~sell them at public sale held not less than one week after a~~
28 ~~single advertisement or posting.~~

29 ~~(3) If as a result of a quality or condition of the goods~~
30 ~~of which the warehouseman had no notice at the time of deposit~~
31 ~~the goods are a hazard to other property or to the warehouse or~~
32 ~~to persons, the warehouseman may sell the goods at public or~~
33 ~~private sale without advertisement on reasonable notification~~
34 ~~to all persons known to claim an interest in the goods. If the~~
35 ~~warehouseman after a reasonable effort is unable to sell the~~
36 ~~goods he may dispose of them in any lawful manner and shall~~

1 ~~incur no liability by reason of such disposition.~~

2 ~~(4) The warehouseman must deliver the goods to any person~~
3 ~~entitled to them under this Article upon due demand made at any~~
4 ~~time prior to sale or other disposition under this Section.~~

5 ~~(5) The warehouseman may satisfy his lien from the proceeds~~
6 ~~of any sale or disposition under this Section but must hold the~~
7 ~~balance for delivery on the demand of any person to whom he~~
8 ~~would have been bound to deliver the goods.~~

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

10 (810 ILCS 5/7-207) (from Ch. 26, par. 7-207)

11 Sec. 7-207. Goods must be kept separate; fungible goods.

12 (a) Unless the warehouse receipt provides otherwise, a
13 warehouse shall keep separate the goods covered by each receipt
14 so as to permit at all times identification and delivery of
15 those goods. However, different lots of fungible goods may be
16 commingled.

17 (b) If different lots of fungible goods are commingled, the
18 goods are owned in common by the persons entitled thereto and
19 the warehouse is severally liable to each owner for that
20 owner's share. If, because of overissue, a mass of fungible
21 goods is insufficient to meet all the receipts the warehouse
22 has issued against it, the persons entitled include all holders
23 to which overissued receipts have been duly negotiated.

24 ~~(1) Unless the warehouse receipt otherwise provides, a~~
25 ~~warehouseman must keep separate the goods covered by each~~
26 ~~receipt so as to permit at all times identification and~~
27 ~~delivery of those goods except that different lots of fungible~~
28 ~~goods may be commingled.~~

29 ~~(2) Fungible goods so commingled are owned in common by the~~
30 ~~persons entitled thereto and the warehouseman is severally~~
31 ~~liable to each owner for that owner's share. Where because of~~
32 ~~overissue a mass of fungible goods is insufficient to meet all~~
33 ~~the receipts which the warehouseman has issued against it, the~~
34 ~~persons entitled include all holders to whom overissued~~
35 ~~receipts have been duly negotiated.~~

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

2 (810 ILCS 5/7-208) (from Ch. 26, par. 7-208)

3 Sec. 7-208. Altered warehouse receipts. If a blank in a
4 negotiable tangible warehouse receipt has been filled in
5 without authority, a good-faith purchaser for value and without
6 notice of the lack of authority may treat the insertion as
7 authorized. Any other unauthorized alteration leaves any
8 tangible or electronic warehouse receipt enforceable against
9 the issuer according to its original tenor.

10 ~~Where a blank in a negotiable warehouse receipt has been~~
11 ~~filled in without authority, a purchaser for value and without~~
12 ~~notice of the want of authority may treat the insertion as~~
13 ~~authorized. Any other unauthorized alteration leaves any~~
14 ~~receipt enforceable against the issuer according to its~~
15 ~~original tenor.~~

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

17 (810 ILCS 5/7-209) (from Ch. 26, par. 7-209)

18 Sec. 7-209. Lien of warehouse. ~~Lien of warehouseman.~~

19 (a) A warehouse has a lien against the bailor on the goods
20 covered by a warehouse receipt or storage agreement or on the
21 proceeds thereof in its possession for charges for storage or
22 transportation, including demurrage and terminal charges,
23 insurance, labor, or other charges, present or future, in
24 relation to the goods, and for expenses necessary for
25 preservation of the goods or reasonably incurred in their sale
26 pursuant to law. If the person on whose account the goods are
27 held is liable for similar charges or expenses in relation to
28 other goods whenever deposited and it is stated in the
29 warehouse receipt or storage agreement that a lien is claimed
30 for charges and expenses in relation to other goods, the
31 warehouse also has a lien against the goods covered by the
32 warehouse receipt or storage agreement or on the proceeds
33 thereof in its possession for those charges and expenses,
34 whether or not the other goods have been delivered by the

1 warehouse. However, as against a person to which a negotiable
2 warehouse receipt is duly negotiated, a warehouse's lien is
3 limited to charges in an amount or at a rate specified in the
4 warehouse receipt or, if no charges are so specified, to a
5 reasonable charge for storage of the specific goods covered by
6 the receipt subsequent to the date of the receipt.

7 (b) A warehouse may also reserve a security interest
8 against the bailor for the maximum amount specified on the
9 receipt for charges other than those specified in subsection
10 (a), such as for money advanced and interest. The security
11 interest is governed by Article 9.

12 (c) A warehouse's lien for charges and expenses under
13 subsection (a) or a security interest under subsection (b) is
14 also effective against any person that so entrusted the bailor
15 with possession of the goods that a pledge of them by the
16 bailor to a good-faith purchaser for value would have been
17 valid. However, the lien or security interest is not effective
18 against a person that before issuance of a document of title
19 had a legal interest or a perfected security interest in the
20 goods and that did not:

21 (1) deliver or entrust the goods or any document of
22 title covering the goods to the bailor or the bailor's
23 nominee with:

24 (A) actual or apparent authority to ship, store, or
25 sell;

26 (B) power to obtain delivery under Section 7-403;
27 or

28 (C) power of disposition under Sections 2-403,
29 2A-304(2), 2A-305(2), 9-320, or 9-321(c) or other
30 statute or rule of law; or

31 (2) acquiesce in the procurement by the bailor or its
32 nominee of any document.

33 (d) A warehouse's lien on household goods for charges and
34 expenses in relation to the goods under subsection (a) is also
35 effective against all persons if the depositor was the legal
36 possessor of the goods at the time of deposit. In this

1 subsection, "household goods" means furniture, furnishings, or
2 personal effects used by the depositor in a dwelling.

3 (e) A warehouse loses its lien on any goods that it
4 voluntarily delivers or unjustifiably refuses to deliver.

5 ~~(1) A warehouseman has a lien against the bailor on the~~
6 ~~goods covered by a warehouse receipt or on the proceeds thereof~~
7 ~~in his possession for charges for storage or transportation~~
8 ~~(including demurrage and terminal charges), insurance, labor,~~
9 ~~or charges present or future in relation to the goods, and for~~
10 ~~expenses necessary for preservation of the goods or reasonably~~
11 ~~incurred in their sale pursuant to law. If the person on whose~~
12 ~~account the goods are held is liable for like charges or~~
13 ~~expenses in relation to other goods whenever deposited and it~~
14 ~~is stated in the receipt that a lien is claimed for charges and~~
15 ~~expenses in relation to other goods, the warehouseman also has~~
16 ~~a lien against him for such charges and expenses whether or not~~
17 ~~the other goods have been delivered by the warehouseman. But~~
18 ~~against a person to whom a negotiable warehouse receipt is duly~~
19 ~~negotiated a warehouseman's lien is limited to charges in an~~
20 ~~amount or at a rate specified on the receipt or if no charges~~
21 ~~are so specified then to a reasonable charge for storage of the~~
22 ~~goods covered by the receipt subsequent to the date of the~~
23 ~~receipt.~~

24 ~~(2) The warehouseman may also reserve a security interest~~
25 ~~against the bailor for a maximum amount specified on the~~
26 ~~receipt for charges other than those specified in subsection~~
27 ~~(1), such as for money advanced and interest. Such a security~~
28 ~~interest is governed by the Article on Secured Transactions~~
29 ~~(Article 9).~~

30 ~~(3) (a) A warehouseman's lien for charges and expenses~~
31 ~~under subsection (1) or a security interest under subsection~~
32 ~~(2) is also effective against any person who so entrusted the~~
33 ~~bailor with possession of the goods that a pledge of them by~~
34 ~~him to a good faith purchaser for value would have been valid~~
35 ~~but is not effective against a person as to whom the document~~
36 ~~confers no right in the goods covered by it under Section~~

1 ~~7-503.~~

2 ~~(b) A warehouseman's lien on household goods for charges~~
3 ~~and expenses in relation to the goods under subsection (1) is~~
4 ~~also effective against all persons if the depositor was the~~
5 ~~legal possessor of the goods at the time of deposit. "Household~~
6 ~~goods" means furniture, furnishings and personal effects used~~
7 ~~by the depositor in a dwelling.~~

8 ~~(4) A warehouseman loses his lien on any goods which he~~
9 ~~voluntarily delivers or which he unjustifiably refuses to~~
10 ~~deliver.~~

11 (Source: P.A. 77-2810.)

12 (810 ILCS 5/7-210) (from Ch. 26, par. 7-210)

13 Sec. 7-210. Enforcement of warehouse's lien. ~~Enforcement~~
14 ~~of warehouseman's lien.~~

15 (a) Except as otherwise provided in subsection (b), a
16 warehouse's lien may be enforced by public or private sale of
17 the goods, in bulk or in packages, at any time or place and on
18 any terms that are commercially reasonable, after notifying all
19 persons known to claim an interest in the goods. The
20 notification must include a statement of the amount due, the
21 nature of the proposed sale, and the time and place of any
22 public sale. The fact that a better price could have been
23 obtained by a sale at a different time or in a method different
24 from that selected by the warehouse is not of itself sufficient
25 to establish that the sale was not made in a commercially
26 reasonable manner. The warehouse sells in a commercially
27 reasonable manner if the warehouse sells the goods in the usual
28 manner in any recognized market therefore, sells at the price
29 current in that market at the time of the sale, or otherwise
30 sells in conformity with commercially reasonable practices
31 among dealers in the type of goods sold. A sale of more goods
32 than apparently necessary to be offered to ensure satisfaction
33 of the obligation is not commercially reasonable, except in
34 cases covered by the preceding sentence.

35 (b) A warehouse may enforce its lien on goods, other than

1 goods stored by a merchant in the course of its business, only
2 if the following requirements are satisfied:

3 (1) All persons known to claim an interest in the goods
4 must be notified.

5 (2) The notification must include an itemized
6 statement of the claim, a description of the goods subject
7 to the lien, a demand for payment within a specified time
8 not less than 10 days after receipt of the notification,
9 and a conspicuous statement that unless the claim is paid
10 within that time the goods will be advertised for sale and
11 sold by auction at a specified time and place.

12 (3) The sale must conform to the terms of the
13 notification.

14 (4) The sale must be held at the nearest suitable place
15 to where the goods are held or stored.

16 (5) After the expiration of the time given in the
17 notification, an advertisement of the sale must be
18 published once a week for two weeks consecutively in a
19 newspaper of general circulation where the sale is to be
20 held. The advertisement must include a description of the
21 goods, the name of the person on whose account the goods
22 are being held, and the time and place of the sale. The
23 sale must take place at least 15 days after the first
24 publication. If there is no newspaper of general
25 circulation where the sale is to be held, the advertisement
26 must be posted at least 10 days before the sale in not
27 fewer than six conspicuous places in the neighborhood of
28 the proposed sale.

29 (c) Before any sale pursuant to this Section, any person
30 claiming a right in the goods may pay the amount necessary to
31 satisfy the lien and the reasonable expenses incurred in
32 complying with this Section. In that event, the goods may not
33 be sold but must be retained by the warehouse subject to the
34 terms of the receipt and this Article.

35 (d) A warehouse may buy at any public sale held pursuant to
36 this Section.

1 (e) A purchaser in good faith of goods sold to enforce a
2 warehouse's lien takes the goods free of any rights of persons
3 against which the lien was valid, despite the warehouse's
4 noncompliance with this Section.

5 (f) A warehouse may satisfy its lien from the proceeds of
6 any sale pursuant to this Section but shall hold the balance,
7 if any, for delivery on demand to any person to which the
8 warehouse would have been bound to deliver the goods.

9 (g) The rights provided by this Section are in addition to
10 all other rights allowed by law to a creditor against a debtor.

11 (h) If a lien is on goods stored by a merchant in the
12 course of its business, the lien may be enforced in accordance
13 with subsection (a) or (b).

14 (i) A warehouse is liable for damages caused by failure to
15 comply with the requirements for sale under this Section and,
16 in case of willful violation, is liable for conversion.

17 ~~(1) Except as provided in subsection (2), a warehouseman's~~
18 ~~lien may be enforced by public or private sale of the goods in~~
19 ~~block or in parcels, at any time or place and on any terms~~
20 ~~which are commercially reasonable, after notifying all persons~~
21 ~~known to claim an interest in the goods. Such notification must~~
22 ~~include a statement of the amount due, the nature of the~~
23 ~~proposed sale and the time and place of any public sale. The~~
24 ~~fact that a better price could have been obtained by a sale at~~
25 ~~a different time or in a different method from that selected by~~
26 ~~the warehouseman is not of itself sufficient to establish that~~
27 ~~the sale was not made in a commercially reasonable manner. If~~
28 ~~the warehouseman either sells the goods in the usual manner in~~
29 ~~any recognized market therefor, or if he sells at the price~~
30 ~~current in such market at the time of his sale, or if he has~~
31 ~~otherwise sold in conformity with commercially reasonable~~
32 ~~practices among dealers in the type of goods sold, he has sold~~
33 ~~in a commercially reasonable manner. A sale of more goods than~~
34 ~~apparently necessary to be offered to insure satisfaction of~~
35 ~~the obligation is not commercially reasonable except in cases~~
36 ~~covered by the preceding sentence.~~

1 ~~(2) A warehouseman's lien on goods other than goods stored~~
2 ~~by a merchant in the course of his business may be enforced~~
3 ~~only as follows:~~

4 ~~(a) All persons known to claim an interest in the goods~~
5 ~~must be notified.~~

6 ~~(b) The notification must be delivered in person or~~
7 ~~sent by registered or certified letter to the last known~~
8 ~~address of any person to be notified.~~

9 ~~(c) The notification must include an itemized~~
10 ~~statement of the claim, a description of the goods subject to~~
11 ~~the lien, a demand for payment within a specified time not less~~
12 ~~than 10 days after receipt of the notification, and a~~
13 ~~conspicuous statement that unless the claim is paid within that~~
14 ~~time the goods will be advertised for sale and sold by auction~~
15 ~~at a specified time and place.~~

16 ~~(d) The sale must conform to the terms of the~~
17 ~~notification.~~

18 ~~(e) The sale must be held at the nearest suitable place~~
19 ~~to that where the goods are held or stored.~~

20 ~~(f) After the expiration of the time given in the~~
21 ~~notification, an advertisement of the sale must be published~~
22 ~~once a week for 2 weeks consecutively in a newspaper of general~~
23 ~~circulation where the sale is to be held. The advertisement~~
24 ~~must include a description of the goods, the name of the person~~
25 ~~on whose account they are being held, and the time and place of~~
26 ~~the sale. The sale must take place at least 15 days after the~~
27 ~~first publication. If there is no newspaper of general~~
28 ~~circulation where the sale is to be held, the advertisement~~
29 ~~must be posted at least 10 days before the sale in not less~~
30 ~~than 6 conspicuous places in the neighborhood of the proposed~~
31 ~~sale.~~

32 ~~(3) Before any sale pursuant to this Section any person~~
33 ~~claiming a right in the goods may pay the amount necessary to~~
34 ~~satisfy the lien and the reasonable expenses incurred under~~
35 ~~this Section. In that event the goods must not be sold, but~~
36 ~~must be retained by the warehouseman subject to the terms of~~

1 ~~the receipt and this Article.~~

2 ~~(4) The warehouseman may buy at any public sale pursuant to~~
3 ~~this Section.~~

4 ~~(5) A purchaser in good faith of goods sold to enforce a~~
5 ~~warehouseman's lien takes the goods free of any rights of~~
6 ~~persons against whom the lien was valid, despite noncompliance~~
7 ~~by the warehouseman with the requirements of this Section.~~

8 ~~(6) The warehouseman may satisfy his lien from the proceeds~~
9 ~~of any sale pursuant to this Section but must hold the balance,~~
10 ~~if any, for delivery on demand to any person to whom he would~~
11 ~~have been bound to deliver the goods.~~

12 ~~(7) The rights provided by this Section shall be in~~
13 ~~addition to all other rights allowed by law to a creditor~~
14 ~~against his debtor.~~

15 ~~(8) Where a lien is on goods stored by a merchant in the~~
16 ~~course of his business the lien may be enforced in accordance~~
17 ~~with either subsection (1) or (2).~~

18 ~~(9) The warehouseman is liable for damages caused by~~
19 ~~failure to comply with the requirements for sale under this~~
20 ~~Section and in case of willful violation is liable for~~
21 ~~conversion.~~

22 (Source: Laws 1965, p. 803.)

23 (810 ILCS 5/Art. 7 Pt. 3 heading)

24 PART 3-

25 BILLS OF LADING: SPECIAL PROVISIONS

26 (810 ILCS 5/7-301) (from Ch. 26, par. 7-301)

27 Sec. 7-301. Liability for nonreceipt or misdescription;
28 "said to contain"; "shipper's weight, load, and count";
29 improper handling. Liability for nonreceipt or
30 misdescription; "said to contain"; "shipper's load and count";
31 improper handling.

32 (a) A consignee of a nonnegotiable bill of lading which has
33 given value in good faith, or a holder to which a negotiable
34 bill has been duly negotiated, relying upon the description of

1 the goods in the bill or upon the date shown in the bill, may
2 recover from the issuer damages caused by the misdating of the
3 bill or the nonreceipt or misdescription of the goods, except
4 to the extent that the bill indicates that the issuer does not
5 know whether any part or all of the goods in fact were received
6 or conform to the description, such as in a case in which the
7 description is in terms of marks or labels or kind, quantity,
8 or condition or the receipt or description is qualified by
9 "contents or condition of contents of packages unknown", "said
10 to contain", "shipper's weight, load, and count," or words of
11 similar import, if that indication is true.

12 (b) If goods are loaded by the issuer of a bill of lading:

13 (1) the issuer shall count the packages of goods if
14 shipped in packages and ascertain the kind and quantity if
15 shipped in bulk; and

16 (2) words such as "shipper's weight, load, and count,"
17 or words of similar import indicating that the description
18 was made by the shipper are ineffective except as to goods
19 concealed in packages.

20 (c) If bulk goods are loaded by a shipper that makes
21 available to the issuer of a bill of lading adequate facilities
22 for weighing those goods, the issuer shall ascertain the kind
23 and quantity within a reasonable time after receiving the
24 shipper's request in a record to do so. In that case,
25 "shipper's weight" or words of similar import are ineffective.

26 (d) The issuer of a bill of lading, by including in the
27 bill the words "shipper's weight, load, and count," or words of
28 similar import, may indicate that the goods were loaded by the
29 shipper, and, if that statement is true, the issuer is not
30 liable for damages caused by the improper loading. However,
31 omission of such words does not imply liability for damages
32 caused by improper loading.

33 (e) A shipper guarantees to an issuer the accuracy at the
34 time of shipment of the description, marks, labels, number,
35 kind, quantity, condition, and weight, as furnished by the
36 shipper, and the shipper shall indemnify the issuer against

1 damage caused by inaccuracies in those particulars. This right
2 of indemnity does not limit the issuer's responsibility or
3 liability under the contract of carriage to any person other
4 than the shipper.

5 ~~(1) A consignee of a non negotiable bill who has given~~
6 ~~value in good faith or a holder to whom a negotiable bill has~~
7 ~~been duly negotiated relying in either case upon the~~
8 ~~description therein of the goods, or upon the date therein~~
9 ~~shown, may recover from the issuer damages caused by the~~
10 ~~misdating of the bill or the non receipt or misdescription of~~
11 ~~the goods, except to the extent that the document indicates~~
12 ~~that the issuer does not know whether any part or all of the~~
13 ~~goods in fact were received or conform to the description, as~~
14 ~~where the description is in terms of marks or labels or kind,~~
15 ~~quantity, or condition or the receipt or description is~~
16 ~~qualified by "contents or condition of contents of packages~~
17 ~~unknown", "said to contain", "shipper's weight, load and count"~~
18 ~~or the like, if such indication be true.~~

19 ~~(2) When goods are loaded by an issuer who is a common~~
20 ~~carrier, the issuer must count the packages of goods if package~~
21 ~~freight and ascertain the kind and quantity if bulk freight. In~~
22 ~~such cases "shipper's weight, load and count" or other words~~
23 ~~indicating that the description was made by the shipper are~~
24 ~~ineffective except as to freight concealed by packages.~~

25 ~~(3) When bulk freight is loaded by a shipper who makes~~
26 ~~available to the issuer adequate facilities for weighing such~~
27 ~~freight, an issuer who is a common carrier must ascertain the~~
28 ~~kind and quantity within a reasonable time after receiving the~~
29 ~~written request of the shipper to do so. In such cases~~
30 ~~"shipper's weight" or other words of like purport are~~
31 ~~ineffective.~~

32 ~~(4) The issuer may by inserting in the bill the words~~
33 ~~"shipper's weight, load and count" or other words of like~~
34 ~~purport indicate that the goods were loaded by the shipper; and~~
35 ~~if such statement be true the issuer shall not be liable for~~
36 ~~damages caused by the improper loading. But their omission does~~

1 ~~not imply liability for such damages.~~

2 ~~(5) The shipper shall be deemed to have guaranteed to the~~
3 ~~issuer the accuracy at the time of shipment of the description,~~
4 ~~marks, labels, number, kind, quantity, condition and weight, as~~
5 ~~furnished by him; and the shipper shall indemnify the issuer~~
6 ~~against damage caused by inaccuracies in such particulars. The~~
7 ~~right of the issuer to such indemnity shall in no way limit his~~
8 ~~responsibility and liability under the contract of carriage to~~
9 ~~any person other than the shipper.~~

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

11 (810 ILCS 5/7-302) (from Ch. 26, par. 7-302)

12 Sec. 7-302. Through bills of lading and similar documents
13 of title. ~~Through bills of lading and similar documents.~~

14 (a) The issuer of a through bill of lading, or other
15 document of title embodying an undertaking to be performed in
16 part by a person acting as its agent or by a performing
17 carrier, is liable to any person entitled to recover on the
18 bill or other document for any breach by the other person or
19 the performing carrier of its obligation under the bill or
20 other document. However, to the extent that the bill or other
21 document covers an undertaking to be performed overseas or in
22 territory not contiguous to the continental United States or an
23 undertaking including matters other than transportation, this
24 liability for breach by the other person or the performing
25 carrier may be varied by agreement of the parties.

26 (b) If goods covered by a through bill of lading or other
27 document of title embodying an undertaking to be performed in
28 part by a person other than the issuer are received by that
29 person, the person is subject, with respect to its own
30 performance while the goods are in its possession, to the
31 obligation of the issuer. The person's obligation is discharged
32 by delivery of the goods to another person pursuant to the bill
33 or other document and does not include liability for breach by
34 any other person or by the issuer.

35 (c) The issuer of a through bill of lading or other

1 document of title described in subsection (a) is entitled to
2 recover from the performing carrier, or other person in
3 possession of the goods when the breach of the obligation under
4 the bill or other document occurred:

5 (1) the amount it may be required to pay to any person
6 entitled to recover on the bill or other document for the
7 breach, as may be evidenced by any receipt, judgment, or
8 transcript of judgment; and

9 (2) the amount of any expense reasonably incurred by
10 the issuer in defending any action commenced by any person
11 entitled to recover on the bill or other document for the
12 breach.

13 ~~(1) The issuer of a through bill of lading or other~~
14 ~~document embodying an undertaking to be performed in part by~~
15 ~~persons acting as its agents or by connecting carriers is~~
16 ~~liable to anyone entitled to recover on the document for any~~
17 ~~breach by such other persons or by a connecting carrier of its~~
18 ~~obligation under the document but to the extent that the bill~~
19 ~~covers an undertaking to be performed overseas or in territory~~
20 ~~not contiguous to the continental United States or an~~
21 ~~undertaking including matters other than transportation this~~
22 ~~liability may be varied by agreement of the parties.~~

23 ~~(2) Where goods covered by a through bill of lading or~~
24 ~~other document embodying an undertaking to be performed in part~~
25 ~~by persons other than the issuer are received by any such~~
26 ~~person, he is subject with respect to his own performance while~~
27 ~~the goods are in his possession to the obligation of the~~
28 ~~issuer. His obligation is discharged by delivery of the goods~~
29 ~~to another such person pursuant to the document, and does not~~
30 ~~include liability for breach by any other such persons or by~~
31 ~~the issuer.~~

32 ~~(3) The issuer of such through bill of lading or other~~
33 ~~document shall be entitled to recover from the connecting~~
34 ~~carrier or such other person in possession of the goods when~~
35 ~~the breach of the obligation under the document occurred, the~~
36 ~~amount it may be required to pay to anyone entitled to recover~~

1 ~~on the document therefor, as may be evidenced by any receipt,~~
2 ~~judgment, or transcript thereof, and the amount of any expense~~
3 ~~reasonably incurred by it in defending any action brought by~~
4 ~~anyone entitled to recover on the document therefor.~~

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

6 (810 ILCS 5/7-303) (from Ch. 26, par. 7-303)

7 Sec. 7-303. Diversion; reconsignment; change of
8 instructions.

9 (a) Unless the bill of lading otherwise provides, a carrier
10 may deliver the goods to a person or destination other than
11 that stated in the bill or may otherwise dispose of the goods,
12 without liability for misdelivery, on instructions from:

13 (1) the holder of a negotiable bill;

14 (2) the consignor on a nonnegotiable bill, even if the
15 consignee has given contrary instructions;

16 (3) the consignee on a nonnegotiable bill in the
17 absence of contrary instructions from the consignor, if the
18 goods have arrived at the billed destination or if the
19 consignee is in possession of the tangible bill or in
20 control of the electronic bill; or

21 (4) the consignee on a nonnegotiable bill, if the
22 consignee is entitled as against the consignor to dispose
23 of the goods.

24 (b) Unless instructions described in subsection (a) are
25 included in a negotiable bill of lading, a person to which the
26 bill is duly negotiated may hold the bailee according to the
27 original terms.

28 ~~(1) Unless the bill of lading otherwise provides, the~~
29 ~~carrier may deliver the goods to a person or destination other~~
30 ~~than that stated in the bill or may otherwise dispose of the~~
31 ~~goods on instructions from~~

32 ~~(a) the holder of a negotiable bill; or~~

33 ~~(b) the consignor on a non-negotiable bill~~
34 ~~notwithstanding contrary instructions from the consignee; or~~

35 ~~(c) the consignee on a non negotiable bill in the~~

1 ~~absence of contrary instructions from the consignor, if the~~
2 ~~goods have arrived at the billed destination or if the~~
3 ~~consignee is in possession of the bill; or~~

4 ~~(d) the consignee on a non-negotiable bill if he is~~
5 ~~entitled as against the consignor to dispose of them.~~

6 ~~(2) Unless such instructions are noted on a negotiable bill~~
7 ~~of lading, a person to whom the bill is duly negotiated can~~
8 ~~hold the bailee according to the original terms.~~

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

10 (810 ILCS 5/7-304) (from Ch. 26, par. 7-304)

11 Sec. 7-304. Tangible bills of lading in a set. ~~Bills of~~
12 ~~lading in a set.~~

13 (a) Except as customary in international transportation, a
14 tangible bill of lading may not be issued in a set of parts.
15 The issuer is liable for damages caused by violation of this
16 subsection.

17 (b) If a tangible bill of lading is lawfully issued in a
18 set of parts, each of which contains an identification code and
19 is expressed to be valid only if the goods have not been
20 delivered against any other part, the whole of the parts
21 constitutes one bill.

22 (c) If a tangible negotiable bill of lading is lawfully
23 issued in a set of parts and different parts are negotiated to
24 different persons, the title of the holder to which the first
25 due negotiation is made prevails as to both the document of
26 title and the goods even if any later holder may have received
27 the goods from the carrier in good faith and discharged the
28 carrier's obligation by surrendering its part.

29 (d) A person that negotiates or transfers a single part of
30 a tangible bill of lading issued in a set is liable to holders
31 of that part as if it were the whole set.

32 (e) The bailee shall deliver in accordance with Part 4
33 against the first presented part of a tangible bill of lading
34 lawfully issued in a set. Delivery in this manner discharges
35 the bailee's obligation on the whole bill.

1 ~~(1) Except where customary in overseas transportation, a~~
2 ~~bill of lading must not be issued in a set of parts. The issuer~~
3 ~~is liable for damages caused by violation of this subsection.~~

4 ~~(2) Where a bill of lading is lawfully drawn in a set of~~
5 ~~parts, each of which is numbered and expressed to be valid only~~
6 ~~if the goods have not been delivered against any other part,~~
7 ~~the whole of the parts constitute one bill.~~

8 ~~(3) Where a bill of lading is lawfully issued in a set of~~
9 ~~parts and different parts are negotiated to different persons,~~
10 ~~the title of the holder to whom the first due negotiation is~~
11 ~~made prevails as to both the document and the goods even though~~
12 ~~any later holder may have received the goods from the carrier~~
13 ~~in good faith and discharged the carrier's obligation by~~
14 ~~surrender of his part.~~

15 ~~(4) Any person who negotiates or transfers a single part of~~
16 ~~a bill of lading drawn in a set is liable to holders of that~~
17 ~~part as if it were the whole set.~~

18 ~~(5) The bailee is obliged to deliver in accordance with~~
19 ~~Part 4 of this Article against the first presented part of a~~
20 ~~bill of lading lawfully drawn in a set. Such delivery~~
21 ~~discharges the bailee's obligation on the whole bill.~~

22 (Source: Laws 1961, 1st S.S., p. 7.)

23 (810 ILCS 5/7-305) (from Ch. 26, par. 7-305)

24 Sec. 7-305. Destination bills.

25 (a) Instead of issuing a bill of lading to the consignor at
26 the place of shipment, a carrier, at the request of the
27 consignor, may procure the bill to be issued at destination or
28 at any other place designated in the request.

29 (b) Upon request of any person entitled as against a
30 carrier to control the goods while in transit and on surrender
31 of possession or control of any outstanding bill of lading or
32 other receipt covering the goods, the issuer, subject to
33 Section 7-105, may procure a substitute bill to be issued at
34 any place designated in the request.

35 ~~(1) Instead of issuing a bill of lading to the consignor at~~

1 ~~the place of shipment a carrier may at the request of the~~
2 ~~consignor procure the bill to be issued at destination or at~~
3 ~~any other place designated in the request.~~

4 ~~(2) Upon request of anyone entitled as against the carrier~~
5 ~~to control the goods while in transit and on surrender of any~~
6 ~~outstanding bill of lading or other receipt covering such~~
7 ~~goods, the issuer may procure a substitute bill to be issued at~~
8 ~~any place designated in the request.~~

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

10 (810 ILCS 5/7-307) (from Ch. 26, par. 7-307)

11 Sec. 7-307. Lien of carrier.

12 (a) A carrier has a lien on the goods covered by a bill of
13 lading or on the proceeds thereof in its possession for charges
14 after the date of the carrier's receipt of the goods for
15 storage or transportation, including demurrage and terminal
16 charges, and for expenses necessary for preservation of the
17 goods incident to their transportation or reasonably incurred
18 in their sale pursuant to law. However, against a purchaser for
19 value of a negotiable bill of lading, a carrier's lien is
20 limited to charges stated in the bill or the applicable tariffs
21 or, if no charges are stated, a reasonable charge.

22 (b) A lien for charges and expenses under subsection (a) on
23 goods that the carrier was required by law to receive for
24 transportation is effective against the consignor or any person
25 entitled to the goods unless the carrier had notice that the
26 consignor lacked authority to subject the goods to those
27 charges and expenses. Any other lien under subsection (a) is
28 effective against the consignor and any person that permitted
29 the bailor to have control or possession of the goods unless
30 the carrier had notice that the bailor lacked authority.

31 (c) A carrier loses its lien on any goods that it
32 voluntarily delivers or unjustifiably refuses to deliver.

33 ~~(1) A carrier has a lien on the goods covered by a bill of~~
34 ~~lading for charges subsequent to the date of its receipt of the~~
35 ~~goods for storage or transportation (including demurrage and~~

1 ~~terminal charges) and for expenses necessary for preservation~~
2 ~~of the goods incident to their transportation or reasonably~~
3 ~~incurred in their sale pursuant to law. But against a purchaser~~
4 ~~for value of a negotiable bill of lading a carrier's lien is~~
5 ~~limited to charges stated in the bill or the applicable~~
6 ~~tariffs, or if no charges are stated then to a reasonable~~
7 ~~charge.~~

8 ~~(2) A lien for charges and expenses under subsection (1) on~~
9 ~~goods which the carrier was required by law to receive for~~
10 ~~transportation is effective against the consignor or any person~~
11 ~~entitled to the goods unless the carrier had notice that the~~
12 ~~consignor lacked authority to subject the goods to such charges~~
13 ~~and expenses. Any other lien under subsection (1) is effective~~
14 ~~against the consignor and any person who permitted the bailor~~
15 ~~to have control or possession of the goods unless the carrier~~
16 ~~had notice that the bailor lacked such authority.~~

17 ~~(3) A carrier loses his lien on any goods which he~~
18 ~~voluntarily delivers or which he unjustifiably refuses to~~
19 ~~deliver.~~

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

21 (810 ILCS 5/7-308) (from Ch. 26, par. 7-308)

22 Sec. 7-308. Enforcement of carrier's lien.

23 (a) A carrier's lien on goods may be enforced by public or
24 private sale of the goods, in bulk or in packages, at any time
25 or place and on any terms that are commercially reasonable,
26 after notifying all persons known to claim an interest in the
27 goods. The notification must include a statement of the amount
28 due, the nature of the proposed sale, and the time and place of
29 any public sale. The fact that a better price could have been
30 obtained by a sale at a different time or in a method different
31 from that selected by the carrier is not of itself sufficient
32 to establish that the sale was not made in a commercially
33 reasonable manner. The carrier sells goods in a commercially
34 reasonable manner if the carrier sells the goods in the usual
35 manner in any recognized market therefor, sells at the price

1 current in that market at the time of the sale, or otherwise
2 sells in conformity with commercially reasonable practices
3 among dealers in the type of goods sold. A sale of more goods
4 than apparently necessary to be offered to ensure satisfaction
5 of the obligation is not commercially reasonable, except in
6 cases covered by the preceding sentence.

7 (b) Before any sale pursuant to this Section, any person
8 claiming a right in the goods may pay the amount necessary to
9 satisfy the lien and the reasonable expenses incurred in
10 complying with this Section. In that event, the goods may not
11 be sold but must be retained by the carrier, subject to the
12 terms of the bill of lading and this Article.

13 (c) A carrier may buy at any public sale pursuant to this
14 Section.

15 (d) A purchaser in good faith of goods sold to enforce a
16 carrier's lien takes the goods free of any rights of persons
17 against which the lien was valid, despite the carrier's
18 noncompliance with this Section.

19 (e) A carrier may satisfy its lien from the proceeds of any
20 sale pursuant to this Section but shall hold the balance, if
21 any, for delivery on demand to any person to which the carrier
22 would have been bound to deliver the goods.

23 (f) The rights provided by this Section are in addition to
24 all other rights allowed by law to a creditor against a debtor.

25 (g) A carrier's lien may be enforced pursuant to either
26 subsection (a) or the procedure set forth in Section 7-210(b).

27 (h) A carrier is liable for damages caused by failure to
28 comply with the requirements for sale under this Section and,
29 in case of willful violation, is liable for conversion.

30 ~~(1) A carrier's lien may be enforced by public or private~~
31 ~~sale of the goods, in block or in parcels, at any time or place~~
32 ~~and on any terms which are commercially reasonable, after~~
33 ~~notifying all persons known to claim an interest in the goods.~~
34 ~~Such notification must include a statement of the amount due,~~
35 ~~the nature of the proposed sale and the time and place of any~~
36 ~~public sale. The fact that a better price could have been~~

1 ~~obtained by a sale at a different time or in a different method~~
2 ~~from that selected by the carrier is not of itself sufficient~~
3 ~~to establish that the sale was not made in a commercially~~
4 ~~reasonable manner. If the carrier either sells the goods in the~~
5 ~~usual manner in any recognized market therefor or if he sells~~
6 ~~at the price current in such market at the time of his sale or~~
7 ~~if he has otherwise sold in conformity with commercially~~
8 ~~reasonable practices among dealers in the type of goods sold he~~
9 ~~has sold in a commercially reasonable manner. A sale of more~~
10 ~~goods than apparently necessary to be offered to ensure~~
11 ~~satisfaction of the obligation is not commercially reasonable~~
12 ~~except in cases covered by the preceding sentence.~~

13 ~~(2) Before any sale pursuant to this Section any person~~
14 ~~claiming a right in the goods may pay the amount necessary to~~
15 ~~satisfy the lien and the reasonable expenses incurred under~~
16 ~~this section. In that event the goods must not be sold, but~~
17 ~~must be retained by the carrier subject to the terms of the~~
18 ~~bill and this Article.~~

19 ~~(3) The carrier may buy at any public sale pursuant to this~~
20 ~~Section.~~

21 ~~(4) A purchaser in good faith of goods sold to enforce a~~
22 ~~carrier's lien takes the goods free of any rights of persons~~
23 ~~against whom the lien was valid, despite noncompliance by the~~
24 ~~carrier with the requirements of this Section.~~

25 ~~(5) The carrier may satisfy his lien from the proceeds of~~
26 ~~any sale pursuant to this Section but must hold the balance, if~~
27 ~~any, for delivery on demand to any person to whom he would have~~
28 ~~been bound to deliver the goods.~~

29 ~~(6) The rights provided by this Section shall be in~~
30 ~~addition to all other rights allowed by law to a creditor~~
31 ~~against his debtor.~~

32 ~~(7) A carrier's lien may be enforced in accordance with~~
33 ~~either subsection (1) or the procedure set forth in subsection~~
34 ~~(2) of Section 7-210.~~

35 ~~(8) The carrier is liable for damages caused by failure to~~
36 ~~comply with the requirements for sale under this Section and in~~

1 ~~ease of willful violation is liable for conversion.~~

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

3 (810 ILCS 5/7-309) (from Ch. 26, par. 7-309)

4 Sec. 7-309. Duty of care; contractual limitation of
5 carrier's liability.

6 (a) A carrier that issues a bill of lading, whether
7 negotiable or nonnegotiable, shall exercise the degree of care
8 in relation to the goods which a reasonably careful person
9 would exercise under similar circumstances. This subsection
10 does not affect any statute, regulation, or rule of law that
11 imposes liability upon a common carrier for damages not caused
12 by its negligence.

13 (b) Damages may be limited by a term in the bill of lading
14 or in a transportation agreement that the carrier's liability
15 may not exceed a value stated in the bill or transportation
16 agreement if the carrier's rates are dependent upon value and
17 the consignor is afforded an opportunity to declare a higher
18 value and the consignor is advised of the opportunity. However,
19 such a limitation is not effective with respect to the
20 carrier's liability for conversion to its own use.

21 (c) Reasonable provisions as to the time and manner of
22 presenting claims and commencing actions based on the shipment
23 may be included in a bill of lading or a transportation
24 agreement.

25 ~~(1) A carrier who issues a bill of lading whether~~
26 ~~negotiable or non negotiable must exercise the degree of care~~
27 ~~in relation to the goods which a reasonably careful man would~~
28 ~~exercise under like circumstances. This subsection does not~~
29 ~~repeal or change any law or rule of law which imposes liability~~
30 ~~upon a common carrier for damages not caused by its negligence.~~

31 ~~(2) Damages may be limited by a provision that the~~
32 ~~carrier's liability shall not exceed a value stated in the~~
33 ~~document if the carrier's rates are dependent upon value and~~
34 ~~the consignor by the carrier's tariff is afforded an~~
35 ~~opportunity to declare a higher value or a value as lawfully~~

1 ~~provided in the tariff, or where no tariff is filed he is~~
2 ~~otherwise advised of such opportunity; but no such limitation~~
3 ~~is effective with respect to the carrier's liability for~~
4 ~~conversion to its own use.~~

5 ~~(3) Reasonable provisions as to the time and manner of~~
6 ~~presenting claims and instituting actions based on the shipment~~
7 ~~may be included in a bill of lading or tariff.~~

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

9 (810 ILCS 5/Art. 7 Pt. 4 heading)

10 PART 4-

11 WAREHOUSE RECEIPTS AND BILLS OF LADING: GENERAL OBLIGATIONS

12 (810 ILCS 5/7-401) (from Ch. 26, par. 7-401)

13 Sec. 7-401. Irregularities in issue of receipt or bill or
14 conduct of issuer. The obligations imposed by this Article on
15 an issuer apply to a document of title even if: ~~The obligations~~
16 ~~imposed by this Article on an issuer apply to a document of~~
17 ~~title regardless of the fact that~~

18 (1) the document does not comply with the requirements
19 of this Article or of any other statute, rule, or
20 regulation regarding its issuance, form, or content;

21 (2) the issuer violated laws regulating the conduct of
22 its business;

23 (3) the goods covered by the document were owned by the
24 bailee when the document was issued; or

25 (4) the person issuing the document is not a warehouse
26 but the document purports to be a warehouse receipt.

27 ~~(a) the document may not comply with the requirements~~
28 ~~of this Article or of any other law or regulation regarding its~~
29 ~~issue, form or content; or~~

30 ~~(b) the issuer may have violated laws regulating the~~
31 ~~conduct of his business; or~~

32 ~~(c) the goods covered by the document were owned by the~~
33 ~~bailee at the time the document was issued; or~~

34 ~~(d) the person issuing the document does not come~~

1 ~~within the definition of warehouseman if it purports to be a~~
2 ~~warehouse receipt.~~

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

4 (810 ILCS 5/7-402) (from Ch. 26, par. 7-402)

5 Sec. 7-402. Duplicate document of title; overissue.
6 ~~Duplicate receipt or bill; overissue.~~ A duplicate or any other
7 document of title purporting to cover goods already represented
8 by an outstanding document of the same issuer does not confer
9 any right in the goods, except as provided in the case of
10 tangible bills of lading in a set of parts, overissue of
11 documents for fungible goods, substitutes for lost, stolen, or
12 destroyed documents, or substitute documents issued pursuant
13 to Section 7-105. The issuer is liable for damages caused by
14 its overissue or failure to identify a duplicate document by a
15 conspicuous notation.

16 ~~Neither a duplicate nor any other document of title~~
17 ~~purporting to cover goods already represented by an outstanding~~
18 ~~document of the same issuer confers any right in the goods,~~
19 ~~except as provided in the case of bills in a set, overissue of~~
20 ~~documents for fungible goods and substitutes for lost, stolen~~
21 ~~or destroyed documents. But the issuer is liable for damages~~
22 ~~caused by his overissue or failure to identify a duplicate~~
23 ~~document as such by conspicuous notation on its face.~~

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

25 (810 ILCS 5/7-403) (from Ch. 26, par. 7-403)

26 Sec. 7-403. Obligation of bailee to deliver; excuse.
27 ~~Obligation of warehouseman or carrier to deliver; excuse.~~

28 (a) A bailee shall deliver the goods to a person entitled
29 under a document of title if the person complies with
30 subsections (b) and (c), unless and to the extent that the
31 bailee establishes any of the following:

32 (1) delivery of the goods to a person whose receipt was
33 rightful as against the claimant;

34 (2) damage to or delay, loss, or destruction of the

1 goods for which the bailee is not liable;

2 (3) previous sale or other disposition of the goods in
3 lawful enforcement of a lien or on a warehouse's lawful
4 termination of storage;

5 (4) the exercise by a seller of its right to stop
6 delivery pursuant to Section 2-705 or by a lessor of its
7 right to stop delivery pursuant to Section 2A-526;

8 (5) a diversion, reconsignment, or other disposition
9 pursuant to Section 7-303;

10 (6) release, satisfaction, or any other personal
11 defense against the claimant; or

12 (7) any other lawful excuse.

13 (b) A person claiming goods covered by a document of title
14 shall satisfy the bailee's lien if the bailee so requests or if
15 the bailee is prohibited by law from delivering the goods until
16 the charges are paid.

17 (c) Unless a person claiming the goods is a person against
18 which the document of title does not confer a right under
19 Section 7-503(a):

20 (1) the person claiming under a document shall
21 surrender possession or control of any outstanding
22 negotiable document covering the goods for cancellation or
23 indication of partial deliveries; and

24 (2) the bailee shall cancel the document or
25 conspicuously indicate in the document the partial
26 delivery or the bailee is liable to any person to which the
27 document is duly negotiated.

28 ~~(1) The bailee must deliver the goods to a person entitled~~
29 ~~under the document who complies with subsections (2) and (3),~~
30 ~~unless and to the extent that the bailee establishes any of the~~
31 ~~following:~~

32 ~~(a) delivery of the goods to a person whose receipt was~~
33 ~~rightful as against the claimant;~~

34 ~~(b) damage to or delay, loss or destruction of the~~
35 ~~goods for which the bailee is not liable;~~

36 ~~(c) previous sale or other disposition of the goods in~~

1 ~~lawful enforcement of a lien or on warehouseman's lawful~~
2 ~~termination of storage;~~

3 ~~(d) the exercise by a seller of his right to stop~~
4 ~~delivery pursuant to the provisions of the Article on Sales~~
5 ~~(Section 2-705);~~

6 ~~(e) a diversion, reconsignment or other disposition~~
7 ~~pursuant to the provisions of this Article (Section 7-303) or~~
8 ~~tariff regulating such right;~~

9 ~~(f) release, satisfaction or any other fact affording a~~
10 ~~personal defense against the claimant;~~

11 ~~(g) any other lawful excuse.~~

12 ~~(2) A person claiming goods covered by a document of title~~
13 ~~must satisfy the bailee's lien where the bailee so requests or~~
14 ~~where the bailee is prohibited by law from delivering the goods~~
15 ~~until the charges are paid.~~

16 ~~(3) Unless the person claiming is one against whom the~~
17 ~~document confers no right under Section 7-503(1), he must~~
18 ~~surrender for cancellation or notation of partial deliveries~~
19 ~~any outstanding negotiable document covering the goods, and the~~
20 ~~bailee must cancel the document or conspicuously note the~~
21 ~~partial delivery thereon or be liable to any person to whom the~~
22 ~~document is duly negotiated.~~

23 ~~(4) "Person entitled under the document" means holder in~~
24 ~~the case of a negotiable document, or the person to whom~~
25 ~~delivery is to be made by the terms of or pursuant to written~~
26 ~~instructions under a non negotiable document.~~

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

28 (810 ILCS 5/7-404) (from Ch. 26, par. 7-404)

29 Sec. 7-404. No liability for good-faith delivery pursuant
30 to document of title. No liability for good faith delivery
31 pursuant to receipt of bill. A bailee that in good faith has
32 received goods and delivered or otherwise disposed of the goods
33 according to the terms of a document of title or pursuant to
34 this Article is not liable for the goods even if:

35 (1) the person from which the bailee received the goods

1 did not have authority to procure the document or to
2 dispose of the goods; or

3 (2) the person to which the bailee delivered the goods
4 did not have authority to receive the goods.

5 ~~A bailee who in good faith including observance of reasonable~~
6 ~~commercial standards has received goods and delivered or~~
7 ~~otherwise disposed of them according to the terms of the~~
8 ~~document of title or pursuant to this Article is not liable~~
9 ~~therefor. This rule applies even though the person from whom he~~
10 ~~received the goods had no authority to procure the document or~~
11 ~~to dispose of the goods and even though the person to whom he~~
12 ~~delivered the goods had no authority to receive them.~~

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

14 (810 ILCS 5/Art. 7 Pt. 5 heading)

15 PART 5-

16 WAREHOUSE RECEIPTS AND BILLS OF LADING: NEGOTIATION AND
17 TRANSFER

18 (810 ILCS 5/7-501) (from Ch. 26, par. 7-501)

19 Sec. 7-501. Form of negotiation and requirements of due
20 negotiation. ~~Form of negotiation and requirements of "due~~
21 ~~negotiation".~~

22 (a) The following rules apply to a negotiable tangible
23 document of title:

24 (1) If the document's original terms run to the order
25 of a named person, the document is negotiated by the named
26 person's indorsement and delivery. After the named
27 person's indorsement in blank or to bearer, any person may
28 negotiate the document by delivery alone.

29 (2) If the document's original terms run to bearer, it
30 is negotiated by delivery alone.

31 (3) If the document's original terms run to the order
32 of a named person and it is delivered to the named person,
33 the effect is the same as if the document had been
34 negotiated.

1 (4) Negotiation of the document after it has been
2 indorsed to a named person requires indorsement by the
3 named person and delivery.

4 (5) A document is duly negotiated if it is negotiated
5 in the manner stated in this subsection to a holder that
6 purchases it in good faith, without notice of any defense
7 against or claim to it on the part of any person, and for
8 value, unless it is established that the negotiation is not
9 in the regular course of business or financing or involves
10 receiving the document in settlement or payment of a
11 monetary obligation.

12 (b) The following rules apply to a negotiable electronic
13 document of title:

14 (1) If the document's original terms run to the order
15 of a named person or to bearer, the document is negotiated
16 by delivery of the document to another person. Indorsement
17 by the named person is not required to negotiate the
18 document.

19 (2) If the document's original terms run to the order
20 of a named person and the named person has control of the
21 document, the effect is the same as if the document had
22 been negotiated.

23 (3) A document is duly negotiated if it is negotiated
24 in the manner stated in this subsection to a holder that
25 purchases it in good faith, without notice of any defense
26 against or claim to it on the part of any person, and for
27 value, unless it is established that the negotiation is not
28 in the regular course of business or financing or involves
29 taking delivery of the document in settlement or payment of
30 a monetary obligation.

31 (c) Indorsement of a nonnegotiable document of title
32 neither makes it negotiable nor adds to the transferee's
33 rights.

34 (d) The naming in a negotiable bill of lading of a person
35 to be notified of the arrival of the goods does not limit the
36 negotiability of the bill or constitute notice to a purchaser

1 of the bill of any interest of that person in the goods.

2 ~~(1) A negotiable document of title running to the order of~~
3 ~~a named person is negotiated by his indorsement and delivery.~~
4 ~~After his indorsement in blank or to bearer any person can~~
5 ~~negotiate it by delivery alone.~~

6 ~~(2) (a) A negotiable document of title is also negotiated~~
7 ~~by delivery alone when by its original terms it runs to bearer;~~

8 ~~(b) when a document running to the order of a named~~
9 ~~person is delivered to him the effect is the same as if the~~
10 ~~document had been negotiated.~~

11 ~~(3) Negotiation of a negotiable document of title after it~~
12 ~~has been indorsed to a specified person requires indorsement by~~
13 ~~the special indorsee as well as delivery.~~

14 ~~(4) A negotiable document of title is "duly negotiated"~~
15 ~~when it is negotiated in the manner stated in this Section to a~~
16 ~~holder who purchases it in good faith without notice of any~~
17 ~~defense against or claim to it on the part of any person and~~
18 ~~for value, unless it is established that the negotiation is not~~
19 ~~in the regular course of business or financing or involves~~
20 ~~receiving the document in settlement or payment of a money~~
21 ~~obligation.~~

22 ~~(5) Indorsement of a non-negotiable document neither makes~~
23 ~~it negotiable nor adds to the transferee's rights.~~

24 ~~(6) The naming in a negotiable bill of a person to be~~
25 ~~notified of the arrival of the goods does not limit the~~
26 ~~negotiability of the bill nor constitute notice to a purchaser~~
27 ~~thereof of any interest of such person in the goods.~~

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

29 (810 ILCS 5/7-502) (from Ch. 26, par. 7-502)

30 Sec. 7-502. Rights acquired by due negotiation.

31 (a) Subject to Sections 7-205 and 7-503, a holder to which
32 a negotiable document of title has been duly negotiated
33 acquires thereby:

34 (1) title to the document;

35 (2) title to the goods;

1 (3) all rights accruing under the law of agency or
2 estoppel, including rights to goods delivered to the bailee
3 after the document was issued; and

4 (4) the direct obligation of the issuer to hold or
5 deliver the goods according to the terms of the document
6 free of any defense or claim by the issuer except those
7 arising under the terms of the document or under this
8 Article, but in the case of a delivery order, the bailee's
9 obligation accrues only upon the bailee's acceptance of the
10 delivery order and the obligation acquired by the holder is
11 that the issuer and any indorser will procure the
12 acceptance of the bailee.

13 (b) Subject to Section 7-503, title and rights acquired by
14 due negotiation are not defeated by any stoppage of the goods
15 represented by the document of title or by surrender of the
16 goods by the bailee and are not impaired even if:

17 (1) the due negotiation or any prior due negotiation
18 constituted a breach of duty;

19 (2) any person has been deprived of possession of a
20 negotiable tangible document or control of a negotiable
21 electronic document by misrepresentation, fraud, accident,
22 mistake, duress, loss, theft, or conversion; or

23 (3) a previous sale or other transfer of the goods or
24 document has been made to a third person.

25 ~~(1) Subject to the following section and to the provisions~~
26 ~~of Section 7-205 on fungible goods, a holder to whom a~~
27 ~~negotiable document of title has been duly negotiated acquires~~
28 ~~thereby:~~

29 ~~(a) title to the document;~~

30 ~~(b) title to the goods;~~

31 ~~(c) all rights accruing under the law of agency or~~
32 ~~estoppel, including rights to goods delivered to the bailee~~
33 ~~after the document was issued; and~~

34 ~~(d) the direct obligation of the issuer to hold or~~
35 ~~deliver the goods according to the terms of the document free~~
36 ~~of any defense or claim by him except those arising under the~~

1 ~~terms of the document or under this Article. In the case of a~~
2 ~~delivery order the bailee's obligation accrues only upon~~
3 ~~acceptance and the obligation acquired by the holder is that~~
4 ~~the issuer and any indorser will procure the acceptance of the~~
5 ~~bailee.~~

6 ~~(2) Subject to the following section, title and rights so~~
7 ~~acquired are not defeated by any stoppage of the goods~~
8 ~~represented by the document or by surrender of such goods by~~
9 ~~the bailee, and are not impaired even though the negotiation or~~
10 ~~any prior negotiation constituted a breach of duty or even~~
11 ~~though any person has been deprived of possession of the~~
12 ~~document by misrepresentation, fraud, accident, mistake,~~
13 ~~duress, loss, theft or conversion, or even though a previous~~
14 ~~sale or other transfer of the goods or document has been made~~
15 ~~to a third person.~~

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

17 (810 ILCS 5/7-503) (from Ch. 26, par. 7-503)

18 Sec. 7-503. Document of title to goods defeated in certain
19 cases.

20 (a) A document of title confers no right in goods against a
21 person that before issuance of the document had a legal
22 interest or a perfected security interest in the goods and that
23 did not:

24 (1) deliver or entrust the goods or any document of
25 title covering the goods to the bailor or the bailor's
26 nominee with:

27 (A) actual or apparent authority to ship, store, or
28 sell;

29 (B) power to obtain delivery under Section 7-403;
30 or

31 (C) power of disposition under Section 2-403,
32 2A-304(2), 2A-305(2), 9-320, or 9-321(c) or other
33 statute or rule of law; or

34 (2) acquiesce in the procurement by the bailor or its
35 nominee of any document.

1 (b) Title to goods based upon an unaccepted delivery order
2 is subject to the rights of any person to which a negotiable
3 warehouse receipt or bill of lading covering the goods has been
4 duly negotiated. That title may be defeated under Section 7-504
5 to the same extent as the rights of the issuer or a transferee
6 from the issuer.

7 (c) Title to goods based upon a bill of lading issued to a
8 freight forwarder is subject to the rights of any person to
9 which a bill issued by the freight forwarder is duly
10 negotiated. However, delivery by the carrier in accordance with
11 Part 4 pursuant to its own bill of lading discharges the
12 carrier's obligation to deliver.

13 ~~(1) A document of title confers no right in goods against a~~
14 ~~person who before issuance of the document had a legal interest~~
15 ~~or a perfected security interest in them and who neither~~

16 ~~(a) delivered or entrusted them or any document of~~
17 ~~title covering them to the bailor or his nominee with~~
18 ~~actual or apparent authority to ship, store, or sell with~~
19 ~~power to obtain delivery under this Article (Section~~
20 ~~7-403) or with power of disposition under this Act~~
21 ~~(Sections 2-403 and 9-320) or other statute or rule of~~
22 ~~law; nor~~

23 ~~(b) acquiesced in the procurement by the bailor or his~~
24 ~~nominee of any document of title.~~

25 ~~(2) Title to goods based upon an unaccepted delivery order~~
26 ~~is subject to the rights of anyone to whom a negotiable~~
27 ~~warehouse receipt or bill of lading covering the goods has been~~
28 ~~duly negotiated. Such a title may be defeated under the next~~
29 ~~section to the same extent as the right of the issuer or a~~
30 ~~transferee from the issuer.~~

31 ~~(3) Title to goods based upon a bill of lading issued to a~~
32 ~~freight forwarder is subject to the rights of anyone to whom a~~
33 ~~bill issued by the freight forwarder is duly negotiated; but~~
34 ~~delivery by the carrier in accordance with Part 4 of this~~
35 ~~Article pursuant to its own bill of lading discharges the~~
36 ~~carrier's obligation to deliver.~~

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

2 (810 ILCS 5/7-504) (from Ch. 26, par. 7-504)

3 Sec. 7-504. Rights acquired in absence of due negotiation;
4 effect of diversion; stoppage of delivery. ~~Rights acquired in~~
5 ~~the absence of due negotiation; effect of diversion; seller's~~
6 ~~stoppage of delivery.~~

7 (a) A transferee of a document of title, whether negotiable
8 or nonnegotiable, to which the document has been delivered but
9 not duly negotiated, acquires the title and rights that its
10 transferor had or had actual authority to convey.

11 (b) In the case of a transfer of a nonnegotiable document
12 of title, until but not after the bailee receives notice of the
13 transfer, the rights of the transferee may be defeated:

14 (1) by those creditors of the transferor which could
15 treat the transfer as void under Section 2-402 or 2A-308;

16 (2) by a buyer from the transferor in ordinary course
17 of business if the bailee has delivered the goods to the
18 buyer or received notification of the buyer's rights;

19 (3) by a lessee from the transferor in ordinary course
20 of business if the bailee has delivered the goods to the
21 lessee or received notification of the lessee's rights; or

22 (4) as against the bailee, by good-faith dealings of
23 the bailee with the transferor.

24 (c) A diversion or other change of shipping instructions by
25 the consignor in a nonnegotiable bill of lading which causes
26 the bailee not to deliver the goods to the consignee defeats
27 the consignee's title to the goods if the goods have been
28 delivered to a buyer in ordinary course of business or a lessee
29 in ordinary course of business and, in any event, defeats the
30 consignee's rights against the bailee.

31 (d) Delivery of the goods pursuant to a nonnegotiable
32 document of title may be stopped by a seller under Section
33 2-705 or a lessor under Section 2A-526, subject to the
34 requirements of due notification in those Sections. A bailee
35 that honors the seller's or lessor's instructions is entitled

1 to be indemnified by the seller or lessor against any resulting
2 loss or expense.

3 ~~(1) A transferee of a document, whether negotiable or~~
4 ~~non-negotiable, to whom the document has been delivered but not~~
5 ~~duly negotiated, acquires the title and rights which his~~
6 ~~transferor had or had actual authority to convey.~~

7 ~~(2) In the case of a non negotiable document, until but not~~
8 ~~after the bailee receives notification of the transfer, the~~
9 ~~rights of the transferee may be defeated~~

10 ~~(a) by those creditors of the transferor who could~~
11 ~~treat the sale as void under Section 2-402; or~~

12 ~~(b) by a buyer from the transferor in ordinary course~~
13 ~~of business if the bailee has delivered the goods to the buyer~~
14 ~~or received notification of his rights; or~~

15 ~~(c) as against the bailee by good faith dealings of the~~
16 ~~bailee with the transferor.~~

17 ~~(3) A diversion or other change of shipping instructions by~~
18 ~~the consignor in a non negotiable bill of lading which causes~~
19 ~~the bailee not to deliver to the consignee defeats the~~
20 ~~consignee's title to the goods if they have been delivered to a~~
21 ~~buyer in ordinary course of business and in any event defeats~~
22 ~~the consignee's rights against the bailee.~~

23 ~~(4) Delivery pursuant to a non negotiable document may be~~
24 ~~stopped by a seller under Section 2-705, and subject to the~~
25 ~~requirement of due notification there provided. A bailee~~
26 ~~honoring the seller's instructions is entitled to be~~
27 ~~indemnified by the seller against any resulting loss or~~
28 ~~expense.~~

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

30 (810 ILCS 5/7-505) (from Ch. 26, par. 7-505)

31 Sec. 7-505. Indorser not a guarantor for other parties. The
32 indorsement of a tangible document of title issued by a bailee
33 does not make the indorser liable for any default by the bailee
34 or previous indorsers.

35 ~~The indorsement of a document of title issued by a bailee~~

1 ~~does not make the indorser liable for any default by the bailee~~
2 ~~or by previous indorsers.~~

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

4 (810 ILCS 5/7-506) (from Ch. 26, par. 7-506)

5 Sec. 7-506. Delivery without indorsement: right to compel
6 indorsement. The transferee of a negotiable tangible document
7 of title has a specifically enforceable right to have its
8 transferor supply any necessary indorsement, but the transfer
9 becomes a negotiation only as of the time the indorsement is
10 supplied.

11 ~~The transferee of a negotiable document of title has a~~
12 ~~specifically enforceable right to have his transferor supply~~
13 ~~any necessary indorsement but the transfer becomes a~~
14 ~~negotiation only as of the time the indorsement is supplied.~~

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

16 (810 ILCS 5/7-507) (from Ch. 26, par. 7-507)

17 Sec. 7-507. Warranties on negotiation or delivery of
18 document of title. ~~Warranties on negotiation or transfer of~~
19 ~~receipt or bill.~~ If a person negotiates or delivers a document
20 of title for value, otherwise than as a mere intermediary under
21 Section 7-508, unless otherwise agreed, the transferor, in
22 addition to any warranty made in selling or leasing the goods,
23 warrants to its immediate purchaser only that:

24 (1) the document is genuine;

25 (2) the transferor does not have knowledge of any fact
26 that would impair the document's validity or worth; and

27 (3) the negotiation or delivery is rightful and fully
28 effective with respect to the title to the document and the
29 goods it represents.

30 ~~Where a person negotiates or transfers a document of title~~
31 ~~for value otherwise than as a mere intermediary under the next~~
32 ~~following section, then unless otherwise agreed he warrants to~~
33 ~~his immediate purchaser only in addition to any warranty made~~
34 ~~in selling the goods~~

- 1 ~~(a) that the document is genuine; and~~
2 ~~(b) that he has no knowledge of any fact which would~~
3 ~~impair its validity or worth; and~~
4 ~~(c) that his negotiation or transfer is rightful and~~
5 ~~fully effective with respect to the title to the document and~~
6 ~~the goods it represents.~~

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

8 (810 ILCS 5/7-508) (from Ch. 26, par. 7-508)

9 Sec. 7-508. Warranties of collecting bank as to documents
10 of title. Warranties of collecting bank as to documents. A
11 collecting bank or other intermediary known to be entrusted
12 with documents of title on behalf of another or with collection
13 of a draft or other claim against delivery of documents
14 warrants by the delivery of the documents only its own good
15 faith and authority even if the collecting bank or other
16 intermediary has purchased or made advances against the claim
17 or draft to be collected.

18 ~~A collecting bank or other intermediary known to be~~
19 ~~entrusted with documents on behalf of another or with~~
20 ~~collection of a draft or other claim against delivery of~~
21 ~~documents warrants by such delivery of the documents only its~~
22 ~~own good faith and authority. This rule applies even though the~~
23 ~~intermediary has purchased or made advances against the claim~~
24 ~~or draft to be collected.~~

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

26 (810 ILCS 5/7-509) (from Ch. 26, par. 7-509)

27 Sec. 7-509. Adequate compliance with commercial contract.
28 Receipt or bill: when adequate compliance with commercial
29 contract. Whether a document of title is adequate to fulfill
30 the obligations of a contract for sale, a contract for lease,
31 or the conditions of a letter of credit is determined by
32 Article 2, 2A, or 5.

33 ~~The question whether a document is adequate to fulfill the~~
34 ~~obligations of a contract for sale or the conditions of a~~

1 ~~credit is governed by the Articles on Sales (Article 2) and on~~
2 ~~Letters of Credit (Article 5).~~

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

4 (810 ILCS 5/Art. 7 Pt. 6 heading)

5 PART 6-

6 WAREHOUSE RECEIPTS AND BILLS OF

7 LADING: MISCELLANEOUS PROVISIONS

8 (810 ILCS 5/7-601) (from Ch. 26, par. 7-601)

9 Sec. 7-601. Lost, stolen, or destroyed documents of title.
10 ~~Lost and missing documents.~~

11 (a) If a document of title is lost, stolen, or destroyed, a
12 court may order delivery of the goods or issuance of a
13 substitute document and the bailee may without liability to any
14 person comply with the order. If the document was negotiable, a
15 court may not order delivery of the goods or issuance of a
16 substitute document without the claimant's posting security
17 unless it finds that any person that may suffer loss as a
18 result of nonsurrender of possession or control of the document
19 is adequately protected against the loss. If the document was
20 nonnegotiable, the court may require security. The court may
21 also order payment of the bailee's reasonable costs and
22 attorney's fees in any action under this subsection.

23 (b) A bailee that, without a court order, delivers goods to
24 a person claiming under a missing negotiable document of title
25 is liable to any person injured thereby. If the delivery is not
26 in good faith, the bailee is liable for conversion. Delivery in
27 good faith is not conversion if the claimant posts security
28 with the bailee in an amount at least double the value of the
29 goods at the time of posting to indemnify any person injured by
30 the delivery which files a notice of claim within one year
31 after the delivery.

32 ~~(1) If a document has been lost, stolen or destroyed, a~~
33 ~~court may order delivery of the goods or issuance of a~~
34 ~~substitute document and the bailee may without liability to any~~

1 ~~person comply with such order. If the document was negotiable~~
2 ~~the claimant must post security approved by the court to~~
3 ~~indemnify any person who may suffer loss as a result of~~
4 ~~non-surrender of the document. If the document was not~~
5 ~~negotiable, such security may be required at the discretion of~~
6 ~~the court. The court may also in its discretion order payment~~
7 ~~of the bailee's reasonable costs and counsel fees.~~

8 ~~(2) A bailee who without court order delivers goods to a~~
9 ~~person claiming under a missing negotiable document is liable~~
10 ~~to any person injured thereby, and if the delivery is not in~~
11 ~~good faith becomes liable for conversion. Delivery in good~~
12 ~~faith is not conversion if made in accordance with a filed~~
13 ~~classification or tariff or, where no classification or tariff~~
14 ~~is filed, if the claimant posts security with the bailee in an~~
15 ~~amount at least double the value of the goods at the time of~~
16 ~~posting to indemnify any person injured by the delivery who~~
17 ~~files a notice of claim within one year after the delivery.~~

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

19 (810 ILCS 5/7-602) (from Ch. 26, par. 7-602)

20 Sec. 7-602. Judicial process against goods covered by
21 negotiable document of title. Attachment of goods covered by a
22 negotiable document. Unless a document of title was originally
23 issued upon delivery of the goods by a person that did not have
24 power to dispose of them, a lien does not attach by virtue of
25 any judicial process to goods in the possession of a bailee for
26 which a negotiable document of title is outstanding unless
27 possession or control of the document is first surrendered to
28 the bailee or the document's negotiation is enjoined. The
29 bailee may not be compelled to deliver the goods pursuant to
30 process until possession or control of the document is
31 surrendered to the bailee or to the court. A purchaser of the
32 document for value without notice of the process or injunction
33 takes free of the lien imposed by judicial process.

34 ~~Except where the document was originally issued upon~~
35 ~~delivery of the goods by a person who had no power to dispose~~

1 ~~of them, no lien attaches by virtue of any judicial process to~~
2 ~~goods in the possession of a bailee for which a negotiable~~
3 ~~document of title is outstanding unless the document be first~~
4 ~~surrendered to the bailee or its negotiation enjoined, and the~~
5 ~~bailee shall not be compelled to deliver the goods pursuant to~~
6 ~~process until the document is surrendered to him or impounded~~
7 ~~by the court. One who purchases the document for value without~~
8 ~~notice of the process or injunction takes free of the lien~~
9 ~~imposed by judicial process.~~

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

11 (810 ILCS 5/7-603) (from Ch. 26, par. 7-603)

12 Sec. 7-603. Conflicting Claims; Interpleader. If more than
13 one person claims title to or possession of the goods, the
14 bailee is excused from delivery until the bailee has a
15 reasonable time to ascertain the validity of the adverse claims
16 or to commence an action for interpleader. The bailee may
17 assert an interpleader either in defending an action for
18 nondelivery of the goods or by original action.

19 ~~If more than one person claims title or possession of the~~
20 ~~goods, the bailee is excused from delivery until he has had a~~
21 ~~reasonable time to ascertain the validity of the adverse claims~~
22 ~~or to bring an action to compel all claimants to interplead and~~
23 ~~may compel such interpleader, either in defending an action for~~
24 ~~non-delivery of the goods, or by original action, whichever is~~
25 ~~appropriate.~~

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

27 (810 ILCS 5/Art. 7 Pt. 7 heading new)

28 PART 7

29 MISCELLANEOUS PROVISIONS

30 (810 ILCS 5/7-701 new)

31 Sec. 7-701. Effective date. (Blank).

32 (810 ILCS 5/7-702 new)

1 Sec. 7-702. Repeals. Section 10-104 of the Uniform
2 Commercial Code is repealed.

3 (810 ILCS 5/7-703 new)

4 Sec. 7-703. Applicability. This amendatory Act of the 94th
5 General Assembly applies to a document of title that is issued
6 or a bailment that arises on or after the effective date of
7 this amendatory Act of the 94th General Assembly. This
8 amendatory Act of the 94th General Assembly does not apply to a
9 document of title that is issued or a bailment that arises
10 before the effective date of this amendatory Act of the 94th
11 General Assembly even if the document of title or bailment
12 would be subject to this amendatory Act of the 94th General
13 Assembly if the document of title had been issued or bailment
14 had arisen on or after the effective date of this amendatory
15 Act of the 94th General Assembly. This amendatory Act of the
16 94th General Assembly does not apply to a right of action that
17 has accrued before the effective date of this amendatory Act of
18 the 94th General Assembly.

19 (810 ILCS 5/7-704 new)

20 Sec. 7-704. Savings clause. A document of title issued or a
21 bailment that arises before the effective date of this
22 amendatory Act of the 94th General Assembly and the rights,
23 obligations, and interests flowing from that document or
24 bailment are governed by any statute or other rule amended or
25 repealed by this amendatory Act of the 94th General Assembly as
26 if amendment or repeal had not occurred and may be terminated,
27 completed, consummated, or enforced under that statute or other
28 rule.

29 Section 10. The Uniform Commercial Code is amended by
30 changing Section 1-201, 2-103, 2-104, 2-310, 2-323, 2-401,
31 2-503, 2-505, 2-506, 2-509, 2-605, 2-705, 2A-103, 2A-514,
32 2A-526, 4-104, 4-210, 8-103, 9-102, 9-203, 9-207, 9-208, 9-301,
33 9-310, 9-312, 9-313, 9-314, 9-317, 9-338, and 9-601 as follows:

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

2 Sec. 1-201. General Definitions. Subject to additional
3 definitions contained in the subsequent Articles of this Act
4 which are applicable to specific Articles or Parts thereof, and
5 unless the context otherwise requires, in this Act:

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

9 (2) "Aggrieved party" means a party entitled to resort to a
10 remedy.

11 (3) "Agreement" means the bargain of the parties in fact as
12 found in their language or by implication from other
13 circumstances including course of dealing or usage of trade or
14 course of performance as provided in this Act (Sections 1-205,
15 2-208, and 2A-207). Whether an agreement has legal consequences
16 is determined by the provisions of this Act, if applicable;
17 otherwise by the law of contracts (Section 1-103). (Compare
18 "Contract".)

19 (4) "Bank" means any person engaged in the business of
20 banking.

21 (5) "Bearer" means a person in control of a negotiable
22 electronic document of title or a ~~the~~ person in possession of
23 an instrument, a negotiable tangible document of title, or a
24 certificated security payable to bearer or indorsed in blank.

25 (6) "Bill of lading" means a document of title evidencing
26 the receipt of goods for shipment issued by a person engaged in
27 the business of directly or indirectly transporting or
28 forwarding goods. The term does not include a warehouse
29 receipt, and includes an airbill. "Airbill" means a document
30 erving for air transportation as a bill of lading does for
31 marine or rail transportation, and includes an air consignment
32 note or air waybill.

33 (7) "Branch" includes a separately incorporated foreign
34 branch of a bank.

35 (8) "Burden of establishing" a fact means the burden of

1 persuading the triers of fact that the existence of the fact is
2 more probable than its non-existence.

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

23 (10) "Conspicuous", with reference to a term, means so
24 written, displayed, or presented that a reasonable person
25 against which it is to operate ought to have noticed it.
26 Whether a term is "conspicuous" or not is a decision for the
27 court. Conspicuous terms include the following:

28 (A) a heading in capitals equal to or greater in size
29 than the surrounding text, or in contrasting type, font, or
30 color to the surrounding text of the same or lesser size;
31 and

32 (B) language in the body of a record or display in
33 larger type than the surrounding text, or in contrasting
34 type, font, or color to the surrounding text of the same
35 size, or set off from surrounding text of the same size by
36 symbols or other marks that call attention to the language.

1 ~~(10) "Conspicuous": A term or clause is conspicuous when it~~
2 ~~is so written that a reasonable person against whom it is to~~
3 ~~operate ought to have noticed it. A printed heading in capitals~~
4 ~~(as: NON-NEGOTIABLE BILL OF LADING) is conspicuous. Language in~~
5 ~~the body of a form is "conspicuous" if it is in larger or other~~
6 ~~contrasting type or color. But in a telegram any stated term is~~
7 ~~"conspicuous". Whether a term or clause is "conspicuous" or not~~
8 ~~is for decision by the court.~~

9 (11) "Contract" means the total legal obligation which
10 results from the parties' agreement as affected by this Act and
11 any other applicable rules of law. (Compare "Agreement".)

12 (12) "Creditor" includes a general creditor, a secured
13 creditor, a lien creditor and any representative of creditors,
14 including an assignee for the benefit of creditors, a trustee
15 in bankruptcy, a receiver in equity and an executor or
16 administrator of an insolvent debtor's or assignor's estate.

17 (13) "Defendant" includes a person in the position of
18 defendant in a cross-action or counterclaim.

19 (14) "Delivery" with respect to an electronic document of
20 title means voluntary transfer of control and with respect to
21 instruments, tangible documents of title, chattel paper or
22 certificated securities means voluntary transfer of
23 possession.

24 (15) "Document of title" means a record (i) that includes
25 ~~bill of lading, dock warrant, dock receipt, warehouse receipt~~
26 ~~or order for the delivery of goods, and also any other document~~
27 ~~which~~ in the regular course of business or financing is treated
28 as adequately evidencing that the person in possession or
29 control of the record ~~it~~ is entitled to receive, control, hold
30 and dispose of the record ~~document~~ and the goods the record ~~it~~
31 covers and (ii) that purports to be issued by or addressed to a
32 bailee and to cover goods in the bailee's possession which are
33 either identified or are fungible portions of an identified
34 mass. The term includes a bill of lading, transport document,
35 dock warrant, dock receipt, warehouse receipt, and order for
36 delivery of goods. An electronic document of title means a

1 document of title evidenced by a record consisting of
2 information stored in an electronic medium. A tangible document
3 of title means a document of title evidenced by a record
4 consisting of information that is inscribed on a tangible
5 medium. ~~To be a document of title a document must purport to be~~
6 ~~issued by or addressed to a bailee and purport to cover goods~~
7 ~~in the bailee's possession which are either identified or are~~
8 ~~fungible portions of an identified mass.~~

9 (16) "Fault" means wrongful act, omission or breach.

10 (17) "Fungible" with respect to goods or securities means
11 goods or securities of which any unit is, by nature or usage of
12 trade, the equivalent of any other like unit. Goods which are
13 not fungible shall be deemed fungible for the purposes of this
14 Act to the extent that under a particular agreement or document
15 unlike units are treated as equivalents.

16 (18) "Genuine" means free of forgery or counterfeiting.

17 (19) "Good faith" means honesty in fact in the conduct or
18 transaction concerned.

19 (20) "Holder" means:

20 (A) the person in possession of a negotiable instrument
21 that is payable either to bearer or to an identified person
22 that is the person in possession;

23 (B) the person in possession of a negotiable tangible
24 document of title if the goods are deliverable either to
25 bearer or to the order of the person in possession; or

26 (C) the person in control of a negotiable electronic
27 document of title. ~~"Holder" with respect to a negotiable~~
28 ~~instrument means the person in possession if the instrument~~
29 ~~is payable to bearer or, in the case of an instrument~~
30 ~~payable to an identified person, if the identified person~~
31 ~~is in possession.~~ ~~"Holder" with respect to a document of~~
32 ~~title means the person in possession if the goods are~~
33 ~~deliverable to bearer or to the order of the person in~~
34 ~~possession.~~

35 (21) To "honor" is to pay or accept and pay, or where a
36 credit so engages to purchase or discount a draft complying

1 with the terms of the credit.

2 (22) "Insolvency proceedings" includes any assignment for
3 the benefit of creditors or other proceedings intended to
4 liquidate or rehabilitate the estate of the person involved.

5 (23) A person is "insolvent" who either has ceased to pay
6 his debts in the ordinary course of business or cannot pay his
7 debts as they become due or is insolvent within the meaning of
8 the federal bankruptcy law.

9 (24) "Money" means a medium of exchange authorized or
10 adopted by a domestic or foreign government and includes a
11 monetary unit of account established by an intergovernmental
12 organization or by agreement between 2 or more nations.

13 (25) Subject to subsection (27), a ~~A~~ person has "notice" of
14 a fact if the person ~~when~~

15 (a) ~~he~~ has actual knowledge of it; ~~or~~

16 (b) ~~he~~ has received a notice or notification of it; or

17 (c) from all the facts and circumstances known to the
18 person ~~him~~ at the time in question, ~~he~~ has reason to know
19 that it exists. A person "knows" or has "knowledge" of a
20 fact when the person ~~he~~ has actual knowledge of it.
21 "Discover" or "learn" or a word or phrase of similar import
22 refers to knowledge rather than to reason to know. The time
23 and circumstances under which a notice or notification may
24 cease to be effective are not determined by this Act.

25 (26) A person "notifies" or "gives" a notice or
26 notification to another person by taking such steps as may be
27 reasonably required to inform the other person in ordinary
28 course whether or not the other person ~~such other~~ actually
29 comes to know of it. Subject to subsection (27), a ~~A~~ person
30 "receives" a notice or notification when

31 (a) it comes to that person's ~~his~~ attention; or

32 (b) it is duly delivered in a form reasonable under the
33 circumstances at the place of business through which the
34 contract was made or at another location ~~any other place~~
35 held out by that person ~~him~~ as the place for receipt of
36 such communications.

1 (27) Notice, knowledge, or a notice or notification
2 received by an organization is effective for a particular
3 transaction from the time when it is brought to the attention
4 of the individual conducting that transaction, and in any
5 event, from the time when it would have been brought to the
6 individual's ~~his~~ attention if the organization had exercised
7 due diligence. An organization exercises due diligence if it
8 maintains reasonable routines for communicating significant
9 information to the person conducting the transaction and there
10 is reasonable compliance with the routines. Due diligence does
11 not require an individual acting for the organization to
12 communicate information unless such communication is part of
13 the individual's ~~his~~ regular duties or the individual ~~unless he~~
14 has reason to know of the transaction and that the transaction
15 would be materially affected by the information.

16 (28) "Organization" includes a corporation, government or
17 governmental subdivision or agency, business trust, estate,
18 trust, partnership or association, two or more persons having a
19 joint or common interest, or any other legal or commercial
20 entity.

21 (29) "Party", as distinct from "third party", means a
22 person who has engaged in a transaction or made an agreement
23 within this Act.

24 (30) "Person" includes an individual or an organization
25 (see Section 1-102).

26 (31) "Presumption" or "presumed" means that the trier of
27 fact must find the existence of the fact presumed unless and
28 until evidence is introduced which would support a finding of
29 its non-existence.

30 (32) "Purchase" includes taking by sale, discount,
31 negotiation, mortgage, pledge, lien, security interest, issue
32 or reissue, gift or any other voluntary transaction creating an
33 interest in property.

34 (33) "Purchaser" means a person who takes by purchase.

35 (34) "Remedy" means any remedial right to which an
36 aggrieved party is entitled with or without resort to a

1 tribunal.

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

6 (36) "Rights" includes remedies.

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

24 Whether a transaction creates a lease or security interest
25 is determined by the facts of each case; however, a transaction
26 creates a security interest if the consideration the lessee is
27 to pay the lessor for the right to possession and use of the
28 goods is an obligation for the term of the lease not subject to
29 termination by the lessee; and

30 (a) the original term of the lease is equal to or
31 greater than the remaining economic life of the goods;

32 (b) the lessee is bound to renew the lease for the
33 remaining economic life of the goods or is bound to become
34 the owner of the goods;

35 (c) the lessee has an option to renew the lease for the
36 remaining economic life of the goods for no additional

1 consideration or nominal additional consideration upon
2 compliance with the lease agreement; or

3 (d) the lessee has an option to become the owner of the
4 goods for no additional consideration or nominal
5 additional consideration upon compliance with the lease
6 agreement.

7 A transaction does not create a security interest merely
8 because it provides that:

9 (a) the present value of the consideration the lessee
10 is obligated to pay the lessor for the right to possession
11 and use of the goods is substantially equal to or is
12 greater than the fair market value of the goods at the time
13 the lease is entered into;

14 (b) the lessee assumes risk of loss of the goods, or
15 agrees to pay taxes, insurance, filing, recording, or
16 registration fees, or service or maintenance costs with
17 respect to the goods;

18 (c) the lessee has an option to renew the lease or to
19 become the owner of the goods;

20 (d) the lessee has an option to renew the lease for a
21 fixed rent that is equal to or greater than the reasonably
22 predictable fair market rent for the use of the goods for
23 the term of the renewal at the time the option is to be
24 performed; or

25 (e) the lessee has an option to become the owner of the
26 goods for a fixed price that is equal to or greater than
27 the reasonably predictable fair market value of the goods
28 at the time the option is to be performed.

29 For purposes of this subsection (37):

30 (x) Additional consideration is not nominal if (i) when
31 the option to renew the lease is granted to the lessee the
32 rent is stated to be the fair market rent for the use of
33 the goods for the term of the renewal determined at the
34 time the option is to be performed, or (ii) when the option
35 to become the owner of the goods is granted to the lessee
36 the price is stated to be the fair market value of the

1 goods determined at the time the option is to be performed.
2 Additional consideration is nominal if it is less than the
3 lessee's reasonably predictable cost of performing under
4 the lease agreement if the option is not exercised;

5 (y) "Reasonably predictable" and "remaining economic
6 life of the goods" are to be determined with reference to
7 the facts and circumstances at the time the transaction is
8 entered into; and

9 (z) "Present value" means the amount as of a date
10 certain of one or more sums payable in the future,
11 discounted to the date certain. The discount is determined
12 by the interest rate specified by the parties if the rate
13 is not manifestly unreasonable at the time the transaction
14 is entered into; otherwise, the discount is determined by a
15 commercially reasonable rate that takes into account the
16 facts and circumstances as of each case at the time the
17 transaction was entered into.

18 (38) "Send" in connection with a writing, record, or notice
19 means:

20 (A) to deposit in the mail or deliver for transmission
21 by any other usual means of communication with postage or
22 cost of transmission provided for and properly addressed
23 and, in the case of an instrument, to an address specified
24 thereon or otherwise agreed, or if there be none to any
25 address reasonable under the circumstances; or

26 (B) in any other way to cause to be received any record
27 or notice within the time it would have arrived if properly
28 sent.

29 ~~(38) "Send" in connection with any writing or notice means~~
30 ~~to deposit in the mail or deliver for transmission by any other~~
31 ~~usual means of communication with postage or cost of~~
32 ~~transmission provided for and properly addressed and in the~~
33 ~~case of an instrument to an address specified thereon or~~
34 ~~otherwise agreed, or if there be none to any address reasonable~~
35 ~~under the circumstances. The receipt of any writing or notice~~
36 ~~within the time at which it would have arrived if properly sent~~

1 ~~has the effect of a proper sending.~~

2 (39) "Signed" includes any symbol executed or adopted by a
3 party with present intention to authenticate a writing.

4 (40) "Surety" includes guarantor.

5 (41) "Telegram" includes a message transmitted by radio,
6 teletype, cable, any mechanical method of transmission, or the
7 like.

8 (42) "Term" means that portion of an agreement which
9 relates to a particular matter.

10 (43) "Unauthorized" signature means one made without
11 actual, implied, or apparent authority and includes a forgery.

12 (44) "Value". Except as otherwise provided with respect to
13 negotiable instruments and bank collections (Sections 3-303,
14 4-210, and 4-211), a person gives "value" for rights if he
15 acquires them:

16 (a) in return for a binding commitment to extend credit
17 or for the extension of immediately available credit
18 whether or not drawn upon and whether or not a charge-back
19 is provided for in the event of difficulties in collection;
20 or

21 (b) as security for or in total or partial satisfaction
22 of a pre-existing claim; or

23 (c) by accepting delivery pursuant to a pre-existing
24 contract for purchase; or

25 (d) generally, in return for any consideration
26 sufficient to support a simple contract.

27 (45) "Warehouse receipt" means a document of title ~~receipt~~
28 issued by a person engaged in the business of storing goods for
29 hire.

30 (46) "Written" or "writing" includes printing, typewriting
31 or any other intentional reduction to tangible form.

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

33 (810 ILCS 5/2-103) (from Ch. 26, par. 2-103)

34 Sec. 2-103. Definitions and index of definitions.

35 (1) In this Article unless the context otherwise requires

1 (a) "Buyer" means a person who buys or contracts to buy
2 goods.

3 (b) "Good faith" in the case of a merchant means
4 honesty in fact and the observance of reasonable commercial
5 standards of fair dealing in the trade.

6 (c) "Receipt" of goods means taking physical
7 possession of them.

8 (d) "Seller" means a person who sells or contracts to
9 sell goods.

10 (2) Other definitions applying to this Article or to
11 specified Parts thereof, and the sections in which they appear
12 are:

13 "Acceptance". Section 2--606.

14 "Banker's credit". Section 2--325.

15 "Between merchants". Section 2--104.

16 "Cancellation". Section 2--106(4).

17 "Commercial unit". Section 2--105.

18 "Confirmed credit". Section 2--325.

19 "Conforming to contract". Section 2--106.

20 "Contract for sale". Section 2--106.

21 "Cover". Section 2--712.

22 "Entrusting". Section 2--403.

23 "Financing agency". Section 2--104.

24 "Future goods". Section 2--105.

25 "Goods". Section 2--105.

26 "Identification". Section 2--501.

27 "Installment contract". Section 2--612.

28 "Letter of Credit". Section 2--325.

29 "Lot". Section 2--105.

30 "Merchant". Section 2--104.

31 "Overseas". Section 2--323.

32 "Person in position of seller". Section 2--707.

33 "Present sale". Section 2--106.

34 "Sale". Section 2--106.

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

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

1 "Termination". Section 2--106.

2 (3) "Control" as provided in Section 7-106 and the ~~the~~
3 following definitions in other Articles apply to this Article:

4 "Check". Section 3--104.

5 "Consignee". Section 7--102.

6 "Consignor". Section 7--102.

7 "Consumer goods". Section 9-102.

8 "Dishonor". Section 3-502.

9 "Draft". Section 3--104.

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

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

14 (810 ILCS 5/2-104) (from Ch. 26, par. 2-104)

15 Sec. 2-104. Definitions. "merchant"; "between merchants";
16 "financing agency".

17 (1) "Merchant" means a person who deals in goods of the
18 kind or otherwise by his occupation holds himself out as having
19 knowledge or skill peculiar to the practices or goods involved
20 in the transaction or to whom such knowledge or skill may be
21 attributed by his employment of an agent or broker or other
22 intermediary who by his occupation holds himself out as having
23 such knowledge or skill.

24 (2) "Financing agency" means a bank, finance company or
25 other person who in the ordinary course of business makes
26 advances against goods or documents of title or who by
27 arrangement with either the seller or the buyer intervenes in
28 ordinary course to make or collect payment due or claimed under
29 the contract for sale, as by purchasing or paying the seller's
30 draft or making advances against it or by merely taking it for
31 collection whether or not documents of title accompany or are
32 associated with the draft. "Financing agency" includes also a
33 bank or other person who similarly intervenes between persons
34 who are in the position of seller and buyer in respect to the
35 goods (Section 2--707).

1 (3) "Between merchants" means in any transaction with
2 respect to which both parties are chargeable with the knowledge
3 or skill of merchants.

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

5 (810 ILCS 5/2-310) (from Ch. 26, par. 2-310)

6 Sec. 2-310. Open time for payment or running of credit
7 authority to ship under reservation.

8 Unless otherwise agreed

9 (a) payment is due at the time and place at which the
10 buyer is to receive the goods even though the place of shipment
11 is the place of delivery; and

12 (b) if the seller is authorized to send the goods he
13 may ship them under reservation, and may tender the documents
14 of title, but the buyer may inspect the goods after their
15 arrival before payment is due unless such inspection is
16 inconsistent with the terms of the contract (Section 2--513);
17 and

18 (c) if delivery is authorized and made by way of
19 documents of title otherwise than by subsection (b) then
20 payment is due regardless of where the goods are to be received
21 (i) at the time and place at which the buyer is to receive
22 delivery of the tangible documents or (ii) at the time the
23 buyer is to receive delivery of the electronic documents and at
24 the seller's place of business or if none, the seller's
25 residence ~~regardless of where the goods are to be received~~; and

26 (d) where the seller is required or authorized to ship
27 the goods on credit the credit period runs from the time of
28 shipment but post-dating the invoice or delaying its dispatch
29 will correspondingly delay the starting of the credit period.

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

31 (810 ILCS 5/2-323) (from Ch. 26, par. 2-323)

32 Sec. 2-323. Form of bill of lading required in overseas
33 shipment; "overseas."

34 (1) Where the contract contemplates overseas shipment and

1 contains a term C.I.F. or C. & F. or F.O.B. vessel, the seller
2 unless otherwise agreed must obtain a negotiable bill of lading
3 stating that the goods have been loaded on board or, in the
4 case of a term C.I.F. or C. & F., received for shipment.

5 (2) Where in a case within subsection (1) a tangible bill
6 of lading has been issued in a set of parts, unless otherwise
7 agreed if the documents are not to be sent from abroad the
8 buyer may demand tender of the full set; otherwise only one
9 part of the bill of lading need be tendered. Even if the
10 agreement expressly requires a full set

11 (a) due tender of a single part is acceptable within
12 the provisions of this Article on cure of improper delivery
13 (subsection (1) of Section 2-508; and

14 (b) even though the full set is demanded, if the
15 documents are sent from abroad the person tendering an
16 incomplete set may nevertheless require payment upon
17 furnishing an indemnity which the buyer in good faith deems
18 adequate.

19 (3) A shipment by water or by air or a contract
20 contemplating such shipment is "overseas" insofar as by usage
21 of trade or agreement it is subject to the commercial,
22 financing or shipping practices characteristic of
23 international deep water commerce.

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

25 (810 ILCS 5/2-401) (from Ch. 26, par. 2-401)

26 Sec. 2-401. Passing of title; reservation for security;
27 limited application of this section.

28 Each provision of this Article with regard to the rights,
29 obligations and remedies of the seller, the buyer, purchasers
30 or other third parties applies irrespective of title to the
31 goods except where the provision refers to such title. Insofar
32 as situations are not covered by the other provisions of this
33 Article and matters concerning title become material the
34 following rules apply:

35 (1) Title to goods cannot pass under a contract for sale

1 prior to their identification to the contract (Section 2--501),
2 and unless otherwise explicitly agreed the buyer acquires by
3 their identification a special property as limited by this Act.
4 Any retention or reservation by the seller of the title
5 (property) in goods shipped or delivered to the buyer is
6 limited in effect to a reservation of a security interest.
7 Subject to these provisions and to the provisions of the
8 Article on Secured Transactions (Article 9), title to goods
9 passes from the seller to the buyer in any manner and on any
10 conditions explicitly agreed on by the parties.

11 (2) Unless otherwise explicitly agreed title passes to the
12 buyer at the time and place at which the seller completes his
13 performance with reference to the physical delivery of the
14 goods, despite any reservation of a security interest and even
15 though a document of title is to be delivered at a different
16 time or place; and in particular and despite any reservation of
17 a security interest by the bill of lading

18 (a) if the contract requires or authorizes the seller
19 to send the goods to the buyer but does not require him to
20 deliver them at destination, title passes to the buyer at the
21 time and place of shipment; and

22 (b) if the contract requires delivery at destination,
23 title passes on tender there.

24 (3) Unless otherwise explicitly agreed where delivery is to
25 be made without moving the goods,

26 (a) if the seller is to deliver a tangible document of
27 title, title passes at the time when and the place where he
28 delivers such documents and if the seller is to deliver an
29 electronic document of title, title passes when the seller
30 delivers the document; or

31 (b) if the goods are at the time of contracting already
32 identified and no documents of title are to be delivered, title
33 passes at the time and place of contracting.

34 (4) A rejection or other refusal by the buyer to receive or
35 retain the goods, whether or not justified, or a justified
36 revocation of acceptance revests title to the goods in the

1 seller. Such revesting occurs by operation of law and is not a
2 "sale".

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

4 (810 ILCS 5/2-503) (from Ch. 26, par. 2-503)

5 Sec. 2-503. Manner of seller's tender of delivery.

6 (1) Tender of delivery requires that the seller put and
7 hold conforming goods at the buyer's disposition and give the
8 buyer any notification reasonably necessary to enable him to
9 take delivery. The manner, time and place for tender are
10 determined by the agreement and this Article, and in particular

11 (a) tender must be at a reasonable hour, and if it is
12 of goods they must be kept available for the period reasonably
13 necessary to enable the buyer to take possession; but

14 (b) unless otherwise agreed the buyer must furnish
15 facilities reasonably suited to the receipt of the goods.

16 (2) Where the case is within the next section respecting
17 shipment tender requires that the seller comply with its
18 provisions.

19 (3) Where the seller is required to deliver at a particular
20 destination tender requires that he comply with subsection (1)
21 and also in any appropriate case tender documents as described
22 in subsections (4) and (5) of this Section.

23 (4) Where goods are in the possession of a bailee and are
24 to be delivered without being moved

25 (a) tender requires that the seller either tender a
26 negotiable document of title covering such goods or procure
27 acknowledgment by the bailee of the buyer's right to possession
28 of the goods; but

29 (b) tender to the buyer of a non-negotiable document of
30 title or of a record directing ~~written direction to~~ the bailee
31 to deliver is sufficient tender unless the buyer seasonably
32 objects, and except as otherwise provided in Article 9 receipt
33 by the bailee of notification of the buyer's rights fixes those
34 rights as against the bailee and all third persons; but risk of
35 loss of the goods and of any failure by the bailee to honor the

1 non-negotiable document of title or to obey the direction
2 remains on the seller until the buyer has had a reasonable time
3 to present the document or direction, and a refusal by the
4 bailee to honor the document or to obey the direction defeats
5 the tender.

6 (5) Where the contract requires the seller to deliver
7 documents

8 (a) he must tender all such documents in correct form,
9 except as provided in this Article with respect to bills of
10 lading in a set (subsection (2) of Section 2--323; and

11 (b) tender through customary banking channels is
12 sufficient and dishonor of a draft accompanying or associated
13 with the documents constitutes non-acceptance or rejection.

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

15 (810 ILCS 5/2-505) (from Ch. 26, par. 2-505)

16 Sec. 2-505. Seller's shipment under reservation.

17 (1) Where the seller has identified goods to the contract
18 by or before shipment:

19 (a) his procurement of a negotiable bill of lading to
20 his own order or otherwise reserves in him a security interest
21 in the goods. His procurement of the bill to the order of a
22 financing agency or of the buyer indicates in addition only the
23 seller's expectation of transferring that interest to the
24 person named.

25 (b) a non-negotiable bill of lading to himself or his
26 nominee reserves possession of the goods as security but except
27 in a case of conditional delivery (subsection (2) of Section
28 2--507 a non-negotiable bill of lading naming the buyer as
29 consignee reserves no security interest even though the seller
30 retains possession or control of the bill of lading.

31 (2) When shipment by the seller with reservation of a
32 security interest is in violation of the contract for sale it
33 constitutes an improper contract for transportation within the
34 preceding section but impairs neither the rights given to the
35 buyer by shipment and identification of the goods to the

1 contract nor the seller's powers as a holder of a negotiable
2 document of title.

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

4 (810 ILCS 5/2-506) (from Ch. 26, par. 2-506)

5 Sec. 2-506. Rights of financing agency.

6 (1) A financing agency by paying or purchasing for value a
7 draft which relates to a shipment of goods acquires to the
8 extent of the payment or purchase and in addition to its own
9 rights under the draft and any document of title securing it
10 any rights of the shipper in the goods including the right to
11 stop delivery and the shipper's right to have the draft honored
12 by the buyer.

13 (2) The right to reimbursement of a financing agency which
14 has in good faith honored or purchased the draft under
15 commitment to or authority from the buyer is not impaired by
16 subsequent discovery of defects with reference to any relevant
17 document which was apparently regular ~~on its face~~.

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

19 (810 ILCS 5/2-509) (from Ch. 26, par. 2-509)

20 Sec. 2-509. Risk of loss in the absence of breach.

21 (1) Where the contract requires or authorizes the seller to
22 ship the goods by carrier

23 (a) if it does not require him to deliver them at a
24 particular destination, the risk of loss passes to the buyer
25 when the goods are duly delivered to the carrier even though
26 the shipment is under reservation (Section 2--505); but

27 (b) if it does require him to deliver them at a
28 particular destination and the goods are there duly tendered
29 while in the possession of the carrier, the risk of loss passes
30 to the buyer when the goods are there duly so tendered as to
31 enable the buyer to take delivery.

32 (2) Where the goods are held by a bailee to be delivered
33 without being moved, the risk of loss passes to the buyer

34 (a) on his receipt of possession or control of a

1 negotiable document of title covering the goods; or

2 (b) on acknowledgment by the bailee of the buyer's
3 right to possession of the goods; or

4 (c) after his receipt of possession or control of a
5 non-negotiable document of title or other ~~written~~ direction to
6 deliver in a record, as provided in subsection (4) (b) of
7 Section 2--503.

8 (3) In any case not within subsection (1) or (2), the risk
9 of loss passes to the buyer on his receipt of the goods if the
10 seller is a merchant; otherwise the risk passes to the buyer on
11 tender of delivery.

12 (4) The provisions of this Section are subject to contrary
13 agreement of the parties and to the provisions of this Article
14 on sale on approval (Section 2--327) and on effect of breach on
15 risk of loss (Section 2--510).

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

17 (810 ILCS 5/2-605) (from Ch. 26, par. 2-605)

18 Sec. 2-605. Waiver of buyer's objections by failure to
19 particularize.

20 (1) The buyer's failure to state in connection with
21 rejection a particular defect which is ascertainable by
22 reasonable inspection precludes him from relying on the
23 unstated defect to justify rejection or to establish breach

24 (a) where the seller could have cured it if stated
25 seasonably; or

26 (b) between merchants when the seller has after
27 rejection made a request in writing for a full and final
28 written statement of all defects on which the buyer proposes to
29 rely.

30 (2) Payment against documents made without reservation of
31 rights precludes recovery of the payment for defects apparent
32 in ~~on the face of~~ the documents.

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

34 (810 ILCS 5/2-705) (from Ch. 26, par. 2-705)

1 Sec. 2-705. Seller's stoppage of delivery in transit or
2 otherwise.

3 (1) The seller may stop delivery of goods in the possession
4 of a carrier or other bailee when he discovers the buyer to be
5 insolvent (Section 2-702) and may stop delivery of carload,
6 truckload, planeload or larger shipments of express or freight
7 when the buyer repudiates or fails to make a payment due before
8 delivery or if for any other reason the seller has a right to
9 withhold or reclaim the goods.

10 (2) As against such buyer the seller may stop delivery
11 until

12 (a) receipt of the goods by the buyer; or

13 (b) acknowledgment to the buyer by any bailee of the
14 goods except a carrier that the bailee holds the goods for the
15 buyer; or

16 (c) such acknowledgment to the buyer by a carrier by
17 reshipment or as a warehouse ~~warehouseman~~; or

18 (d) negotiation to the buyer of any negotiable document
19 of title covering the goods.

20 (3) (a) To stop delivery the seller must so notify as to
21 enable the bailee by reasonable diligence to prevent delivery
22 of the goods.

23 (b) After such notification the bailee must hold and
24 deliver the goods according to the directions of the seller but
25 the seller is liable to the bailee for any ensuing charges or
26 damages.

27 (c) If a negotiable document of title has been issued
28 for goods the bailee is not obliged to obey a notification to
29 stop until surrender of possession or control of the document.

30 (d) A carrier who has issued a non-negotiable bill of
31 lading is not obliged to obey a notification to stop received
32 from a person other than the consignor.

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

34 (810 ILCS 5/2A-103) (from Ch. 26, par. 2A-103)

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

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

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

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

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

24 (d) "Conforming" goods or performance under a lease
25 contract means goods or performance that are in accordance
26 with the obligations under the lease contract.

27 (e) "Consumer lease" means a lease that a lessor
28 regularly engaged in the business of leasing or selling
29 makes to a lessee who is an individual and who takes under
30 the lease primarily for a personal, family, or household
31 purpose, if the total payments to be made under the lease
32 contract, excluding payments for options to renew or buy,
33 do not exceed \$40,000.

34 (f) "Fault" means wrongful act, omission, breach, or
35 default.

36 (g) "Finance lease" means a lease with respect to

1 which:

2 (i) the lessor does not select, manufacture, or
3 supply the goods;

4 (ii) the lessor acquires the goods or the right to
5 possession and use of the goods in connection with the
6 lease; and

7 (iii) one of the following occurs:

8 (A) the lessee receives a copy of the contract
9 by which the lessor acquired the goods or the right
10 to possession and use of the goods before signing
11 the lease contract;

12 (B) the lessee's approval of the contract by
13 which the lessor acquired the goods or the right to
14 possession and use of the goods is a condition to
15 effectiveness of the lease contract;

16 (C) the lessee, before signing the lease
17 contract, receives an accurate and complete
18 statement designating the promises and warranties,
19 and any disclaimers of warranties, limitations or
20 modifications of remedies, or liquidated damages,
21 including those of a third party, such as the
22 manufacturer of the goods, provided to the lessor
23 by the person supplying the goods in connection
24 with or as part of the contract by which the lessor
25 acquired the goods or the right to possession and
26 use of the goods; or

27 (D) if the lease is not a consumer lease, the
28 lessor, before the lessee signs the lease
29 contract, informs the lessee in writing (a) of the
30 identity of the person supplying the goods to the
31 lessor, unless the lessee has selected that person
32 and directed the lessor to acquire the goods or the
33 right to possession and use of the goods from that
34 person, (b) that the lessee is entitled under this
35 Article to the promises and warranties, including
36 those of any third party, provided to the lessor by

1 the person supplying the goods in connection with
2 or as part of the contract by which the lessor
3 acquired the goods or the right to possession and
4 use of the goods, and (c) that the lessee may
5 communicate with the person supplying the goods to
6 the lessor and receive an accurate and complete
7 statement of those promises and warranties,
8 including any disclaimers and limitations of them
9 or of remedies.

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

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

22 (j) "Lease" means a transfer of the right to possession
23 and use of goods for a term in return for consideration,
24 but a sale, including a sale on approval or a sale or
25 return, or retention or creation of a security interest is
26 not a lease. Unless the context clearly indicates
27 otherwise, the term includes a sublease.

28 (k) "Lease agreement" means the bargain, with respect
29 to the lease, of the lessor and the lessee in fact as found
30 in their language or by implication from other
31 circumstances including course of dealing or usage of trade
32 or course of performance as provided in this Article.
33 Unless the context clearly indicates otherwise, the term
34 includes a sublease agreement.

35 (l) "Lease contract" means the total legal obligation
36 that results from the lease agreement as affected by this

1 Article and any other applicable rules of law. Unless the
2 context clearly indicates otherwise, the term includes a
3 sublease contract.

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

6 (n) "Lessee" means a person who acquires the right to
7 possession and use of goods under a lease. Unless the
8 context clearly indicates otherwise, the term includes a
9 sublessee.

10 (o) "Lessee in ordinary course of business" means a
11 person who in good faith and without knowledge that the
12 lease to him or her is in violation of the ownership rights
13 or security interest or leasehold interest of a third party
14 in the goods leases in ordinary course from a person in the
15 business of selling or leasing goods of that kind but does
16 not include a pawnbroker. "Leasing" may be for cash or by
17 exchange of other property or on secured or unsecured
18 credit and includes acquiring ~~receiving~~ goods or documents
19 of title under a pre-existing lease contract but does not
20 include a transfer in bulk or as security for or in total
21 or partial satisfaction of a money debt.

22 (p) "Lessor" means a person who transfers the right to
23 possession and use of goods under a lease. Unless the
24 context clearly indicates otherwise, the term includes a
25 sublessor.

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

29 (r) "Lien" means a charge against or interest in goods
30 to secure payment of a debt or performance of an
31 obligation, but the term does not include a security
32 interest.

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

36 (t) "Merchant lessee" means a lessee that is a merchant

1 with respect to goods of the kind subject to the lease.

2 (u) "Present value" means the amount as of a date
3 certain of one or more sums payable in the future,
4 discounted to the date certain. The discount is determined
5 by the interest rate specified by the parties if the rate
6 was not manifestly unreasonable at the time the transaction
7 was entered into; otherwise, the discount is determined by
8 a commercially reasonable rate that takes into account the
9 facts and circumstances of each case at the time the
10 transaction was entered into.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 "Chattel paper". Section 9-102(a) (11).
2 "Consumer goods". Section 9-102(a) (23).
3 "Document". Section 9-102(a) (30).
4 "Entrusting". Section 2-403(3).
5 "General intangible". Section 9-102(a) (42).
6 "Good faith". Section 2-103(1) (b).
7 "Instrument". Section 9-102(a) (47).
8 "Merchant". Section 2-104(1).
9 "Mortgage". Section 9-102(a) (55).
10 "Pursuant to commitment". Section 9-102(a) (68).
11 "Receipt". Section 2-103(1) (c).
12 "Sale". Section 2-106(1).
13 "Sale on approval". Section 2-326.
14 "Sale or return". Section 2-326.
15 "Seller". Section 2-103(1) (d).

16 (4) In addition, Article 1 contains general definitions and
17 principles of construction and interpretation applicable
18 throughout this Article.

19 (Source: P.A. 91-893, eff. 7-1-01; 92-651, eff. 7-11-02.)

20 (810 ILCS 5/2A-514) (from Ch. 26, par. 2A-514)

21 Sec. 2A-514. Waiver of lessee's objections.

22 (1) In rejecting goods, a lessee's failure to state a
23 particular defect that is ascertainable by reasonable
24 inspection precludes the lessee from relying on the defect to
25 justify rejection or to establish default:

26 (a) if, stated seasonably, the lessor or the supplier
27 could have cured it (Section 2A-513); or

28 (b) between merchants if the lessor or the supplier
29 after rejection has made a request in writing for a full
30 and final written statement of all defects on which the
31 lessee proposes to rely.

32 (2) A lessee's failure to reserve rights when paying rent
33 or other consideration against documents precludes recovery of
34 the payment for defects apparent in ~~on the face of~~ the
35 documents.

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

2 (810 ILCS 5/2A-526) (from Ch. 26, par. 2A-526)

3 Sec. 2A-526. Lessor's stoppage of delivery in transit or
4 otherwise.

5 (1) A lessor may stop delivery of goods in the possession
6 of a carrier or other bailee if the lessor discovers the lessee
7 to be insolvent and may stop delivery of carload, truckload,
8 planeload, or larger shipments of express or freight if the
9 lessee repudiates or fails to make a payment due before
10 delivery, whether for rent, security or otherwise under the
11 lease contract, or for any other reason the lessor has a right
12 to withhold or take possession of the goods.

13 (2) In pursuing its remedies under subsection (1), the
14 lessor may stop delivery until:

15 (a) receipt of the goods by the lessee;

16 (b) acknowledgment to the lessee by any bailee of the
17 goods, except a carrier, that the bailee holds the goods
18 for the lessee; or

19 (c) such an acknowledgment to the lessee by a carrier
20 via reshipment or as a warehouse ~~warehouseman~~.

21 (3) (a) To stop delivery, a lessor shall so notify as to
22 enable the bailee by reasonable diligence to prevent
23 delivery of the goods.

24 (b) After notification, the bailee shall hold and
25 deliver the goods according to the directions of the
26 lessor, but the lessor is liable to the bailee for any
27 ensuing charges or damages.

28 (c) A carrier who has issued a nonnegotiable bill of
29 lading is not obliged to obey a notification to stop
30 received from a person other than the consignor.

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

32 (810 ILCS 5/4-104) (from Ch. 26, par. 4-104)

33 Sec. 4-104. Definitions and index of definitions.

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

1 (1) "Account" means any deposit or credit account with
2 a bank, including a demand, time, savings, passbook, share
3 draft, or like account, other than an account evidenced by
4 a certificate of deposit;

5 (2) "Afternoon" means the period of a day between noon
6 and midnight;

7 (3) "Banking day" means the part of a day on which a
8 bank is open to the public for carrying on substantially
9 all of its banking functions, except that any day that is
10 not a banking day for purposes of Federal Reserve
11 Regulation CC (as may be amended from time to time) shall
12 not be a banking day for purposes of this Article or
13 Article 3;

14 (4) "Clearing house" means an association of banks or
15 other payors regularly clearing items;

16 (5) "Customer" means a person having an account with a
17 bank or for whom a bank has agreed to collect items,
18 including a bank that maintains an account at another bank;

19 (6) "Documentary draft" means a draft to be presented
20 for acceptance or payment if specified documents,
21 certificated securities (Section 8-102) or instructions
22 for uncertificated securities (Section 8-102), or other
23 certificates, statements, or the like are to be received by
24 the drawee or other payor before acceptance or payment of
25 the draft;

26 (7) "Draft" means a draft as defined in Section 3-104
27 or an item, other than an instrument, that is an order;

28 (8) "Drawee" means a person ordered in a draft to make
29 payment;

30 (9) "Item" means an instrument or a promise or order to
31 pay money handled by a bank for collection or payment. The
32 term does not include a payment order governed by Article
33 4A or a credit or debit card slip;

34 (10) "Midnight deadline" with respect to a bank is
35 midnight on its next banking day following the banking day
36 on which it receives the relevant item or notice or from

1 which the time for taking action commences to run,
2 whichever is later;

3 (11) "Settle" means to pay in cash, by clearing-house
4 settlement, in a charge or credit or by remittance, or
5 otherwise as agreed. A settlement may be either provisional
6 or final;

7 (12) "Suspends payments" with respect to a bank means
8 that it has been closed by order of the supervisory
9 authorities, that a public officer has been appointed to
10 take it over, or that it ceases or refuses to make payments
11 in the ordinary course of business.

12 (b) Other definitions applying to this Article and the
13 Sections in which they appear are:

14	"Agreement for electronic	
15	presentment"	Section 4-110.
16	"Bank"	Section 4-105.
17	"Collecting bank"	Section 4-105.
18	"Depositary bank"	Section 4-105.
19	"Intermediary bank"	Section 4-105.
20	"Payor bank"	Section 4-105.
21	"Presenting bank"	Section 4-105.
22	"Presentment notice"	Section 4-110.

23 (c) "Control" as provided in Section 7-106 and the ~~The~~
24 following definitions in other Articles apply to this Article:

25	"Acceptance"	Section 3-409.
26	"Alteration"	Section 3-407.
27	"Cashier's check"	Section 3-104.
28	"Certificate of deposit"	Section 3-104.
29	"Certified check"	Section 3-409.
30	"Check"	Section 3-104.
31	"Good faith"	Section 3-103.
32	"Holder in due course"	Section 3-302.
33	"Instrument"	Section 3-104.
34	"Notice of dishonor"	Section 3-503.
35	"Order"	Section 3-103.
36	"Ordinary care"	Section 3-103.

1	"Person entitled to enforce"	Section 3-301.
2	"Presentment"	Section 3-501.
3	"Promise"	Section 3-103.
4	"Prove"	Section 3-103.
5	"Teller's check"	Section 3-104.
6	"Unauthorized signature"	Section 3-403.

7 (d) In addition Article 1 contains general definitions and
8 principles of construction and interpretation applicable
9 throughout this Article.

10 (Source: P.A. 88-45; 89-364, eff. 1-1-96.)

11 (810 ILCS 5/4-210) (from Ch. 26, par. 4-210)

12 Sec. 4-210. Security interest of collecting bank in items,
13 accompanying documents and proceeds.

14 (a) A collecting bank has a security interest in an item
15 and any accompanying documents or the proceeds of either:

16 (1) in case of an item deposited in an account, to the
17 extent to which credit given for the item has been
18 withdrawn or applied;

19 (2) in case of an item for which it has given credit
20 available for withdrawal as of right, to the extent of the
21 credit given, whether or not the credit is drawn upon or
22 there is a right of charge-back; or

23 (3) if it makes an advance on or against the item.

24 (b) If credit given for several items received at one time
25 or pursuant to a single agreement is withdrawn or applied in
26 part, the security interest remains upon all the items, any
27 accompanying documents or the proceeds of either. For the
28 purpose of this Section, credits first given are first
29 withdrawn.

30 (c) Receipt by a collecting bank of a final settlement for
31 an item is a realization on its security interest in the item,
32 accompanying documents, and proceeds. So long as the bank does
33 not receive final settlement for the item or give up possession
34 of the item or possession or control of the accompanying
35 documents for purposes other than collection, the security

1 interest continues to that extent and is subject to Article 9,
2 but:

3 (1) no security agreement is necessary to make the
4 security interest enforceable Section 9-203(b) (3) (A);

5 (2) no filing is required to perfect the security
6 interest; and

7 (3) the security interest has priority over
8 conflicting perfected security interests in the item,
9 accompanying documents, or proceeds.

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

11 (810 ILCS 5/8-103) (from Ch. 26, par. 8-103)

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

14 (a) A share or similar equity interest issued by a
15 corporation, business trust, joint stock company, or similar
16 entity is a security.

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

26 (c) An interest in a partnership or limited liability
27 company is not a security unless it is dealt in or traded on
28 securities exchanges or in securities markets, its terms
29 expressly provide that it is a security governed by this
30 Article, or it is an investment company security. However, an
31 interest in a partnership or limited liability company is a
32 financial asset if it is held in a securities account.

33 (d) A writing that is a security certificate is governed by
34 this Article and not by Article 3, even though it also meets
35 the requirements of that Article. However, a negotiable

1 instrument governed by Article 3 is a financial asset if it is
2 held in a securities account.

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

6 (f) A commodity contract, as defined in Section
7 9-102(a)(15), is not a security or a financial asset.

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

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

11 (810 ILCS 5/9-102) (from Ch. 26, par. 9-102)
12 Sec. 9-102. Definitions and index of definitions.

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

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

17 (2) "Account", except as used in "account for", means a
18 right to payment of a monetary obligation, whether or not
19 earned by performance, (i) for property that has been or is
20 to be sold, leased, licensed, assigned, or otherwise
21 disposed of, (ii) for services rendered or to be rendered,
22 (iii) for a policy of insurance issued or to be issued,
23 (iv) for a secondary obligation incurred or to be incurred,
24 (v) for energy provided or to be provided, (vi) for the use
25 or hire of a vessel under a charter or other contract,
26 (vii) arising out of the use of a credit or charge card or
27 information contained on or for use with the card, or
28 (viii) as winnings in a lottery or other game of chance
29 operated or sponsored by a State, governmental unit of a
30 State, or person licensed or authorized to operate the game
31 by a State or governmental unit of a State. The term
32 includes health-care-insurance receivables. The term does
33 not include (i) rights to payment evidenced by chattel
34 paper or an instrument, (ii) commercial tort claims, (iii)
35 deposit accounts, (iv) investment property, (v)

1 letter-of-credit rights or letters of credit, or (vi)
2 rights to payment for money or funds advanced or sold,
3 other than rights arising out of the use of a credit or
4 charge card or information contained on or for use with the
5 card.

6 (3) "Account debtor" means a person obligated on an
7 account, chattel paper, or general intangible. The term
8 does not include persons obligated to pay a negotiable
9 instrument, even if the instrument constitutes part of
10 chattel paper.

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

13 (A) authenticated by a secured party;

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

17 (C) identifying the components of the obligations
18 in reasonable detail.

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

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

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

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

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

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

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

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

36 (B) accounts arising out of the sale at the

1 wellhead or minehead of oil, gas, or other minerals in
2 which the debtor had an interest before extraction.

3 (7) "Authenticate" means:

4 (A) to sign; or

5 (B) to execute or otherwise adopt a symbol, or
6 encrypt or similarly process a record in whole or in
7 part, with the present intent of the authenticating
8 person to identify the person and adopt or accept a
9 record.

10 (8) "Bank" means an organization that is engaged in the
11 business of banking. The term includes savings banks,
12 savings and loan associations, credit unions, and trust
13 companies.

14 (9) "Cash proceeds" means proceeds that are money,
15 checks, deposit accounts, or the like.

16 (10) "Certificate of title" means a certificate of
17 title with respect to which a statute provides for the
18 security interest in question to be indicated on the
19 certificate as a condition or result of the security
20 interest's obtaining priority over the rights of a lien
21 creditor with respect to the collateral.

22 (11) "Chattel paper" means a record or records that
23 evidence both a monetary obligation and a security interest
24 in specific goods, a security interest in specific goods
25 and software used in the goods, a security interest in
26 specific goods and license of software used in the goods, a
27 lease of specific goods, or a lease of specified goods and
28 a license of software used in the goods. In this paragraph,
29 "monetary obligation" means a monetary obligation secured
30 by the goods or owed under a lease of the goods and
31 includes a monetary obligation with respect to software
32 used in the goods. The term does not include (i) charters
33 or other contracts involving the use or hire of a vessel or
34 (ii) records that evidence a right to payment arising out
35 of the use of a credit or charge card or information
36 contained on or for use with the card. If a transaction is

1 evidenced by records that include an instrument or series
2 of instruments, the group of records taken together
3 constitutes chattel paper.

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

6 (A) proceeds to which a security interest
7 attaches;

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

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

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

13 (A) the claimant is an organization; or

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

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

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

19 (14) "Commodity account" means an account maintained
20 by a commodity intermediary in which a commodity contract
21 is carried for a commodity customer.

22 (15) "Commodity contract" means a commodity futures
23 contract, an option on a commodity futures contract, a
24 commodity option, or another contract if the contract or
25 option is:

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

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

33 (16) "Commodity customer" means a person for which a
34 commodity intermediary carries a commodity contract on its
35 books.

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

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

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

7 (18) "Communicate" means:

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

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

11 (C) in the case of transmission of a record to or
12 by a filing office, to transmit a record by any means
13 prescribed by filing-office rule.

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

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

19 (A) the merchant:

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

22 (ii) is not an auctioneer; and

23 (iii) is not generally known by its creditors
24 to be substantially engaged in selling the goods of
25 others;

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

29 (C) the goods are not consumer goods immediately
30 before delivery; and

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

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

35 (22) "Consumer debtor" means a debtor in a consumer
36 transaction.

1 (23) "Consumer goods" means goods that are used or
2 bought for use primarily for personal, family, or household
3 purposes.

4 (24) "Consumer-goods transaction" means a consumer
5 transaction in which:

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

8 (B) a security interest in consumer goods secures
9 the obligation.

10 (25) "Consumer obligor" means an obligor who is an
11 individual and who incurred the obligation as part of a
12 transaction entered into primarily for personal, family,
13 or household purposes.

14 (26) "Consumer transaction" means a transaction in
15 which (i) an individual incurs an obligation primarily for
16 personal, family, or household purposes, (ii) a security
17 interest secures the obligation, and (iii) the collateral
18 is held or acquired primarily for personal, family, or
19 household purposes. The term includes consumer-goods
20 transactions.

21 (27) "Continuation statement" means an amendment of a
22 financing statement which:

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

25 (B) indicates that it is a continuation statement
26 for, or that it is filed to continue the effectiveness
27 of, the identified financing statement.

28 (28) "Debtor" means:

29 (A) a person having an interest, other than a
30 security interest or other lien, in the collateral,
31 whether or not the person is an obligor;

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

34 (C) a consignee.

35 (29) "Deposit account" means a demand, time, savings,
36 passbook, nonnegotiable certificates of deposit,

1 uncertificated certificates of deposit, nontransferrable
2 certificates of deposit, or similar account maintained
3 with a bank. The term does not include investment property
4 or accounts evidenced by an instrument.

5 (30) "Document" means a document of title or a receipt
6 of the type described in Section 7-201(b) ~~7-201(2)~~.

7 (31) "Electronic chattel paper" means chattel paper
8 evidenced by a record or records consisting of information
9 stored in an electronic medium.

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

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

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

18 (A) crops grown, growing, or to be grown,
19 including:

20 (i) crops produced on trees, vines, and
21 bushes; and

22 (ii) aquatic goods produced in aquacultural
23 operations;

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

26 (C) supplies used or produced in a farming
27 operation; or

28 (D) products of crops or livestock in their
29 unmanufactured states.

30 (35) "Farming operation" means raising, cultivating,
31 propagating, fattening, grazing, or any other farming,
32 livestock, or aquacultural operation.

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

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

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

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

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

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

14 (42) "General intangible" means any personal property,
15 including things in action, other than accounts, chattel
16 paper, commercial tort claims, deposit accounts,
17 documents, goods, instruments, investment property,
18 letter-of-credit rights, letters of credit, money, and
19 oil, gas, or other minerals before extraction. The term
20 includes payment 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
27 removed under a conveyance or contract for sale, (iii) the
28 unborn young of animals, (iv) crops grown, growing, or to
29 be grown, even if the crops are produced on trees, vines,
30 or bushes, and (v) manufactured homes. The term also
31 includes a computer program embedded in goods and any
32 supporting information provided in connection with a
33 transaction relating to the program if (i) the program is
34 associated with the goods in such a manner that it
35 customarily is considered part of the goods, or (ii) by
36 becoming the owner of the goods, a person acquires a right

1 to use the program in connection with the goods. The term
2 does not include a computer program embedded in goods that
3 consist solely of the medium in which the program is
4 embedded. The term also does not include accounts, chattel
5 paper, commercial tort claims, deposit accounts,
6 documents, general intangibles, instruments, investment
7 property, letter-of-credit rights, letters of credit,
8 money, or oil, gas, or other minerals before extraction.

9 (45) "Governmental unit" means a subdivision, agency,
10 department, county, parish, municipality, or other unit of
11 the government of the United States, a State, or a foreign
12 country. The term includes an organization having a
13 separate corporate existence if the organization is
14 eligible to issue debt on which interest is exempt from
15 income taxation under the laws of the United States.

16 (46) "Health-care-insurance receivable" means an
17 interest in or claim under a policy of insurance which is a
18 right to payment of a monetary obligation for health-care
19 goods or services provided.

20 (47) "Instrument" means a negotiable instrument or any
21 other writing that evidences a right to the payment of a
22 monetary obligation, is not itself a security agreement or
23 lease, and is of a type that in ordinary course of business
24 is transferred by delivery with any necessary indorsement
25 or assignment. The term does not include (i) investment
26 property, (ii) letters of credit, (iii) nonnegotiable
27 certificates of deposit, (iv) uncertificated certificates
28 of deposit, (v) nontransferrable certificates of deposit,
29 or (vi) writings that evidence a right to payment arising
30 out of the use of a credit or charge card or information
31 contained on or for use with the card.

32 (48) "Inventory" means goods, other than farm
33 products, which:

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

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

1 (C) are furnished by a person under a contract of
2 service; or

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

5 (49) "Investment property" means a security, whether
6 certificated or uncertificated, security entitlement,
7 securities account, commodity contract, or commodity
8 account.

9 (50) "Jurisdiction of organization", with respect to a
10 registered organization, means the jurisdiction under
11 whose law the organization is organized.

12 (51) "Letter-of-credit right" means a right to payment
13 or performance under a letter of credit, whether or not the
14 beneficiary has demanded or is at the time entitled to
15 demand payment or performance. The term does not include
16 the right of a beneficiary to demand payment or performance
17 under a letter of credit.

18 (52) "Lien creditor" means:

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

21 (B) an assignee for benefit of creditors from the
22 time of assignment;

23 (C) a trustee in bankruptcy from the date of the
24 filing of the petition; or

25 (D) a receiver in equity from the time of
26 appointment.

27 (53) "Manufactured home" means a structure,
28 transportable in one or more sections, which, in the
29 traveling mode, is eight body feet or more in width or 40
30 body feet or more in length, or, when erected on site, is
31 320 or more square feet, and which is built on a permanent
32 chassis and designed to be used as a dwelling with or
33 without a permanent foundation when connected to the
34 required utilities, and includes the plumbing, heating,
35 air-conditioning, and electrical systems contained
36 therein. The term includes any structure that meets all of

1 the requirements of this paragraph except the size
2 requirements and with respect to which the manufacturer
3 voluntarily files a certification required by the United
4 States Secretary of Housing and Urban Development and
5 complies with the standards established under Title 42 of
6 the United States Code.

7 (54) "Manufactured-home transaction" means a secured
8 transaction:

9 (A) that creates a purchase-money security
10 interest in a manufactured home, other than a
11 manufactured home held as inventory; or

12 (B) in which a manufactured home, other than a
13 manufactured home held as inventory, is the primary
14 collateral.

15 (55) "Mortgage" means a consensual interest in real
16 property, including fixtures, which secures payment or
17 performance of an obligation.

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

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

26 (58) "Noncash proceeds" means proceeds other than cash
27 proceeds.

28 (59) "Obligor" means a person that, with respect to an
29 obligation secured by a security interest in or an
30 agricultural lien on the collateral, (i) owes payment or
31 other performance of the obligation, (ii) has provided
32 property other than the collateral to secure payment or
33 other performance of the obligation, or (iii) is otherwise
34 accountable in whole or in part for payment or other
35 performance of the obligation. The term does not include
36 issuers or nominated persons under a letter of credit.

1 (60) "Original debtor", except as used in Section
2 9-310(c), means a person that, as debtor, entered into a
3 security agreement to which a new debtor has become bound
4 under Section 9-203(d).

5 (61) "Payment intangible" means a general intangible
6 under which the account debtor's principal obligation is a
7 monetary obligation.

8 (62) "Person related to", with respect to an
9 individual, means:

10 (A) the spouse of the individual;

11 (B) a brother, brother-in-law, sister, or
12 sister-in-law of the individual;

13 (C) an ancestor or lineal descendant of the
14 individual or the individual's spouse; or

15 (D) any other relative, by blood or marriage, of
16 the individual or the individual's spouse who shares
17 the same home with the individual.

18 (63) "Person related to", with respect to an
19 organization, means:

20 (A) a person directly or indirectly controlling,
21 controlled by, or under common control with the
22 organization;

23 (B) an officer or director of, or a person
24 performing similar functions with respect to, the
25 organization;

26 (C) an officer or director of, or a person
27 performing similar functions with respect to, a person
28 described in subparagraph (A);

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

31 (E) an individual who is related by blood or
32 marriage to an individual described in subparagraph
33 (A), (B), (C), or (D) and shares the same home with the
34 individual.

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

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

3 (B) whatever is collected on, or distributed on
4 account of, collateral;

5 (C) rights arising out of collateral;

6 (D) to the extent of the value of collateral,
7 claims arising out of the loss, nonconformity, or
8 interference with the use of, defects or infringement
9 of rights in, or damage to, the collateral; or

10 (E) to the extent of the value of collateral and to
11 the extent payable to the debtor or the secured party,
12 insurance payable by reason of the loss or
13 nonconformity of, defects or infringement of rights
14 in, or damage to, the collateral.

15 (65) "Promissory note" means an instrument that
16 evidences a promise to pay a monetary obligation, does not
17 evidence an order to pay, and does not contain an
18 acknowledgment by a bank that the bank has received for
19 deposit a sum of money or funds.

20 (66) "Proposal" means a record authenticated by a
21 secured party which includes the terms on which the secured
22 party is willing to accept collateral in full or partial
23 satisfaction of the obligation it secures pursuant to
24 Sections 9-620, 9-621, and 9-622.

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

27 (A) debt securities are issued;

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

30 (C) the debtor, obligor, secured party, account
31 debtor or other person obligated on collateral,
32 assignor or assignee of a secured obligation, or
33 assignor or assignee of a security interest is a State
34 or a governmental unit of a State.

35 (68) "Pursuant to commitment", with respect to an
36 advance made or other value given by a secured party, means

1 pursuant to the secured party's obligation, whether or not
2 a subsequent event of default or other event not within the
3 secured party's control has relieved or may relieve the
4 secured party from its obligation.

5 (69) "Record", except as used in "for record", "of
6 record", "record or legal title", and "record owner", means
7 information that is inscribed on a tangible medium or which
8 is stored in an electronic or other medium and is
9 retrievable in perceivable form.

10 (70) "Registered organization" means an organization
11 organized solely under the law of a single State or the
12 United States and as to which the State or the United
13 States must maintain a public record showing the
14 organization to have been organized.

15 (71) "Secondary obligor" means an obligor to the extent
16 that:

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

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

21 (72) "Secured party" means:

22 (A) a person in whose favor a security interest is
23 created or provided for under a security agreement,
24 whether or not any obligation to be secured is
25 outstanding;

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

27 (C) a consignor;

28 (D) a person to which accounts, chattel paper,
29 payment intangibles, or promissory notes have been
30 sold;

31 (E) a trustee, indenture trustee, agent,
32 collateral agent, or other representative in whose
33 favor a security interest or agricultural lien is
34 created or provided for; or

35 (F) a person that holds a security interest arising
36 under Section 2-401, 2-505, 2-711(3), 2A-508(5),

1 4-210, or 5-118.

2 (73) "Security agreement" means an agreement that
3 creates or provides for a security interest.

4 (74) "Send", in connection with a record or
5 notification, means:

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

11 (B) to cause the record or notification to be
12 received within the time that it would have been
13 received if properly sent under subparagraph (A).

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

19 (76) "State" means a State of the United States, the
20 District of Columbia, Puerto Rico, the United States Virgin
21 Islands, or any territory or insular possession subject to
22 the jurisdiction of the United States.

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

27 (78) "Tangible chattel paper" means chattel paper
28 evidenced by a record or records consisting of information
29 that is inscribed on a tangible medium.

30 (79) "Termination statement" means an amendment of a
31 financing statement which:

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

34 (B) indicates either that it is a termination
35 statement or that the identified financing statement
36 is no longer effective.

1 (80) "Transmitting utility" means a person primarily
2 engaged in the business of:

3 (A) operating a railroad, subway, street railway,
4 or trolley bus;

5 (B) transmitting communications electrically,
6 electromagnetically, or by light;

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

8 (D) transmitting or producing and transmitting
9 electricity, steam, gas, or water.

10 (b) Definitions in other Articles. "Control" as provided in
11 Section 7-106 and the ~~The~~ following definitions in other
12 Articles apply to this Article:

13 "Applicant". Section 5-102.

14 "Beneficiary". Section 5-102.

15 "Broker". Section 8-102.

16 "Certificated security". Section 8-102.

17 "Check". Section 3-104.

18 "Clearing corporation". Section 8-102.

19 "Contract for sale". Section 2-106.

20 "Customer". Section 4-104.

21 "Entitlement holder". Section 8-102.

22 "Financial asset". Section 8-102.

23 "Holder in due course". Section 3-302.

24 "Issuer" (with respect to a letter of credit or
25 letter-of-credit right). Section 5-102.

26 "Issuer" (with respect to a security). Section 8-201.

27 "Issuer" (with respect to documents of title). Section
28 7-102.

29 "Lease". Section 2A-103.

30 "Lease agreement". Section 2A-103.

31 "Lease contract". Section 2A-103.

32 "Leasehold interest". Section 2A-103.

33 "Lessee". Section 2A-103.

34 "Lessee in ordinary course of business". Section 2A-103.

35 "Lessor". Section 2A-103.

36 "Lessor's residual interest". Section 2A-103.

1 "Letter of credit". Section 5-102.
2 "Merchant". Section 2-104.
3 "Negotiable instrument". Section 3-104.
4 "Nominated person". Section 5-102.
5 "Note". Section 3-104.
6 "Proceeds of a letter of credit". Section 5-114.
7 "Prove". Section 3-103.
8 "Sale". Section 2-106.
9 "Securities account". Section 8-501.
10 "Securities intermediary". Section 8-102.
11 "Security". Section 8-102.
12 "Security certificate". Section 8-102.
13 "Security entitlement". Section 8-102.
14 "Uncertificated security". Section 8-102.

15 (c) Article 1 definitions and principles. Article 1
16 contains general definitions and principles of construction
17 and interpretation applicable throughout this Article.

18 (Source: P.A. 91-893, eff. 7-1-01; 92-819, eff. 8-21-02.)

19 (810 ILCS 5/9-203) (from Ch. 26, par. 9-203)

20 Sec. 9-203. Attachment and enforceability of security
21 interest; proceeds; supporting obligations; formal requisites.

22 (a) Attachment. A security interest attaches to collateral
23 when it becomes enforceable against the debtor with respect to
24 the collateral, unless an agreement expressly postpones the
25 time of attachment.

26 (b) Enforceability. Except as otherwise provided in
27 subsections (c) through (i), a security interest is enforceable
28 against the debtor and third parties with respect to the
29 collateral only if:

30 (1) value has been given;

31 (2) the debtor has rights in the collateral or the
32 power to transfer rights in the collateral to a secured
33 party; and

34 (3) one of the following conditions is met:

35 (A) the debtor has authenticated a security

1 agreement that provides a description of the
2 collateral and, if the security interest covers timber
3 to be cut, a description of the land concerned;

4 (B) the collateral is not a certificated security
5 and is in the possession of the secured party under
6 Section 9-313 pursuant to the debtor's security
7 agreement;

8 (C) the collateral is a certificated security in
9 registered form and the security certificate has been
10 delivered to the secured party under Section 8-301
11 pursuant to the debtor's security agreement; or

12 (D) the collateral is deposit accounts, electronic
13 chattel paper, investment property, ~~or~~
14 letter-of-credit rights, or electronic documents, and
15 the secured party has control under Section 7-106,
16 9-104, 9-105, 9-106, or 9-107 pursuant to the debtor's
17 security agreement.

18 (c) Other UCC provisions. Subsection (b) is subject to
19 Section 4-210 on the security interest of a collecting bank,
20 Section 5-118 on the security interest of a letter-of-credit
21 issuer or nominated person, Section 9-110 on a security
22 interest arising under Article 2 or 2A, and Section 9-206 on
23 security interests in investment property.

24 (d) When person becomes bound by another person's security
25 agreement. A person becomes bound as debtor by a security
26 agreement entered into by another person if, by operation of
27 law other than this Article or by contract:

28 (1) the security agreement becomes effective to create
29 a security interest in the person's property; or

30 (2) the person becomes generally obligated for the
31 obligations of the other person, including the obligation
32 secured under the security agreement, and acquires or
33 succeeds to all or substantially all of the assets of the
34 other person.

35 (e) Effect of new debtor becoming bound. If a new debtor
36 becomes bound as debtor by a security agreement entered into by

1 another person:

2 (1) the agreement satisfies subsection (b)(3) with
3 respect to existing or after-acquired property of the new
4 debtor to the extent the property is described in the
5 agreement; and

6 (2) another agreement is not necessary to make a
7 security interest in the property enforceable.

8 (f) Proceeds and supporting obligations. The attachment of
9 a security interest in collateral gives the secured party the
10 rights to proceeds provided by Section 9-315 and is also
11 attachment of a security interest in a supporting obligation
12 for the collateral.

13 (g) Lien securing right to payment. The attachment of a
14 security interest in a right to payment or performance secured
15 by a security interest or other lien on personal or real
16 property is also attachment of a security interest in the
17 security interest, mortgage, or other lien.

18 (h) Security entitlement carried in securities account.
19 The attachment of a security interest in a securities account
20 is also attachment of a security interest in the security
21 entitlements carried in the securities account.

22 (i) Commodity contracts carried in commodity account. The
23 attachment of a security interest in a commodity account is
24 also attachment of a security interest in the commodity
25 contracts carried in the commodity account.

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

27 (810 ILCS 5/9-207) (from Ch. 26, par. 9-207)

28 Sec. 9-207. Rights and duties of secured party having
29 possession or control of collateral.

30 (a) Duty of care when secured party in possession. Except
31 as otherwise provided in subsection (d), a secured party shall
32 use reasonable care in the custody and preservation of
33 collateral in the secured party's possession. In the case of
34 chattel paper or an instrument, reasonable care includes taking
35 necessary steps to preserve rights against prior parties unless

1 otherwise agreed.

2 (b) Expenses, risks, duties, and rights when secured party
3 in possession. Except as otherwise provided in subsection (d),
4 if a secured party has possession of collateral:

5 (1) reasonable expenses, including the cost of
6 insurance and payment of taxes or other charges, incurred
7 in the custody, preservation, use, or operation of the
8 collateral are chargeable to the debtor and are secured by
9 the collateral;

10 (2) the risk of accidental loss or damage is on the
11 debtor to the extent of a deficiency in any effective
12 insurance coverage;

13 (3) the secured party shall keep the collateral
14 identifiable, but fungible collateral may be commingled;
15 and

16 (4) the secured party may use or operate the
17 collateral:

18 (A) for the purpose of preserving the collateral or
19 its value;

20 (B) as permitted by an order of a court having
21 competent jurisdiction; or

22 (C) except in the case of consumer goods, in the
23 manner and to the extent agreed by the debtor.

24 (c) Duties and rights when secured party in possession or
25 control. Except as otherwise provided in subsection (d), a
26 secured party having possession of collateral or control of
27 collateral under Section 7-106, 9-104, 9-105, 9-106, or 9-107:

28 (1) may hold as additional security any proceeds,
29 except money or funds, received from the collateral;

30 (2) shall apply money or funds received from the
31 collateral to reduce the secured obligation, unless
32 remitted to the debtor; and

33 (3) may create a security interest in the collateral.

34 (d) Buyer of certain rights to payment. If the secured
35 party is a buyer of accounts, chattel paper, payment
36 intangibles, or promissory notes or a consignor:

1 (1) subsection (a) does not apply unless the secured
2 party is entitled under an agreement:

3 (A) to charge back uncollected collateral; or

4 (B) otherwise to full or limited recourse against
5 the debtor or a secondary obligor based on the
6 nonpayment or other default of an account debtor or
7 other obligor on the collateral; and

8 (2) subsections (b) and (c) do not apply.

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

10 (810 ILCS 5/9-208) (from Ch. 26, par. 9-208)

11 Sec. 9-208. Additional duties of secured party having
12 control of collateral.

13 (a) Applicability of Section. This Section applies to cases
14 in which there is no outstanding secured obligation and the
15 secured party is not committed to make advances, incur
16 obligations, or otherwise give value.

17 (b) Duties of secured party after receiving demand from
18 debtor. Within 10 days after receiving an authenticated demand
19 by the debtor:

20 (1) a secured party having control of a deposit account
21 under Section 9-104(a) (2) shall send to the bank with which
22 the deposit account is maintained an authenticated
23 statement that releases the bank from any further
24 obligation to comply with instructions originated by the
25 secured party;

26 (2) a secured party having control of a deposit account
27 under Section 9-104(a) (3) shall:

28 (A) pay the debtor the balance on deposit in the
29 deposit account; or

30 (B) transfer the balance on deposit into a deposit
31 account in the debtor's name;

32 (3) a secured party, other than a buyer, having control
33 of electronic chattel paper under Section 9-105 shall:

34 (A) communicate the authoritative copy of the
35 electronic chattel paper to the debtor or its

1 designated custodian;

2 (B) if the debtor designates a custodian that is
3 the designated custodian with which the authoritative
4 copy of the electronic chattel paper is maintained for
5 the secured party, communicate to the custodian an
6 authenticated record releasing the designated
7 custodian from any further obligation to comply with
8 instructions originated by the secured party and
9 instructing the custodian to comply with instructions
10 originated by the debtor; and

11 (C) take appropriate action to enable the debtor or
12 its designated custodian to make copies of or revisions
13 to the authoritative copy which add or change an
14 identified assignee of the authoritative copy without
15 the consent of the secured party;

16 (4) a secured party having control of investment
17 property under Section 8-106(d) (2) or 9-106(b) shall send
18 to the securities intermediary or commodity intermediary
19 with which the security entitlement or commodity contract
20 is maintained an authenticated record that releases the
21 securities intermediary or commodity intermediary from any
22 further obligation to comply with entitlement orders or
23 directions originated by the secured party; ~~and~~

24 (5) a secured party having control of a
25 letter-of-credit right under Section 9-107 shall send to
26 each person having an unfulfilled obligation to pay or
27 deliver proceeds of the letter of credit to the secured
28 party an authenticated release from any further obligation
29 to pay or deliver proceeds of the letter of credit to the
30 secured party; and.

31 (6) a secured party having control of an electronic
32 document shall:

33 (A) give control of the electronic document to the
34 debtor or its designated custodian;

35 (B) if the debtor designates a custodian that is
36 the designated custodian with which the authoritative

1 copy of the electronic document is maintained for the
2 secured party, communicate to the custodian an
3 authenticated record releasing the designated
4 custodian from any further obligation to comply with
5 instructions originated by the secured party and
6 instructing the custodian to comply with instructions
7 originated by the debtor; and

8 (C) take appropriate action to enable the debtor or
9 its designated custodian to make copies of or revisions
10 to the authoritative copy which add or change an
11 identified assignee of the authoritative copy without
12 the consent of the secured party.

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

14 (810 ILCS 5/9-301) (from Ch. 26, par. 9-301)

15 Sec. 9-301. Law governing perfection and priority of
16 security interests. Except as otherwise provided in Sections
17 9-303 through 9-306.1, the following rules determine the law
18 governing perfection, the effect of perfection or
19 nonperfection, and the priority of a security interest in
20 collateral:

21 (1) Except as otherwise provided in this Section, while
22 a debtor is located in a jurisdiction, the local law of
23 that jurisdiction governs perfection, the effect of
24 perfection or nonperfection, and the priority of a security
25 interest in collateral.

26 (2) While collateral is located in a jurisdiction, the
27 local law of that jurisdiction governs perfection, the
28 effect of perfection or nonperfection, and the priority of
29 a possessory security interest in that collateral.

30 (3) Except as otherwise provided in paragraph (4),
31 while tangible negotiable documents, goods, instruments,
32 money, or tangible chattel paper is located in a
33 jurisdiction, the local law of that jurisdiction governs:

34 (A) perfection of a security interest in the goods
35 by filing a fixture filing;

1 (B) perfection of a security interest in timber to
2 be cut; and

3 (C) the effect of perfection or nonperfection and
4 the priority of a nonpossessory security interest in
5 the collateral.

6 (4) The local law of the jurisdiction in which the
7 wellhead or minehead is located governs perfection, the
8 effect of perfection or nonperfection, and the priority of
9 a security interest in as-extracted collateral.

10 (Source: P.A. 91-893, eff. 7-1-01; 92-234, eff. 1-1-02.)

11 (810 ILCS 5/9-310) (from Ch. 26, par. 9-310)

12 Sec. 9-310. When filing required to perfect security
13 interest or agricultural lien; security interests and
14 agricultural liens to which filing provisions do not apply.

15 (a) General rule: perfection by filing. Except as otherwise
16 provided in subsection (b) and Section 9-312(b), a financing
17 statement must be filed to perfect all security interests and
18 agricultural liens.

19 (b) Exceptions: filing not necessary. The filing of a
20 financing statement is not necessary to perfect a security
21 interest:

22 (1) that is perfected under Section 9-308(d), (e), (f),
23 or (g);

24 (2) that is perfected under Section 9-309 when it
25 attaches;

26 (3) in property subject to a statute, regulation, or
27 treaty described in Section 9-311(a);

28 (4) in goods in possession of a bailee which is
29 perfected under Section 9-312(d) (1) or (2);

30 (5) in certificated securities, documents, goods, or
31 instruments which is perfected without filing, control, or
32 possession under Section 9-312(e), (f), or (g);

33 (6) in collateral in the secured party's possession
34 under Section 9-313;

35 (7) in a certificated security which is perfected by

1 delivery of the security certificate to the secured party
2 under Section 9-313;

3 (8) in deposit accounts, electronic chattel paper,
4 electronic documents, investment property,
5 letter-of-credit rights, or beneficial interests in
6 Illinois land trusts which is perfected by control under
7 Section 9-314;

8 (9) in proceeds which is perfected under Section 9-315;
9 or

10 (10) that is perfected under Section 9-316.

11 (c) Assignment of perfected security interest. If a secured
12 party assigns a perfected security interest or agricultural
13 lien, a filing under this Article is not required to continue
14 the perfected status of the security interest against creditors
15 of and transferees from the original debtor.

16 (Source: P.A. 91-893, eff. 7-1-01; 92-234, eff. 1-1-02.)

17 (810 ILCS 5/9-312) (from Ch. 26, par. 9-312)

18 Sec. 9-312. Perfection of security interests in chattel
19 paper, deposit accounts, documents, goods covered by
20 documents, instruments, investment property, letter-of-credit
21 rights, and money; perfection by permissive filing; temporary
22 perfection without filing or transfer of possession.

23 (a) Perfection by filing permitted. A security interest in
24 chattel paper, negotiable documents, instruments, beneficial
25 interests in Illinois land trusts, or investment property may
26 be perfected by filing.

27 (b) Control or possession of certain collateral. Except as
28 otherwise provided in Section 9-315(c) and (d) for proceeds:

29 (1) a security interest in a deposit account may be
30 perfected only by control under Section 9-314;

31 (2) and except as otherwise provided in Section
32 9-308(d), a security interest in a letter-of-credit right
33 may be perfected only by control under Section 9-314; and

34 (3) a security interest in money may be perfected only
35 by the secured party's taking possession under Section

1 9-313.

2 (c) Goods covered by negotiable document. While goods are
3 in the possession of a bailee that has issued a negotiable
4 document covering the goods:

5 (1) a security interest in the goods may be perfected
6 by perfecting a security interest in the document; and

7 (2) a security interest perfected in the document has
8 priority over any security interest that becomes perfected
9 in the goods by another method during that time.

10 (d) Goods covered by nonnegotiable document. While goods
11 are in the possession of a bailee that has issued a
12 nonnegotiable document covering the goods, a security interest
13 in the goods may be perfected by:

14 (1) issuance of a document in the name of the secured
15 party;

16 (2) the bailee's receipt of notification of the secured
17 party's interest; or

18 (3) filing as to the goods.

19 (e) Temporary perfection: new value. A security interest in
20 certificated securities, negotiable documents, or instruments
21 is perfected without filing or the taking of possession or
22 control for a period of 20 days from the time it attaches to
23 the extent that it arises for new value given under an
24 authenticated security agreement.

25 (f) Temporary perfection: goods or documents made
26 available to debtor. A perfected security interest in a
27 negotiable document or goods in possession of a bailee, other
28 than one that has issued a negotiable document for the goods,
29 remains perfected for 20 days without filing if the secured
30 party makes available to the debtor the goods or documents
31 representing the goods for the purpose of:

32 (1) ultimate sale or exchange; or

33 (2) loading, unloading, storing, shipping,
34 transshipping, manufacturing, processing, or otherwise
35 dealing with them in a manner preliminary to their sale or
36 exchange.

1 (g) Temporary perfection: delivery of security certificate
2 or instrument to debtor. A perfected security interest in a
3 certificated security or instrument remains perfected for 20
4 days without filing if the secured party delivers the security
5 certificate or instrument to the debtor for the purpose of:

6 (1) ultimate sale or exchange; or

7 (2) presentation, collection, enforcement, renewal, or
8 registration of transfer.

9 (h) Expiration of temporary perfection. After the 20-day
10 period specified in subsection (e), (f), or (g) expires,
11 perfection depends upon compliance with this Article.

12 (Source: P.A. 91-893, eff. 7-1-01; 92-234, eff. 1-1-02.)

13 (810 ILCS 5/9-313) (from Ch. 26, par. 9-313)

14 Sec. 9-313. When possession by or delivery to secured party
15 perfects security interest without filing.

16 (a) Perfection by possession or delivery. Except as
17 otherwise provided in subsection (b), a secured party may
18 perfect a security interest in tangible negotiable documents,
19 goods, instruments, money, or tangible chattel paper by taking
20 possession of the collateral. A secured party may perfect a
21 security interest in certificated securities by taking
22 delivery of the certificated securities under Section 8-301.

23 (b) Goods covered by certificate of title. With respect to
24 goods covered by a certificate of title issued by this State, a
25 secured party may perfect a security interest in the goods by
26 taking possession of the goods only in the circumstances
27 described in Section 9-316(d).

28 (c) Collateral in possession of person other than debtor.
29 With respect to collateral other than certificated securities
30 and goods covered by a document, a secured party takes
31 possession of collateral in the possession of a person other
32 than the debtor, the secured party, or a lessee of the
33 collateral from the debtor in the ordinary course of the
34 debtor's business, when:

35 (1) the person in possession authenticates a record

1 acknowledging that it holds possession of the collateral
2 for the secured party's benefit; or

3 (2) the person takes possession of the collateral after
4 having authenticated a record acknowledging that it will
5 hold possession of collateral for the secured party's
6 benefit.

7 (d) Time of perfection by possession; continuation of
8 perfection. If perfection of a security interest depends upon
9 possession of the collateral by a secured party, perfection
10 occurs no earlier than the time the secured party takes
11 possession and continues only while the secured party retains
12 possession.

13 (e) Time of perfection by delivery; continuation of
14 perfection. A security interest in a certificated security in
15 registered form is perfected by delivery when delivery of the
16 certificated security occurs under Section 8-301 and remains
17 perfected by delivery until the debtor obtains possession of
18 the security certificate.

19 (f) Acknowledgment not required. A person in possession of
20 collateral is not required to acknowledge that it holds
21 possession for a secured party's benefit.

22 (g) Effectiveness of acknowledgment; no duties or
23 confirmation. If a person acknowledges that it holds possession
24 for the secured party's benefit:

25 (1) the acknowledgment is effective under subsection
26 (c) or Section 8-301(a), even if the acknowledgment
27 violates the rights of a debtor; and

28 (2) unless the person otherwise agrees or law other
29 than this Article otherwise provides, the person does not
30 owe any duty to the secured party and is not required to
31 confirm the acknowledgment to another person.

32 (h) Secured party's delivery to person other than debtor. A
33 secured party having possession of collateral does not
34 relinquish possession by delivering the collateral to a person
35 other than the debtor or a lessee of the collateral from the
36 debtor in the ordinary course of the debtor's business if the

1 person was instructed before the delivery or is instructed
2 contemporaneously with the delivery:

3 (1) to hold possession of the collateral for the
4 secured party's benefit; or

5 (2) to redeliver the collateral to the secured party.

6 (i) Effect of delivery under subsection (h); no duties or
7 confirmation. A secured party does not relinquish possession,
8 even if a delivery under subsection (h) violates the rights of
9 a debtor. A person to which collateral is delivered under
10 subsection (h) does not owe any duty to the secured party and
11 is not required to confirm the delivery to another person
12 unless the person otherwise agrees or law other than this
13 Article otherwise provides.

14 (Source: P.A. 91-357, eff. 7-29-99; 91-893, eff. 7-1-01.)

15 (810 ILCS 5/9-314) (from Ch. 26, par. 9-314)

16 Sec. 9-314. Perfection by control.

17 (a) Perfection by control. A security interest in
18 investment property, deposit accounts, electronic chattel
19 paper, letter-of-credit rights, electronic documents, or
20 beneficial interests in Illinois land trusts may be perfected
21 by control of the collateral under Section 7-106, 9-104, 9-105,
22 9-106, 9-107, or 9-107.1.

23 (b) Specified collateral: time of perfection by control;
24 continuation of perfection. A security interest in deposit
25 accounts, electronic chattel paper, letter-of-credit rights,
26 electronic documents, or beneficial interests in Illinois land
27 trusts is perfected by control under Section 7-106, 9-104,
28 9-105, 9-107, or 9-107.1 when the secured party obtains control
29 and remains perfected by control only while the secured party
30 retains control.

31 (c) Investment property: time of perfection by control;
32 continuation of perfection. A security interest in investment
33 property is perfected by control under Section 9-106 from the
34 time the secured party obtains control and remains perfected by
35 control until:

1 (1) the secured party does not have control; and

2 (2) one of the following occurs:

3 (A) if the collateral is a certificated security,
4 the debtor has or acquires possession of the security
5 certificate;

6 (B) if the collateral is an uncertificated
7 security, the issuer has registered or registers the
8 debtor as the registered owner; or

9 (C) if the collateral is a security entitlement,
10 the debtor is or becomes the entitlement holder.

11 (Source: P.A. 91-893, eff. 7-1-01; 92-234, eff. 1-1-02.)

12 (810 ILCS 5/9-317) (from Ch. 26, par. 9-317)

13 Sec. 9-317. Interests that take priority over or take free
14 of security interest or agricultural lien.

15 (a) Conflicting security interests and rights of lien
16 creditors. A security interest or agricultural lien is
17 subordinate to the rights of:

18 (1) a person entitled to priority under Section 9-322;
19 and

20 (2) except as otherwise provided in subsection (e) or
21 (f), a person that becomes a lien creditor before the
22 earlier of the time:

23 (A) the security interest or agricultural lien is
24 perfected; or

25 (B) one of the conditions specified in Section
26 9-203(b) (3) is met and a financing statement covering
27 the collateral is filed.

28 (b) Buyers that receive delivery. Except as otherwise
29 provided in subsection (e), a buyer, other than a secured
30 party, of tangible chattel paper, tangible documents, goods,
31 instruments, or a security certificate takes free of a security
32 interest or agricultural lien if the buyer gives value and
33 receives delivery of the collateral without knowledge of the
34 security interest or agricultural lien and before it is
35 perfected.

1 (c) Lessees that receive delivery. Except as otherwise
2 provided in subsection (e), a lessee of goods takes free of a
3 security interest or agricultural lien if the lessee gives
4 value and receives delivery of the collateral without knowledge
5 of the security interest or agricultural lien and before it is
6 perfected.

7 (d) Licensees and buyers of certain collateral. A licensee
8 of a general intangible or a buyer, other than a secured party,
9 of accounts, electronic chattel paper, electronic documents,
10 general intangibles, or investment property other than a
11 certificated security takes free of a security interest if the
12 licensee or buyer gives value without knowledge of the security
13 interest and before it is perfected.

14 (e) Purchase-money security interest. Except as otherwise
15 provided in Sections 9-320 and 9-321, if a person files a
16 financing statement with respect to a purchase-money security
17 interest before or within 20 days after the debtor receives
18 delivery of the collateral, the security interest takes
19 priority over the rights of a buyer, lessee, or lien creditor
20 which arise between the time the security interest attaches and
21 the time of filing.

22 (f) Public deposits. An unperfected security interest
23 shall take priority over the rights of a lien creditor if (i)
24 the lien creditor is a trustee or receiver of a bank or acting
25 in furtherance of its supervisory authority over such bank and
26 (ii) a security interest is granted by the bank to secure a
27 deposit of public funds with the bank or a repurchase agreement
28 with the bank pursuant to the Government Securities Act of
29 1986, as amended.

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

31 (810 ILCS 5/9-338)

32 Sec. 9-338. Priority of security interest or agricultural
33 lien perfected by filed financing statement providing certain
34 incorrect information. If a security interest or agricultural
35 lien is perfected by a filed financing statement providing

1 information described in Section 9-516(b)(5) which is
2 incorrect at the time the financing statement is filed:

3 (1) the security interest or agricultural lien is
4 subordinate to a conflicting perfected security interest
5 in the collateral to the extent that the holder of the
6 conflicting security interest gives value in reasonable
7 reliance upon the incorrect information; and

8 (2) a purchaser, other than a secured party, of the
9 collateral takes free of the security interest or
10 agricultural lien to the extent that, in reasonable
11 reliance upon the incorrect information, the purchaser
12 gives value and, in the case of tangible chattel paper,
13 tangible documents, goods, instruments, or a security
14 certificate, receives delivery of the collateral.

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

16 (810 ILCS 5/9-601)

17 Sec. 9-601. Rights after default; judicial enforcement;
18 consignor or buyer of accounts, chattel paper, payment
19 intangibles, or promissory notes.

20 (a) Rights of secured party after default. After default, a
21 secured party has the rights provided in this Part and, except
22 as otherwise provided in Section 9-602, those provided by
23 agreement of the parties. A secured party:

24 (1) may reduce a claim to judgment, foreclose, or
25 otherwise enforce the claim, security interest, or
26 agricultural lien by any available judicial procedure; and

27 (2) if the collateral is documents, may proceed either
28 as to the documents or as to the goods they cover.

29 (b) Rights and duties of secured party in possession or
30 control. A secured party in possession of collateral or control
31 of collateral under Section 7-106, 9-104, 9-105, 9-106, or
32 9-107 has the rights and duties provided in Section 9-207.

33 (c) Rights cumulative; simultaneous exercise. The rights
34 under subsections (a) and (b) are cumulative and may be
35 exercised simultaneously.

1 (d) Rights of debtor and obligor. Except as otherwise
2 provided in subsection (g) and Section 9-605, after default, a
3 debtor and an obligor have the rights provided in this Part and
4 by agreement of the parties.

5 (e) Lien of levy after judgment. If a secured party has
6 reduced its claim to judgment, the lien of any levy that may be
7 made upon the collateral by virtue of a judgment relates back
8 to the earliest of:

9 (1) the date of perfection of the security interest or
10 agricultural lien in the collateral;

11 (2) the date of filing a financing statement covering
12 the collateral; or

13 (3) any date specified in a statute under which the
14 agricultural lien was created.

15 (f) Execution sale. A sale pursuant to a judgment is a
16 foreclosure of the security interest or agricultural lien by
17 judicial procedure within the meaning of this Section. A
18 secured party may purchase at the sale and thereafter hold the
19 collateral free of any other requirements of this Article.

20 (g) Consignor or buyer of certain rights to payment. Except
21 as otherwise provided in Section 9-607(c), this Part imposes no
22 duties upon a secured party that is a consignor or is a buyer
23 of accounts, chattel paper, payment intangibles, or promissory
24 notes.

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

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