

94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

SB1647

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

SYNOPSIS AS INTRODUCED:

810 ILCS 5/Art. 1 Pt. 1 heading	
810 ILCS 5/1-101	from Ch. 26, par. 1-101
810 ILCS 5/1-102	from Ch. 26, par. 1-102
810 ILCS 5/1-103	from Ch. 26, par. 1-103
810 ILCS 5/1-104	from Ch. 26, par. 1-104
810 ILCS 5/1-105	from Ch. 26, par. 1-105
810 ILCS 5/1-106	from Ch. 26, par. 1-106
810 ILCS 5/1-107	from Ch. 26, par. 1-107
810 ILCS 5/1-108	from Ch. 26, par. 1-108
810 ILCS 5/1-109	from Ch. 26, par. 1-109
810 ILCS 5/Art. 1 Pt. 2 heading	
810 ILCS 5/1-201	from Ch. 26, par. 1-201
810 ILCS 5/1-202	from Ch. 26, par. 1-202
810 ILCS 5/1-203	from Ch. 26, par. 1-203
810 ILCS 5/1-204	from Ch. 26, par. 1-204
810 ILCS 5/1-205	from Ch. 26, par. 1-205
810 ILCS 5/1-206	from Ch. 26, par. 1-206
810 ILCS 5/1-207	from Ch. 26, par. 1-207
810 ILCS 5/1-208	from Ch. 26, par. 1-208
810 ILCS 5/1-209	from Ch. 26, par. 1-209
810 ILCS 5/Art. 1 Pt. 3 heading new	
810 ILCS 5/1-301 new	
810 ILCS 5/1-302 new	
810 ILCS 5/1-303 new	
810 ILCS 5/1-304 new	
810 ILCS 5/1-305 new	
810 ILCS 5/1-306 new	
810 ILCS 5/1-307 new	
810 ILCS 5/1-308 new	
810 ILCS 5/1-309 new	
810 ILCS 5/1-310 new	
810 ILCS 5/2-103	from Ch. 26, par. 2-103
810 ILCS 5/2-202	from Ch. 26, par. 2-202
810 ILCS 5/2-208	from Ch. 26, par. 2-208
810 ILCS 5/2A-103	from Ch. 26, par. 2A-103
810 ILCS 5/2A-207	from Ch. 26, par. 2A-207
810 ILCS 5/2A-501	from Ch. 26, par. 2A-501
810 ILCS 5/2A-518	from Ch. 26, par. 2A-518
810 ILCS 5/2A-519	from Ch. 26, par. 2A-519
810 ILCS 5/2A-527	from Ch. 26, par. 2A-527
810 ILCS 5/2A-528	from Ch. 26, par. 2A-528
810 ILCS 5/3-103	from Ch. 26, par. 3-103
810 ILCS 5/4-104	from Ch. 26, par. 4-104
810 ILCS 5/4A-105	from Ch. 26, par. 4A-105
810 ILCS 5/4A-106	from Ch. 26, par. 4A-106
810 ILCS 5/4A-204	from Ch. 26, par. 4A-204
810 ILCS 5/5-103	from Ch. 26, par. 5-103
810 ILCS 5/8-102	from Ch. 26, par. 8-102
810 ILCS 5/9-102	from Ch. 26, par. 9-102

Amends the Uniform Commercial Code. Makes changes to Article 1, which deals with general provisions, 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.

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 heading of Article 1, Part 1 and Sections 1-101,
 6 1-102, 1-103, 1-104, 1-105, 1-106, 1-107, 1-108, and 1-109, the
 7 heading of Article 1, Part 2 and Sections 1-201, 1-202, 1-203,
 8 1-204, 1-205, 1-206, 1-207, 1-208, and 1-209 and by adding the
 9 heading of Article 1, Part 3 and Sections 1-301, 1-302, 1-303,
 10 1-304, 1-305, 1-306, 1-307, 1-308, 1-309, and 1-310 as follows:

11 (810 ILCS 5/Art. 1 Pt. 1 heading)

12 PART 1~~7~~

13 GENERAL PROVISIONS ~~SHORT TITLE, CONSTRUCTION, APPLICATION~~

14 ~~AND SUBJECT MATTER OF THE ACT~~

15 (810 ILCS 5/1-101) (from Ch. 26, par. 1-101)

16 Sec. 1-101. Short Titles. ~~Short title.~~

17 (a) This Act may be cited as the Uniform Commercial Code.

18 (b) This Article may be cited as Uniform Commercial Code -
 19 General Provisions. ~~This Act shall be known and may be cited~~
 20 ~~as Uniform Commercial Code.~~

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

22 (810 ILCS 5/1-102) (from Ch. 26, par. 1-102)

23 Sec. 1-102. Scope of Article. ~~Purposes, rules of~~
 24 ~~construction, variation by agreement.~~ This Article applies to a
 25 transaction to the extent that it is governed by another
 26 Article of the Uniform Commercial Code.

27 ~~(1) This Act shall be liberally construed and applied to~~
 28 ~~promote its underlying purposes and policies.~~

29 ~~(2) Underlying purposes and policies of this Act are~~

30 ~~(a) to simplify, clarify and modernize the law~~

1 ~~governing commercial transactions;~~

2 ~~(b) to permit the continued expansion of commercial~~
3 ~~practices through custom, usage and agreement of the parties;~~

4 ~~(c) to make uniform the law among the various~~
5 ~~jurisdictions.~~

6 ~~(3) The effect of provisions of this Act may be varied by~~
7 ~~agreement, except as otherwise provided in this Act and except~~
8 ~~that the obligations of good faith, diligence, reasonableness~~
9 ~~and care prescribed by this Act may not be disclaimed by~~
10 ~~agreement but the parties may by agreement determine the~~
11 ~~standards by which the performance of such obligations is to be~~
12 ~~measured if such standards are not manifestly unreasonable.~~

13 ~~(4) The presence in certain provisions of this Act of the~~
14 ~~words "unless otherwise agreed" or words of similar import does~~
15 ~~not imply that the effect of other provisions may not be varied~~
16 ~~by agreement under subsection (3).~~

17 ~~(5) In this Act unless the context otherwise requires~~

18 ~~(a) words in the singular number include the plural,~~
19 ~~and in the plural include the singular;~~

20 ~~(b) words of the masculine gender include the feminine~~
21 ~~and the neuter, and when the sense so indicates words of the~~
22 ~~neuter gender may refer to any gender.~~

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

24 (810 ILCS 5/1-103) (from Ch. 26, par. 1-103)

25 Sec. 1-103. Construction of Uniform Commercial Code to
26 promote its purposes and policies; applicability of
27 supplemental principles of law. Supplementary general
28 principles of law applicable.

29 (a) The Uniform Commercial Code must be liberally construed
30 and applied to promote its underlying purposes and policies,
31 which are:

32 (1) to simplify, clarify, and modernize the law
33 governing commercial transactions;

34 (2) to permit the continued expansion of commercial
35 practices through custom, usage, and agreement of the

1 parties; and

2 (3) to make uniform the law among the various
3 jurisdictions.

4 (b) Unless displaced by the particular provisions of the
5 Uniform Commercial Code, the principles of law and equity,
6 including the law merchant and the law relative to capacity to
7 contract, principal and agent, estoppel, fraud,
8 misrepresentation, duress, coercion, mistake, bankruptcy, and
9 other validating or invalidating cause supplement its
10 provisions.

11 ~~Unless displaced by the particular provisions of this Act,~~
12 ~~the principles of law and equity, including the law merchant~~
13 ~~and the law relative to capacity to contract, principal and~~
14 ~~agent, estoppel, fraud, misrepresentation, duress, coercion,~~
15 ~~mistake, unjust enrichment, bankruptcy, or other validating or~~
16 ~~invalidating cause shall supplement its provisions.~~

17 (Source: P.A. 88-123.)

18 (810 ILCS 5/1-104) (from Ch. 26, par. 1-104)

19 Sec. 1-104. Construction against implied repeal.
20 ~~Construction against implicit repeal.~~ The Uniform Commercial
21 Code being a general Act intended as a unified coverage of its
22 subject matter, no part of it shall be deemed to be impliedly
23 repealed by subsequent legislation if such construction can
24 reasonably be avoided.

25 ~~This Act being a general act intended as a unified coverage~~
26 ~~of its subject matter, no part of it shall be deemed to be~~
27 ~~impliedly repealed by subsequent legislation if such~~
28 ~~construction can reasonably be avoided.~~

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

30 (810 ILCS 5/1-105) (from Ch. 26, par. 1-105)

31 Sec. 1-105. Severability. If any provision or clause of the
32 Uniform Commercial Code or its application to any person or
33 circumstance is held invalid, the invalidity does not affect
34 other provisions or applications of the Uniform Commercial Code

1 which can be given effect without the invalid provision or
 2 application, and to this end the provisions of the Uniform
 3 Commercial Code are severable.

4 ~~Territorial application of the Act; parties' power to choose~~
 5 ~~applicable law.~~

6 ~~(1) Except as provided in this Section, when a transaction~~
 7 ~~bears a reasonable relation to this State and also to another~~
 8 ~~state or nation the parties may agree that the law either of~~
 9 ~~this State or of the other state or nation shall govern their~~
 10 ~~rights and duties. Failing an agreement, this Act applies to~~
 11 ~~transactions bearing an appropriate relation to this State.~~

12 ~~(2) Where one of the following provisions of this Act~~
 13 ~~specifies the applicable law, that provision governs and a~~
 14 ~~contrary agreement is effective only to the extent permitted by~~
 15 ~~the law (including the conflict of laws rules) so specified:~~

16 ~~Rights of creditors against sold goods. Section 2-402.~~

17 ~~Applicability of the Article on Leases. Sections 2A-105 and~~
 18 ~~2A-106.~~

19 ~~Applicability of the Article on Bank Deposits and~~
 20 ~~Collections. Section 4-102.~~

21 ~~Governing law in the Article on Funds Transfers. Section~~
 22 ~~4A-507.~~

23 ~~Letters of Credit. Section 5-116.~~

24 ~~Applicability of the Article on Investment Securities.~~
 25 ~~Section 8-110.~~

26 ~~Law governing perfection, the effect of perfection or~~
 27 ~~nonperfection, and the priority of security interests~~
 28 ~~and agricultural liens. Sections 9-301 through 9-307.~~

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

30 (810 ILCS 5/1-106) (from Ch. 26, par. 1-106)

31 Sec. 1-106. Use of singular and plural; gender. ~~Remedies to~~
 32 ~~be liberally administered.~~ In the Uniform Commercial Code,
 33 unless the statutory context otherwise requires:

34 (1) words in the singular number include the plural,
 35 and those in the plural include the singular; and

1 (2) words of any gender also refer to any other gender.

2 ~~(1) The remedies provided by this Act shall be liberally~~
3 ~~administered to the end that the aggrieved party may be put in~~
4 ~~as good a position as if the other party had fully performed~~
5 ~~but neither consequential or special nor penal damages may be~~
6 ~~had except as specifically provided in this Act or by other~~
7 ~~rule of law.~~

8 ~~(2) Any right or obligation declared by this Act is~~
9 ~~enforceable by action unless the provision declaring it~~
10 ~~specifies a different and limited effect.~~

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

12 (810 ILCS 5/1-107) (from Ch. 26, par. 1-107)

13 Sec. 1-107. Section captions. Waiver or renunciation of
14 ~~claim or right after breach.~~ Section captions are part of the
15 Uniform Commercial Code.

16 ~~Any claim or right arising out of an alleged breach can be~~
17 ~~discharged in whole or in part without consideration by a~~
18 ~~written waiver or renunciation signed and delivered by the~~
19 ~~aggrieved party.~~

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

21 (810 ILCS 5/1-108) (from Ch. 26, par. 1-108)

22 Sec. 1-108. Relation to Electronic Signatures in Global and
23 National Commerce Act. Severability. This Act modifies,
24 limits, and supersedes the federal Electronic Signatures in
25 Global and National Commerce Act, (15 U.S.C. Section 7001, et.
26 seq.) but does not modify, limit, or supersede Section 101(c)
27 of that Act (15 U.S.C. Section 7001(c)) or authorize electronic
28 delivery of any of the notices described in Section 103(b) of
29 that Act (15 U.S.C. Section 103(b)).

30 ~~If any provision or clause of this Act or application~~
31 ~~thereof to any person or circumstances is held invalid, such~~
32 ~~invalidity shall not affect other provisions or applications of~~
33 ~~the Act which can be given effect without the invalid provision~~
34 ~~or application, and to this end the provisions of this Act are~~

1 ~~declared to be severable.~~

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

3 (810 ILCS 5/1-109) (from Ch. 26, par. 1-109)

4 Sec. 1-109. (Blank). ~~Section captions. Section captions~~
5 ~~are parts of this Act.~~

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

7 (810 ILCS 5/Art. 1 Pt. 2 heading)

8 PART 2-

9 GENERAL DEFINITIONS AND PRINCIPLES OF INTERPRETATION

10 (810 ILCS 5/1-201) (from Ch. 26, par. 1-201)

11 Sec. 1-201. General Definitions.

12 (a) Unless the context otherwise requires, words or phrases
13 defined in this Section, or in the additional definitions
14 contained in other Articles of the Uniform Commercial Code that
15 apply to particular Articles or parts thereof, have the
16 meanings stated.

17 (b) Subject to definitions contained in other Articles of
18 the Uniform Commercial Code that apply to particular Articles
19 or parts thereof:

20 (1) "Action", in the sense of a judicial proceeding,
21 includes recoupment, counterclaim, set-off, suit in
22 equity, and any other proceeding in which rights are
23 determined.

24 (2) "Aggrieved party" means a party entitled to pursue
25 a remedy.

26 (3) "Agreement", as distinguished from "contract",
27 means the bargain of the parties in fact, as found in their
28 language or inferred from other circumstances, including
29 course of performance, course of dealing, or usage of trade
30 as provided in Section 1-303.

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

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

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

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

9 (8) "Burden of establishing" a fact means the burden of
10 persuading the trier of fact that the existence of the fact
11 is more probable than its nonexistence.

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

33 (10) "Conspicuous", with reference to a term, means so
34 written, displayed, or presented that a reasonable person
35 against which it is to operate ought to have noticed it.
36 Whether a term is "conspicuous" or not is a decision for

1 the court. Conspicuous terms include the following:

2 (A) a heading in capitals equal to or greater in
3 size than the surrounding text, or in contrasting type,
4 font, or color to the surrounding text of the same or
5 lesser size; and

6 (B) language in the body of a record or display in
7 larger type than the surrounding text, or in
8 contrasting type, font, or color to the surrounding
9 text of the same size, or set off from surrounding text
10 of the same size by symbols or other marks that call
11 attention to the language.

12 (11) "Consumer" means an individual who enters into a
13 transaction primarily for personal, family, or household
14 purposes.

15 (12) "Contract", as distinguished from "agreement",
16 means the total legal obligation that results from the
17 parties' agreement as determined by the Uniform Commercial
18 Code as supplemented by any other applicable laws.

19 (13) "Creditor" includes a general creditor, a secured
20 creditor, a lien creditor, and any representative of
21 creditors, including an assignee for the benefit of
22 creditors, a trustee in bankruptcy, a receiver in equity,
23 and an executor or administrator of an insolvent debtor's
24 or assignor's estate.

25 (14) "Defendant" includes a person in the position of
26 defendant in a counterclaim, cross-claim, or third-party
27 claim.

28 (15) "Delivery", with respect to an instrument,
29 document of title, or chattel paper, means voluntary
30 transfer of possession.

31 (16) "Document of title" includes bill of lading, dock
32 warrant, dock receipt, warehouse receipt or order for the
33 delivery of goods, and also any other document which in the
34 regular course of business or financing is treated as
35 adequately evidencing that the person in possession of it
36 is entitled to receive, hold, and dispose of the document

1 and the goods it covers. To be a document of title, a
2 document must purport to be issued by or addressed to a
3 bailee and purport to cover goods in the bailee's
4 possession which are either identified or are fungible
5 portions of an identified mass.

6 (17) "Fault" means a default, breach, or wrongful act
7 or omission.

8 (18) "Fungible goods" means:

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

11 (B) goods that by agreement are treated as
12 equivalent.

13 (19) "Genuine" means free of forgery or
14 counterfeiting.

15 (20) "Good faith," except as otherwise provided in
16 Article 5, means honesty in fact and the observance of
17 reasonable commercial standards of fair dealing.

18 (21) "Holder" means:

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

22 (B) the person in possession of a document of title
23 if the goods are deliverable either to bearer or to the
24 order of the person in possession.

25 (22) "Insolvency proceeding" includes an assignment
26 for the benefit of creditors or other proceeding intended
27 to liquidate or rehabilitate the estate of the person
28 involved.

29 (23) "Insolvent" means:

30 (A) having generally ceased to pay debts in the
31 ordinary course of business other than as a result of
32 bona fide dispute;

33 (B) being unable to pay debts as they become due;
34 or

35 (C) being insolvent within the meaning of federal
36 bankruptcy law.

1 (24) "Money" means a medium of exchange currently
2 authorized or adopted by a domestic or foreign government.
3 The term includes a monetary unit of account established by
4 an intergovernmental organization or by agreement between
5 two or more countries.

6 (25) "Organization" means a person other than an
7 individual.

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

11 (27) "Person" means an individual, corporation,
12 business trust, estate, trust, partnership, limited
13 liability company, association, joint venture, government,
14 governmental subdivision, agency, or instrumentality,
15 public corporation, or any other legal or commercial
16 entity.

17 (28) "Present value" means the amount as of a date
18 certain of one or more sums payable in the future,
19 discounted to the date certain by use of either an interest
20 rate specified by the parties if that rate is not
21 manifestly unreasonable at the time the transaction is
22 entered into or, if an interest rate is not so specified, a
23 commercially reasonable rate that takes into account the
24 facts and circumstances at the time the transaction is
25 entered into.

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

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

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

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

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

5 (34) "Right" includes remedy.

6 (35) "Security interest" means an interest in personal
7 property or fixtures which secures payment or performance
8 of an obligation. "Security interest" includes any
9 interest of a consignor and a buyer of accounts, chattel
10 paper, a payment intangible, or a promissory note in a
11 transaction that is subject to Article 9. "Security
12 interest" does not include the special property interest of
13 a buyer of goods on identification of those goods to a
14 contract for sale under Section 2-401, but a buyer may also
15 acquire a "security interest" by complying with Article 9.
16 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
18 or acquire possession of the goods is not a "security
19 interest", but a seller or lessor may also acquire a
20 "security interest" by complying with Article 9. The
21 retention or reservation of title by a seller of goods
22 notwithstanding shipment or delivery to the buyer under
23 Section 2-401 is limited in effect to a reservation of a
24 "security interest." Whether a transaction in the form of a
25 lease creates a "security interest" is determined pursuant
26 to Section 1-203.

27 (36) "Send" in connection with a writing, record, or
28 notice means:

29 (A) to deposit in the mail or deliver for
30 transmission by any other usual means of communication
31 with postage or cost of transmission provided for and
32 properly addressed and, in the case of an instrument,
33 to an address specified thereon or otherwise agreed, or
34 if there be none to any address reasonable under the
35 circumstances; or

36 (B) in any other way to cause to be received any

1 record or notice within the time it would have arrived
2 if properly sent.

3 (37) "Signed" includes using any symbol executed or
4 adopted with present intention to adopt or accept a
5 writing.

6 (38) "State" means a State of the United States, the
7 District of Columbia, Puerto Rico, the United States Virgin
8 Islands, or any territory or insular possession subject to
9 the jurisdiction of the United States.

10 (39) "Surety" includes a guarantor or other secondary
11 obligor.

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

14 (41) "Unauthorized signature" means a signature made
15 without actual, implied, or apparent authority. The term
16 includes a forgery.

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

19 (43) "Writing" includes printing, typewriting, or any
20 other intentional reduction to tangible form. "Written"
21 has a corresponding meaning.

22 ~~Subject to additional definitions contained in the subsequent~~
23 ~~Articles of this Act which are applicable to specific Articles~~
24 ~~or Parts thereof, and unless the context otherwise requires, in~~
25 ~~this Act:~~

26 ~~(1) "Action" in the sense of a judicial proceeding includes~~
27 ~~recoupment, counterclaim, set off, suit in equity and any other~~
28 ~~proceedings in which rights are determined.~~

29 ~~(2) "Aggrieved party" means a party entitled to resort to a~~
30 ~~remedy.~~

31 ~~(3) "Agreement" means the bargain of the parties in fact as~~
32 ~~found in their language or by implication from other~~
33 ~~circumstances including course of dealing or usage of trade or~~
34 ~~course of performance as provided in this Act (Sections 1-205,~~
35 ~~2-208, and 2A-207). Whether an agreement has legal consequences~~
36 ~~is determined by the provisions of this Act, if applicable,~~

1 ~~otherwise by the law of contracts (Section 1-103). (Compare~~
2 ~~"Contract".)~~

3 ~~(4) "Bank" means any person engaged in the business of~~
4 ~~banking.~~

5 ~~(5) "Bearer" means the person in possession of an~~
6 ~~instrument, document of title, or certificated security~~
7 ~~payable to bearer or indorsed in blank.~~

8 ~~(6) "Bill of lading" means a document evidencing the~~
9 ~~receipt of goods for shipment issued by a person engaged in the~~
10 ~~business of transporting or forwarding goods, and includes an~~
11 ~~airbill. "Airbill" means a document serving for air~~
12 ~~transportation as a bill of lading does for marine or rail~~
13 ~~transportation, and includes an air consignment note or air~~
14 ~~waybill.~~

15 ~~(7) "Branch" includes a separately incorporated foreign~~
16 ~~branch of a bank.~~

17 ~~(8) "Burden of establishing" a fact means the burden of~~
18 ~~persuading the triers of fact that the existence of the fact is~~
19 ~~more probable than its non-existence.~~

20 ~~(9) "Buyer in ordinary course of business" means a person~~
21 ~~that buys goods in good faith, without knowledge that the sale~~
22 ~~violates the rights of another person in the goods, and in the~~
23 ~~ordinary course from a person, other than a pawnbroker, in the~~
24 ~~business of selling goods of that kind. A person buys goods in~~
25 ~~the ordinary course if the sale to the person comports with the~~
26 ~~usual or customary practices in the kind of business in which~~
27 ~~the seller is engaged or with the seller's own usual or~~
28 ~~customary practices. A person that sells oil, gas, or other~~
29 ~~minerals at the wellhead or minehead is a person in the~~
30 ~~business of selling goods of that kind. A buyer in ordinary~~
31 ~~course of business may buy for cash, by exchange of other~~
32 ~~property, or on secured or unsecured credit, and may acquire~~
33 ~~goods or documents of title under a pre-existing contract for~~
34 ~~sale. Only a buyer that takes possession of the goods or has a~~
35 ~~right to recover the goods from the seller under Article 2 may~~
36 ~~be a buyer in ordinary course of business. A person that~~

1 ~~acquires goods in a transfer in bulk or as security for or in~~
2 ~~total or partial satisfaction of a money debt is not a buyer in~~
3 ~~ordinary course of business.~~

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

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

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

20 ~~(13) "Defendant" includes a person in the position of~~
21 ~~defendant in a cross-action or counterclaim.~~

22 ~~(14) "Delivery" with respect to instruments, documents of~~
23 ~~title, chattel paper or certificated securities means~~
24 ~~voluntary transfer of possession.~~

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

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

36 ~~(17) "Fungible" with respect to goods or securities means~~

1 ~~goods or securities of which any unit is, by nature or usage of~~
2 ~~trade, the equivalent of any other like unit. Goods which are~~
3 ~~not fungible shall be deemed fungible for the purposes of this~~
4 ~~Act to the extent that under a particular agreement or document~~
5 ~~unlike units are treated as equivalents.~~

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

7 ~~(19) "Good faith" means honesty in fact in the conduct or~~
8 ~~transaction concerned.~~

9 ~~(20) "Holder" with respect to a negotiable instrument means~~
10 ~~the person in possession if the instrument is payable to bearer~~
11 ~~or, in the case of an instrument payable to an identified~~
12 ~~person, if the identified person is in possession. "Holder"~~
13 ~~with respect to a document of title means the person in~~
14 ~~possession if the goods are deliverable to bearer or to the~~
15 ~~order of the person in possession.~~

16 ~~(21) To "honor" is to pay or accept and pay, or where a~~
17 ~~credit so engages to purchase or discount a draft complying~~
18 ~~with the terms of the credit.~~

19 ~~(22) "Insolvency proceedings" includes any assignment for~~
20 ~~the benefit of creditors or other proceedings intended to~~
21 ~~liquidate or rehabilitate the estate of the person involved.~~

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

26 ~~(24) "Money" means a medium of exchange authorized or~~
27 ~~adopted by a domestic or foreign government and includes a~~
28 ~~monetary unit of account established by an intergovernmental~~
29 ~~organization or by agreement between 2 or more nations.~~

30 ~~(25) A person has "notice" of a fact when~~

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

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

33 ~~(c) from all the facts and circumstances known to him~~

34 ~~at the time in question he has reason to know that it~~
35 ~~exists. A person "knows" or has "knowledge" of a fact when~~
36 ~~he has actual knowledge of it. "Discover" or "learn" or a~~

~~word or phrase of similar import refers to knowledge rather than to reason to know. The time and circumstances under which a notice or notification may cease to be effective are not determined by this Act.~~

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

~~(a) it comes to his attention; or~~

~~(b) it is duly delivered at the place of business through which the contract was made or at any other place held out by him as the place for receipt of such communications.~~

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

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

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

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

3 ~~(31) "Presumption" or "presumed" means that the trier of~~
4 ~~fact must find the existence of the fact presumed unless and~~
5 ~~until evidence is introduced which would support a finding of~~
6 ~~its non-existence.~~

7 ~~(32) "Purchase" includes taking by sale, discount,~~
8 ~~negotiation, mortgage, pledge, lien, security interest, issue~~
9 ~~or reissue, gift or any other voluntary transaction creating an~~
10 ~~interest in property.~~

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

12 ~~(34) "Remedy" means any remedial right to which an~~
13 ~~aggrieved party is entitled with or without resort to a~~
14 ~~tribunal.~~

15 ~~(35) "Representative" includes an agent, an officer of a~~
16 ~~corporation or association, and a trustee, executor or~~
17 ~~administrator of an estate, or any other person empowered to~~
18 ~~act for another.~~

19 ~~(36) "Rights" includes remedies.~~

20 ~~(37) "Security interest" means an interest in personal~~
21 ~~property or fixtures which secures payment or performance of an~~
22 ~~obligation. The term also includes any interest of a consignor~~
23 ~~and a buyer of accounts, chattel paper, a payment intangible,~~
24 ~~or a promissory note in a transaction that is subject to~~
25 ~~Article 9. The special property interest of a buyer of goods on~~
26 ~~identification of those goods to a contract for sale under~~
27 ~~Section 2-401 is not a "security interest", but a buyer may~~
28 ~~also acquire a "security interest", by complying with Article~~
29 ~~9. Except as otherwise provided in Section 2-505, the right of~~
30 ~~a seller or lessor of goods under Article 2 or 2A to retain or~~
31 ~~acquire possession of the goods is not a "security interest",~~
32 ~~but a seller or lessor may also acquire a "security interest"~~
33 ~~by complying with Article 9. The retention or reservation of~~
34 ~~title by a seller of goods notwithstanding shipment or delivery~~
35 ~~to the buyer (Section 2-401) is limited in effect to a~~
36 ~~reservation of a "security interest".~~

1 ~~Whether a transaction creates a lease or security interest~~
2 ~~is determined by the facts of each case; however, a transaction~~
3 ~~creates a security interest if the consideration the lessee is~~
4 ~~to pay the lessor for the right to possession and use of the~~
5 ~~goods is an obligation for the term of the lease not subject to~~
6 ~~termination by the lessee; and~~

7 ~~(a) the original term of the lease is equal to or~~
8 ~~greater than the remaining economic life of the goods;~~

9 ~~(b) the lessee is bound to renew the lease for the~~
10 ~~remaining economic life of the goods or is bound to become~~
11 ~~the owner of the goods;~~

12 ~~(c) the lessee has an option to renew the lease for the~~
13 ~~remaining economic life of the goods for no additional~~
14 ~~consideration or nominal additional consideration upon~~
15 ~~compliance with the lease agreement; or~~

16 ~~(d) the lessee has an option to become the owner of the~~
17 ~~goods for no additional consideration or nominal~~
18 ~~additional consideration upon compliance with the lease~~
19 ~~agreement.~~

20 ~~A transaction does not create a security interest merely~~
21 ~~because it provides that:~~

22 ~~(a) the present value of the consideration the lessee~~
23 ~~is obligated to pay the lessor for the right to possession~~
24 ~~and use of the goods is substantially equal to or is~~
25 ~~greater than the fair market value of the goods at the time~~
26 ~~the lease is entered into;~~

27 ~~(b) the lessee assumes risk of loss of the goods, or~~
28 ~~agrees to pay taxes, insurance, filing, recording, or~~
29 ~~registration fees, or service or maintenance costs with~~
30 ~~respect to the goods;~~

31 ~~(c) the lessee has an option to renew the lease or to~~
32 ~~become the owner of the goods;~~

33 ~~(d) the lessee has an option to renew the lease for a~~
34 ~~fixed rent that is equal to or greater than the reasonably~~
35 ~~predictable fair market rent for the use of the goods for~~
36 ~~the term of the renewal at the time the option is to be~~

1 ~~performed; or~~

2 ~~(e) the lessee has an option to become the owner of the~~
3 ~~goods for a fixed price that is equal to or greater than~~
4 ~~the reasonably predictable fair market value of the goods~~
5 ~~at the time the option is to be performed.~~

6 ~~For purposes of this subsection (37):~~

7 ~~(x) Additional consideration is not nominal if (i) when~~
8 ~~the option to renew the lease is granted to the lessee the~~
9 ~~rent is stated to be the fair market rent for the use of~~
10 ~~the goods for the term of the renewal determined at the~~
11 ~~time the option is to be performed, or (ii) when the option~~
12 ~~to become the owner of the goods is granted to the lessee~~
13 ~~the price is stated to be the fair market value of the~~
14 ~~goods determined at the time the option is to be performed.~~
15 ~~Additional consideration is nominal if it is less than the~~
16 ~~lessee's reasonably predictable cost of performing under~~
17 ~~the lease agreement if the option is not exercised;~~

18 ~~(y) "Reasonably predictable" and "remaining economic~~
19 ~~life of the goods" are to be determined with reference to~~
20 ~~the facts and circumstances at the time the transaction is~~
21 ~~entered into; and~~

22 ~~(z) "Present value" means the amount as of a date~~
23 ~~certain of one or more sums payable in the future,~~
24 ~~discounted to the date certain. The discount is determined~~
25 ~~by the interest rate specified by the parties if the rate~~
26 ~~is not manifestly unreasonable at the time the transaction~~
27 ~~is entered into; otherwise, the discount is determined by a~~
28 ~~commercially reasonable rate that takes into account the~~
29 ~~facts and circumstances as of each case at the time the~~
30 ~~transaction was entered into.~~

31 ~~(38) "Send" in connection with any writing or notice means~~
32 ~~to deposit in the mail or deliver for transmission by any other~~
33 ~~usual means of communication with postage or cost of~~
34 ~~transmission provided for and properly addressed and in the~~
35 ~~case of an instrument to an address specified thereon or~~
36 ~~otherwise agreed, or if there be none to any address reasonable~~

1 ~~under the circumstances. The receipt of any writing or notice~~
2 ~~within the time at which it would have arrived if properly sent~~
3 ~~has the effect of a proper sending.~~

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

6 ~~(40) "Surety" includes guarantor.~~

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

10 ~~(42) "Term" means that portion of an agreement which~~
11 ~~relates to a particular matter.~~

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

14 ~~(44) "Value". Except as otherwise provided with respect to~~
15 ~~negotiable instruments and bank collections (Sections 3-303,~~
16 ~~4-210, and 4-211), a person gives "value" for rights if he~~
17 ~~acquires them:~~

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

23 ~~(b) as security for or in total or partial satisfaction~~
24 ~~of a pre-existing claim; or~~

25 ~~(c) by accepting delivery pursuant to a pre-existing~~
26 ~~contract for purchase; or~~

27 ~~(d) generally, in return for any consideration~~
28 ~~sufficient to support a simple contract.~~

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

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

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

34 (810 ILCS 5/1-202) (from Ch. 26, par. 1-202)

35 Sec. 1-202. Notice; knowledge. ~~Prima facie evidence by~~

1 ~~third party documents.~~

2 (a) Subject to subsection (f), a person has "notice" of a
3 fact if the person:

4 (1) has actual knowledge of it;

5 (2) has received a notice or notification of it; or

6 (3) from all the facts and circumstances known to the
7 person at the time in question, has reason to know that it
8 exists.

9 (b) "Knowledge" means actual knowledge. "Knows" has a
10 corresponding meaning.

11 (c) "Discover", "learn", or words of similar import refer
12 to knowledge rather than to reason to know.

13 (d) A person "notifies" or "gives" a notice or notification
14 to another person by taking such steps as may be reasonably
15 required to inform the other person in ordinary course, whether
16 or not the other person actually comes to know of it.

17 (e) Subject to subsection (f), a person "receives" a notice
18 or notification when:

19 (1) it comes to that person's attention; or

20 (2) it is duly delivered in a form reasonable under the
21 circumstances at the place of business through which the
22 contract was made or at another location held out by that
23 person as the place for receipt of such communications.

24 (f) Notice, knowledge, or a notice or notification received
25 by an organization is effective for a particular transaction
26 from the time it is brought to the attention of the individual
27 conducting that transaction and, in any event, from the time it
28 would have been brought to the individual's attention if the
29 organization had exercised due diligence. An organization
30 exercises due diligence if it maintains reasonable routines for
31 communicating significant information to the person conducting
32 the transaction and there is reasonable compliance with the
33 routines. Due diligence does not require an individual acting
34 for the organization to communicate information unless the
35 communication is part of the individual's regular duties or the
36 individual has reason to know of the transaction and that the

1 transaction would be materially affected by the information.

2 ~~A document in due form purporting to be a bill of lading,~~
3 ~~policy or certificate of insurance, official weigher's or~~
4 ~~inspector's certificate, consular invoice, or any other~~
5 ~~document authorized or required by the contract to be issued by~~
6 ~~a third party shall be prima facie evidence of its own~~
7 ~~authenticity and genuineness and of the facts stated in the~~
8 ~~document by the third party.~~

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

10 (810 ILCS 5/1-203) (from Ch. 26, par. 1-203)

11 Sec. 1-203. Lease distinguished from security interest.
12 ~~Obligation of good faith.~~

13 (a) Whether a transaction in the form of a lease creates a
14 lease or security interest is determined by the facts of each
15 case.

16 (b) A transaction in the form of a lease creates a security
17 interest if the consideration that the lessee is to pay the
18 lessor for the right to possession and use of the goods is an
19 obligation for the term of the lease and is not subject to
20 termination by the lessee, and:

21 (1) the original term of the lease is equal to or
22 greater than the remaining economic life of the goods;

23 (2) the lessee is bound to renew the lease for the
24 remaining economic life of the goods or is bound to become
25 the owner of the goods;

26 (3) the lessee has an option to renew the lease for the
27 remaining economic life of the goods for no additional
28 consideration or for nominal additional consideration upon
29 compliance with the lease agreement; or

30 (4) the lessee has an option to become the owner of the
31 goods for no additional consideration or for nominal
32 additional consideration upon compliance with the lease
33 agreement.

34 (c) A transaction in the form of a lease does not create a
35 security interest merely because:

1 (1) the present value of the consideration the lessee
2 is obligated to pay the lessor for the right to possession
3 and use of the goods is substantially equal to or is
4 greater than the fair market value of the goods at the time
5 the lease is entered into;

6 (2) the lessee assumes risk of loss of the goods;

7 (3) the lessee agrees to pay, with respect to the
8 goods, taxes, insurance, filing, recording, or
9 registration fees, or service or maintenance costs;

10 (4) the lessee has an option to renew the lease or to
11 become the owner of the goods;

12 (5) the lessee has an option to renew the lease for a
13 fixed rent that is equal to or greater than the reasonably
14 predictable fair market rent for the use of the goods for
15 the term of the renewal at the time the option is to be
16 performed; or

17 (6) the lessee has an option to become the owner of the
18 goods for a fixed price that is equal to or greater than
19 the reasonably predictable fair market value of the goods
20 at the time the option is to be performed.

21 (d) Additional consideration is nominal if it is less than
22 the lessee's reasonably predictable cost of performing under
23 the lease agreement if the option is not exercised. Additional
24 consideration is not nominal if:

25 (1) when the option to renew the lease is granted to
26 the lessee, the rent is stated to be the fair market rent
27 for the use of the goods for the term of the renewal
28 determined at the time the option is to be performed; or

29 (2) when the option to become the owner of the goods is
30 granted to the lessee, the price is stated to be the fair
31 market value of the goods determined at the time the option
32 is to be performed.

33 (e) The "remaining economic life of the goods" and
34 "reasonably predictable" fair market rent, fair market value,
35 or cost of performing under the lease agreement must be
36 determined with reference to the facts and circumstances at the

1 time the transaction is entered into.

2 ~~Every contract or duty within this Act imposes an~~
3 ~~obligation of good faith in its performance or enforcement.~~

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

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

6 Sec. 1-204. Value. Time; reasonable time; "seasonably".
7 Except as otherwise provided in Articles 3, 4, 5, and 6, a
8 person gives value for rights if the person acquires them:

9 (1) in return for a binding commitment to extend credit
10 or for the extension of immediately available credit,
11 whether or not drawn upon and whether or not a charge-back
12 is provided for in the event of difficulties in collection;

13 (2) as security for, or in total or partial
14 satisfaction of, a preexisting claim;

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

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

19 ~~(1) Whenever this Act requires any action to be taken~~
20 ~~within a reasonable time, any time which is not manifestly~~
21 ~~unreasonable may be fixed by agreement.~~

22 ~~(2) What is a reasonable time for taking any action depends~~
23 ~~on the nature, purpose and circumstances of such action.~~

24 ~~(3) An action is taken "seasonably" when it is taken at or~~
25 ~~within the time agreed or if no time is agreed at or within~~
26 ~~reasonable time.~~

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

28 (810 ILCS 5/1-205) (from Ch. 26, par. 1-205)

29 Sec. 1-205. Reasonable time; seasonableness. Course of
30 dealing and usage of trade.

31 (a) Whether a time for taking an action required by the
32 Uniform Commercial Code is reasonable depends on the nature,
33 purpose, and circumstances of the action.

34 (b) An action is taken seasonably if it is taken at or

1 within the time agreed or, if no time is agreed, at or within a
2 reasonable time.

3 ~~(1) A course of dealing is a sequence of previous conduct~~
4 ~~between the parties to a particular transaction which is fairly~~
5 ~~to be regarded as establishing a common basis of understanding~~
6 ~~for interpreting their expressions and other conduct.~~

7 ~~(2) A usage of trade is any practice or method of dealing~~
8 ~~having such regularity of observance in a place, vocation or~~
9 ~~trade as to justify an expectation that it will be observed~~
10 ~~with respect to the transaction in question. The existence and~~
11 ~~scope of such a usage are to be proved as facts. If it is~~
12 ~~established that such a usage is embodied in a written trade~~
13 ~~code or similar writing the interpretation of the writing is~~
14 ~~for the court.~~

15 ~~(3) A course of dealing between parties and any usage of~~
16 ~~trade in the vocation or trade in which they are engaged or of~~
17 ~~which they are or should be aware give particular meaning to~~
18 ~~and supplement or qualify terms of an agreement.~~

19 ~~(4) The express terms of an agreement and an applicable~~
20 ~~course of dealing or usage of trade shall be construed wherever~~
21 ~~reasonable as consistent with each other; but when such~~
22 ~~construction is unreasonable express terms control both course~~
23 ~~of dealing and usage of trade and course of dealing controls~~
24 ~~usage of trade.~~

25 ~~(5) An applicable usage of trade in the place where any~~
26 ~~part of performance is to occur shall be used in interpreting~~
27 ~~the agreement as to that part of the performance.~~

28 ~~(6) Evidence of a relevant usage of trade offered by one~~
29 ~~party is not admissible unless and until he has given the other~~
30 ~~party such notice as the court finds sufficient to prevent~~
31 ~~unfair surprise to the latter.~~

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

33 (810 ILCS 5/1-206) (from Ch. 26, par. 1-206)

34 Sec. 1-206. Presumptions. ~~Statute of frauds for kinds of~~
35 ~~personal property not otherwise covered.~~ Whenever the Uniform

1 Commercial Code creates a "presumption" with respect to a fact,
2 or provides that a fact is "presumed," the trier of fact must
3 find the existence of the fact unless and until evidence is
4 introduced that supports a finding of its nonexistence.

5 ~~(1) Except in the cases described in subsection (2) of this~~
6 ~~Section a contract for the sale of personal property is not~~
7 ~~enforceable by way of action or defense beyond \$5,000 in amount~~
8 ~~or value of remedy unless there is some writing which indicates~~
9 ~~that a contract for sale has been made between the parties at a~~
10 ~~defined or stated price, reasonably identifies the subject~~
11 ~~matter, and is signed by the party against whom enforcement is~~
12 ~~sought or by his authorized agent.~~

13 ~~(2) Subsection (1) of this Section does not apply to~~
14 ~~contracts for the sale of goods (Section 2-201) nor of~~
15 ~~securities (Section 8-113) nor to security agreements (Section~~
16 ~~9-203).~~

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

18 (810 ILCS 5/1-207) (from Ch. 26, par. 1-207)

19 Sec. 1-207. (Blank). ~~Performance or acceptance under~~
20 ~~reservation of rights.~~

21 ~~(1) A party who, with explicit reservation of rights,~~
22 ~~performs or promises performance or assents to performance in a~~
23 ~~manner demanded or offered by the other party does not thereby~~
24 ~~prejudice the rights reserved. Such words as "without~~
25 ~~prejudice", "under protest" or the like are sufficient.~~

26 ~~(2) Subsection (1) does not apply to an accord and~~
27 ~~satisfaction.~~

28 (Source: P.A. 87-582.)

29 (810 ILCS 5/1-208) (from Ch. 26, par. 1-208)

30 Sec. 1-208. (Blank). ~~Option to Accelerate at Will.~~

31 ~~A term providing that one party or his successor in~~
32 ~~interest may accelerate payment or performance or require~~
33 ~~collateral or additional collateral "at will" or "when he deems~~
34 ~~himself insecure" or in words of similar import shall be~~

~~construed to mean that he shall have power to do so only if he
in good faith believes that the prospect of payment or
performance is impaired. The burden of establishing lack of
good faith is on the party against whom the power has been
exercised.~~

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

(810 ILCS 5/1-209) (from Ch. 26, par. 1-209)

Sec. 1-209. (Blank). Subordinated Obligations.

~~An obligation may be issued as subordinated to payment of
another obligation of the person obligated, or a creditor may
subordinate his right to payment of an obligation by agreement
with either the person obligated or another creditor of the
person obligated. Such a subordination does not create a
security interest as against either the common debtor or a
subordinated creditor. This Section shall be construed as
declaring the law as it existed prior to the enactment of this
Section and not as modifying it.~~

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

(810 ILCS 5/Art. 1 Pt. 3 heading new)

PART 3

TERRITORIAL APPLICABILITY AND GENERAL RULES

(810 ILCS 5/1-301 new)

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

(a) In this Section:

(1) "Domestic transaction" means a transaction other
than an international transaction.

(2) "International transaction" means a transaction
that bears a reasonable relation to a country other than
the United States.

(b) This Section applies to a transaction to the extent
that it is governed by another Article of the Uniform
Commercial Code.

1 (c) Except as otherwise provided in this Section:

2 (1) an agreement by parties to a domestic transaction
3 that any or all of their rights and obligations are to be
4 determined by the law of this State or of another State is
5 effective, whether or not the transaction bears a relation
6 to the State designated; and

7 (2) an agreement by parties to an international
8 transaction that any or all of their rights and obligations
9 are to be determined by the law of this State or of another
10 State or country is effective, whether or not the
11 transaction bears a relation to the State or country
12 designated.

13 (d) In the absence of an agreement effective under
14 subsection (c), and except as provided in subsections (e) and
15 (g), the rights and obligations of the parties are determined
16 by the law that would be selected by application of this
17 State's conflict of laws principles.

18 (e) If one of the parties to a transaction is a consumer,
19 the following rules apply:

20 (1) An agreement referred to in subsection (c) is not
21 effective unless the transaction bears a reasonable
22 relation to the State or country designated.

23 (2) Application of the law of the State or country
24 determined pursuant to subsection (c) or (d) may not
25 deprive the consumer of the protection of any rule of law
26 governing a matter within the scope of this Section, which
27 both is protective of consumers and may not be varied by
28 agreement:

29 (A) of the State or country in which the consumer
30 principally resides, unless subparagraph (B) applies;
31 or

32 (B) if the transaction is a sale of goods, of the
33 State or country in which the consumer both makes the
34 contract and takes delivery of those goods, if such
35 State or country is not the State or country in which
36 the consumer principally resides.

1 (f) An agreement otherwise effective under subsection (c)
2 is not effective to the extent that application of the law of
3 the State or country designated would be contrary to a
4 fundamental policy of the State or country whose law would
5 govern in the absence of agreement under subsection (d).

6 (g) To the extent that the Uniform Commercial Code governs
7 a transaction, if one of the following provisions of the
8 Uniform Commercial Code specifies the applicable law, that
9 provision governs and a contrary agreement is effective only to
10 the extent permitted by the law so specified:

11 (1) Section 2-402;

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

13 (3) Section 4-102;

14 (4) Section 4A-507;

15 (5) Section 5-116;

16 (6) Section 6-103;

17 (7) Section 8-110;

18 (8) Sections 9-301 through 9-307.

19 (810 ILCS 5/1-302 new)

20 Sec. 1-302. Variation by agreement.

21 (a) Except as otherwise provided in subsection (b) or
22 elsewhere in the Uniform Commercial Code, the effect of
23 provisions of the Uniform Commercial Code may be varied by
24 agreement.

25 (b) The obligations of good faith, diligence,
26 reasonableness, and care prescribed by the Uniform Commercial
27 Code may not be disclaimed by agreement. The parties, by
28 agreement, may determine the standards by which the performance
29 of those obligations is to be measured if those standards are
30 not manifestly unreasonable. Whenever the Uniform Commercial
31 Code requires an action to be taken within a reasonable time, a
32 time that is not manifestly unreasonable may be fixed by
33 agreement.

34 (c) The presence in certain provisions of the Uniform
35 Commercial Code of the phrase "unless otherwise agreed", or

1 words of similar import, does not imply that the effect of
2 other provisions may not be varied by agreement under this
3 Section.

4 (810 ILCS 5/1-303 new)

5 Sec. 1-303. Course of performance, course of dealing, and
6 usage of trade.

7 (a) A "course of performance" is a sequence of conduct
8 between the parties to a particular transaction that exists if:

9 (1) the agreement of the parties with respect to the
10 transaction involves repeated occasions for performance by
11 a party; and

12 (2) the other party, with knowledge of the nature of
13 the performance and opportunity for objection to it,
14 accepts the performance or acquiesces in it without
15 objection.

16 (b) A "course of dealing" is a sequence of conduct
17 concerning previous transactions between the parties to a
18 particular transaction that is fairly to be regarded as
19 establishing a common basis of understanding for interpreting
20 their expressions and other conduct.

21 (c) A "usage of trade" is any practice or method of dealing
22 having such regularity of observance in a place, vocation, or
23 trade as to justify an expectation that it will be observed
24 with respect to the transaction in question. The existence and
25 scope of such a usage must be proved as facts. If it is
26 established that such a usage is embodied in a trade code or
27 similar record, the interpretation of the record is a question
28 of law.

29 (d) A course of performance or course of dealing between
30 the parties or usage of trade in the vocation or trade in which
31 they are engaged or of which they are or should be aware is
32 relevant in ascertaining the meaning of the parties' agreement,
33 may give particular meaning to specific terms of the agreement,
34 and may supplement or qualify the terms of the agreement. A
35 usage of trade applicable in the place in which part of the

1 performance under the agreement is to occur may be so utilized
2 as to that part of the performance.

3 (e) Except as otherwise provided in subsection (f), the
4 express terms of an agreement and any applicable course of
5 performance, course of dealing, or usage of trade must be
6 construed whenever reasonable as consistent with each other. If
7 such a construction is unreasonable:

8 (1) express terms prevail over course of performance,
9 course of dealing, and usage of trade;

10 (2) course of performance prevails over course of
11 dealing and usage of trade; and

12 (3) course of dealing prevails over usage of trade.

13 (f) Subject to Section 2-209, a course of performance is
14 relevant to show a waiver or modification of any term
15 inconsistent with the course of performance.

16 (g) Evidence of a relevant usage of trade offered by one
17 party is not admissible unless that party has given the other
18 party notice that the court finds sufficient to prevent unfair
19 surprise to the other party.

20 (810 ILCS 5/1-304 new)

21 Sec. 1-304. Obligation of good faith. Every contract or
22 duty within the Uniform Commercial Code imposes an obligation
23 of good faith in its performance and enforcement.

24 (810 ILCS 5/1-305 new)

25 Sec. 1-305. Remedies to be liberally administered.

26 (a) The remedies provided by the Uniform Commercial Code
27 must be liberally administered to the end that the aggrieved
28 party may be put in as good a position as if the other party had
29 fully performed but neither consequential or special damages
30 nor penal damages may be had except as specifically provided in
31 the Uniform Commercial Code or by other rule of law.

32 (b) Any right or obligation declared by the Uniform
33 Commercial Code is enforceable by action unless the provision
34 declaring it specifies a different and limited effect.

1 (810 ILCS 5/1-306 new)

2 Sec. 1-306. Waiver or renunciation of claim or right after
3 breach. A claim or right arising out of an alleged breach may
4 be discharged in whole or in part without consideration by
5 agreement of the aggrieved party in an authenticated record.

6 (810 ILCS 5/1-307 new)

7 Sec. 1-307. Prima facie evidence by third-party documents.
8 A document in due form purporting to be a bill of lading,
9 policy or certificate of insurance, official weigher's or
10 inspector's certificate, consular invoice, or any other
11 document authorized or required by the contract to be issued by
12 a third party is prima facie evidence of its own authenticity
13 and genuineness and of the facts stated in the document by the
14 third party.

15 (810 ILCS 5/1-308 new)

16 Sec. 1-308. Performance or acceptance under reservation of
17 rights.

18 (a) A party that with explicit reservation of rights
19 performs or promises performance or assents to performance in a
20 manner demanded or offered by the other party does not thereby
21 prejudice the rights reserved. Such words as "without
22 prejudice," "under protest," or the like are sufficient.

23 (b) Subsection (a) does not apply to an accord and
24 satisfaction.

25 (810 ILCS 5/1-309 new)

26 Sec. 1-309. Option to accelerate at will. A term providing
27 that one party or that party's successor in interest may
28 accelerate payment or performance or require collateral or
29 additional collateral "at will" or when the party "deems itself
30 insecure," or words of similar import, means that the party has
31 power to do so only if that party in good faith believes that
32 the prospect of payment or performance is impaired. The burden

1 of establishing lack of good faith is on the party against
2 which the power has been exercised.

3 (810 ILCS 5/1-310 new)

4 Sec. 1-310. Subordinated obligations. An obligation may be
5 issued as subordinated to performance of another obligation of
6 the person obligated, or a creditor may subordinate its right
7 to performance of an obligation by agreement with either the
8 person obligated or another creditor of the person obligated.
9 Subordination does not create a security interest as against
10 either the common debtor or a subordinated creditor.

11 Section 10. The Uniform Commercial Code is amended by
12 changing Sections 2-103, 2-202, 2-208, 2A-103, 2A-207, 2A-501,
13 2A-518, 2A-519, 2A-527, 2A-528, 3-103, 4-104, 4A-105, 4A-106,
14 4A-204, 5-103, 8-102, and 9-102 as follows:

15 (810 ILCS 5/2-103) (from Ch. 26, par. 2-103)

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

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

18 (a) "Buyer" means a person who buys or contracts to buy
19 goods.

20 (b) (Reserved.) "Good faith" in the case of a merchant
21 means honesty in fact and the observance of reasonable
22 commercial standards of fair dealing in the trade.

23 (c) "Receipt" of goods means taking physical
24 possession of them.

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

27 (2) Other definitions applying to this Article or to
28 specified Parts thereof, and the sections in which they appear
29 are:

30 "Acceptance". Section 2--606.

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

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

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

1 "Commercial unit". Section 2--105.
2 "Confirmed credit". Section 2--325.
3 "Conforming to contract". Section 2--106.
4 "Contract for sale". Section 2--106.
5 "Cover". Section 2--712.
6 "Entrusting". Section 2--403.
7 "Financing agency". Section 2--104.
8 "Future goods". Section 2--105.
9 "Goods". Section 2--105.
10 "Identification". Section 2--501.
11 "Installment contract". Section 2--612.
12 "Letter of Credit". Section 2--325.
13 "Lot". Section 2--105.
14 "Merchant". Section 2--104.
15 "Overseas". Section 2--323.
16 "Person in position of seller". Section 2--707.
17 "Present sale". Section 2--106.
18 "Sale". Section 2--106.
19 "Sale on approval". Section 2--326.
20 "Sale or return". Section 2--326.
21 "Termination". Section 2--106.

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

24 "Check". Section 3--104.
25 "Consignee". Section 7--102.
26 "Consignor". Section 7--102.
27 "Consumer goods". Section 9-102.
28 "Dishonor". Section 3-502.
29 "Draft". Section 3--104.

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

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

34 (810 ILCS 5/2-202) (from Ch. 26, par. 2-202)
35 Sec. 2-202. Final written expression: parol or extrinsic

1 evidence.

2 Terms with respect to which the confirmatory memoranda of
3 the parties agree or which are otherwise set forth in a writing
4 intended by the parties as a final expression of their
5 agreement with respect to such terms as are included therein
6 may not be contradicted by evidence of any prior agreement or
7 of a contemporaneous oral agreement but may be explained or
8 supplemented

9 (a) by course of performance, course of dealing, or
10 usage of trade (Section 1-303 ~~1-205~~) ~~or by course of~~
11 ~~performance (Section 2-208)~~; and

12 (b) by evidence of consistent additional terms unless
13 the court finds the writing to have been intended also as a
14 complete and exclusive statement of the terms of the
15 agreement.

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

17 (810 ILCS 5/2-208) (from Ch. 26, par. 2-208)

18 Sec. 2-208. (Blank). ~~Course of performance or practical~~
19 ~~construction.~~

20 ~~(1) Where the contract for sale involves repeated occasions~~
21 ~~for performance by either party with knowledge of the nature of~~
22 ~~the performance and opportunity for objection to it by the~~
23 ~~other, any course of performance accepted or acquiesced in~~
24 ~~without objection shall be relevant to determine the meaning of~~
25 ~~the agreement.~~

26 ~~(2) The express terms of the agreement and any such course~~
27 ~~of performance, as well as any course of dealing and usage of~~
28 ~~trade, shall be construed whenever reasonable as consistent~~
29 ~~with each other; but when such construction is unreasonable,~~
30 ~~express terms shall control course of performance and course of~~
31 ~~performance shall control both course of dealing and usage of~~
32 ~~trade (Section 1-205).~~

33 ~~(3) Subject to the provisions of the next section on~~
34 ~~modification and waiver, such course of performance shall be~~
35 ~~relevant to show a waiver or modification of any term~~

1 ~~inconsistent with such course of performance.~~

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

3 (810 ILCS 5/2A-103) (from Ch. 26, par. 2A-103)

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

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

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

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

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

28 (d) "Conforming" goods or performance under a lease
29 contract means goods or performance that are in accordance
30 with the obligations under the lease contract.

31 (e) "Consumer lease" means a lease that a lessor
32 regularly engaged in the business of leasing or selling
33 makes to a lessee who is an individual and who takes under
34 the lease primarily for a personal, family, or household
35 purpose, if the total payments to be made under the lease

1 contract, excluding payments for options to renew or buy,
2 do not exceed \$40,000.

3 (f) "Fault" means wrongful act, omission, breach, or
4 default.

5 (g) "Finance lease" means a lease with respect to
6 which:

7 (i) the lessor does not select, manufacture, or
8 supply the goods;

9 (ii) the lessor acquires the goods or the right to
10 possession and use of the goods in connection with the
11 lease; and

12 (iii) one of the following occurs:

13 (A) the lessee receives a copy of the contract
14 by which the lessor acquired the goods or the right
15 to possession and use of the goods before signing
16 the lease contract;

17 (B) the lessee's approval of the contract by
18 which the lessor acquired the goods or the right to
19 possession and use of the goods is a condition to
20 effectiveness of the lease contract;

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

32 (D) if the lease is not a consumer lease, the
33 lessor, before the lessee signs the lease
34 contract, informs the lessee in writing (a) of the
35 identity of the person supplying the goods to the
36 lessor, unless the lessee has selected that person

1 and directed the lessor to acquire the goods or the
2 right to possession and use of the goods from that
3 person, (b) that the lessee is entitled under this
4 Article to the promises and warranties, including
5 those of any third party, provided to the lessor by
6 the person supplying the goods in connection with
7 or as part of the contract by which the lessor
8 acquired the goods or the right to possession and
9 use of the goods, and (c) that the lessee may
10 communicate with the person supplying the goods to
11 the lessor and receive an accurate and complete
12 statement of those promises and warranties,
13 including any disclaimers and limitations of them
14 or of remedies.

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

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

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

33 (k) "Lease agreement" means the bargain, with respect
34 to the lease, of the lessor and the lessee in fact as found
35 in their language or by implication from other
36 circumstances including course of dealing or usage of trade

1 or course of performance as provided in this Article.
2 Unless the context clearly indicates otherwise, the term
3 includes a sublease agreement.

4 (l) "Lease contract" means the total legal obligation
5 that results from the lease agreement as affected by this
6 Article and any other applicable rules of law. Unless the
7 context clearly indicates otherwise, the term includes a
8 sublease contract.

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

11 (n) "Lessee" means a person who acquires the right to
12 possession and use of goods under a lease. Unless the
13 context clearly indicates otherwise, the term includes a
14 sublessee.

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

27 (p) "Lessor" means a person who transfers the right to
28 possession and use of goods under a lease. Unless the
29 context clearly indicates otherwise, the term includes a
30 sublessor.

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

34 (r) "Lien" means a charge against or interest in goods
35 to secure payment of a debt or performance of an
36 obligation, but the term does not include a security

1 interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 "Pursuant to commitment". Section 9-102(a)(68).

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

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

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

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

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

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

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

25 (810 ILCS 5/2A-207) (from Ch. 26, par. 2A-207)

26 Sec. 2A-207. (Blank). ~~Course of performance or practical~~
27 ~~construction.~~

28 ~~(1) If a lease contract involves repeated occasions for~~
29 ~~performance by either party with knowledge of the nature of the~~
30 ~~performance and opportunity for objection to it by the other,~~
31 ~~any course of performance accepted or acquiesced in without~~
32 ~~objection is relevant to determine the meaning of the lease~~
33 ~~agreement.~~

34 ~~(2) The express terms of a lease agreement and any course~~
35 ~~of performance, as well as any course of dealing and usage of~~

1 ~~trade, must be construed whenever reasonable as consistent with~~
2 ~~each other; but if that construction is unreasonable, express~~
3 ~~terms control course of performance, course of performance~~
4 ~~controls both course of dealing and usage of trade, and course~~
5 ~~of dealing controls usage of trade.~~

6 ~~(3) Subject to the provisions of Section 2A-208 on~~
7 ~~modification and waiver, course of performance is relevant to~~
8 ~~show a waiver or modification of any term inconsistent with the~~
9 ~~course of performance.~~

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

11 (810 ILCS 5/2A-501) (from Ch. 26, par. 2A-501)

12 Sec. 2A-501. Default; procedure.

13 (1) Whether the lessor or the lessee is in default under a
14 lease contract is determined by the lease agreement and this
15 Article.

16 (2) If the lessor or the lessee is in default under the
17 lease contract, the party seeking enforcement has rights and
18 remedies as provided in this Article and, except as limited by
19 this Article, as provided in the lease agreement.

20 (3) If the lessor or the lessee is in default under the
21 lease contract, the party seeking enforcement may reduce the
22 party's claim to judgment, or otherwise enforce the lease
23 contract by self-help or any available judicial procedure or
24 nonjudicial procedure, including administrative proceeding,
25 arbitration, or the like, in accordance with this Article.

26 (4) Except as otherwise provided in Section 1-305(a)
27 ~~1-106(1)~~ or this Article or the lease agreement, the rights and
28 remedies referred to in subsections (2) and (3) are cumulative.

29 (5) If the lease agreement covers both real property and
30 goods, the party seeking enforcement may proceed under this
31 Part as to the goods, or under other applicable law as to both
32 the real property and the goods in accordance with that party's
33 rights and remedies in respect of the real property, in which
34 case this Part does not apply.

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

1 (810 ILCS 5/2A-518) (from Ch. 26, par. 2A-518)

2 Sec. 2A-518. Cover; substitute goods.

3 (1) After a default by a lessor under the lease contract of
4 the type described in Section 2A-508(1), or, if agreed, after
5 other default by the lessor, the lessee may cover by making any
6 purchase or lease of or contract to purchase or lease goods in
7 substitution for those due from the lessor.

8 (2) Except as otherwise provided with respect to damages
9 liquidated in the lease agreement (Section 2A-504) or otherwise
10 determined pursuant to agreement of the parties (Sections 1-302
11 ~~1-102(3)~~ and 2A-503), if a lessee's cover is by a lease
12 agreement substantially similar to the original lease
13 agreement and the new lease agreement is made in good faith and
14 in a commercially reasonable manner, the lessee may recover
15 from the lessor as damages (i) the present value, as of the
16 date of the commencement of the term of the new lease
17 agreement, of the rent under the new lease agreement applicable
18 to that period of the new lease term which is comparable to the
19 then remaining term of the original lease agreement minus the
20 present value as of the same date of the total rent for the
21 then remaining lease term of the original lease agreement, and
22 (ii) any incidental or consequential damages, less expenses
23 saved in consequence of the lessor's default.

24 (3) If a lessee's cover is by lease agreement that for any
25 reason does not qualify for treatment under subsection (2), or
26 is by purchase or otherwise, the lessee may recover from the
27 lessor as if the lessee had elected not to cover and Section
28 2A-519 governs.

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

30 (810 ILCS 5/2A-519) (from Ch. 26, par. 2A-519)

31 Sec. 2A-519. Lessee's damages for nondelivery,
32 repudiation, default, and breach of warranty in regard to
33 accepted goods.

34 (1) Except as otherwise provided with respect to damages

1 liquidated in the lease agreement (Section 2A-504) or otherwise
2 determined pursuant to agreement of the parties (Sections 1-302
3 ~~1-102(3)~~ and 2A-503), if a lessee elects not to cover or a
4 lessee elects to cover and the cover is by lease agreement that
5 for any reason does not qualify for treatment under Section
6 2A-518(2), or is by purchase or otherwise, the measure of
7 damages for nondelivery or repudiation by the lessor or for
8 rejection or revocation of acceptance by the lessee is the
9 present value, as of the date of the default, of the then
10 market rent minus the present value as of the same date of the
11 original rent, computed for the remaining lease term of the
12 original lease agreement, together with incidental and
13 consequential damages, less expenses saved in consequence of
14 the lessor's default.

15 (2) Market rent is to be determined as of the place for
16 tender or, in cases of rejection after arrival or revocation of
17 acceptance, as of the place of arrival.

18 (3) Except as otherwise agreed, if the lessee has accepted
19 goods and given notification (Section 2A-516(3)), the measure
20 of damages for nonconforming tender or delivery or other
21 default by a lessor is the loss resulting in the ordinary
22 course of events from the lessor's default as determined in any
23 manner that is reasonable together with incidental and
24 consequential damages, less expenses saved in consequence of
25 the lessor's default.

26 (4) Except as otherwise agreed, the measure of damages for
27 breach of warranty is the present value at the time and place
28 of acceptance of the difference between the value of the use of
29 the goods accepted and the value if they had been as warranted
30 for the lease term, unless special circumstances show proximate
31 damages of a different amount, together with incidental and
32 consequential damages, less expenses saved in consequence of
33 the lessor's default or breach of warranty.

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

1 Sec. 2A-527. Lessor's rights to dispose of goods.

2 (1) After a default by a lessee under the lease contract of
3 the type described in Section 2A-523(1) or 2A-523(3)(a) or
4 after the lessor refuses to deliver or takes possession of
5 goods (Section 2A-525 or 2A-526), or, if agreed, after other
6 default by a lessee, the lessor may dispose of the goods
7 concerned or the undelivered balance thereof by lease, sale, or
8 otherwise.

9 (2) Except as otherwise provided with respect to damages
10 liquidated in the lease agreement (Section 2A-504) or otherwise
11 determined pursuant to agreement of the parties (Sections 1-302
12 ~~1-102(3)~~ and 2A-503), if the disposition is by lease agreement
13 substantially similar to the original lease agreement and the
14 new lease agreement is made in good faith and in a commercially
15 reasonable manner, the lessor may recover from the lessee as
16 damages (i) accrued and unpaid rent as of the date of the
17 commencement of the term of the new lease agreement, (ii) the
18 present value, as of the same date, of the total rent for the
19 then remaining lease term of the original lease agreement minus
20 the present value, as of the same date, of the rent under the
21 new lease agreement applicable to that period of the new lease
22 term which is comparable to the then remaining term of the
23 original lease agreement, and (iii) any incidental damages
24 allowed under Section 2A-530, less expenses saved in
25 consequence of the lessee's default.

26 (3) If the lessor's disposition is by lease agreement that
27 for any reason does not qualify for treatment under subsection
28 (2), or is by sale or otherwise, the lessor may recover from
29 the lessee as if the lessor had elected not to dispose of the
30 goods and Section 2A-528 governs.

31 (4) A subsequent buyer or lessee who buys or leases from
32 the lessor in good faith for value as a result of a disposition
33 under this Section takes the goods free of the original lease
34 contract and any rights of the original lessee even though the
35 lessor fails to comply with one or more of the requirements of
36 this Article.

1 (5) The lessor is not accountable to the lessee for any
2 profit made on any disposition. A lessee who has rightfully
3 rejected or justifiably revoked acceptance shall account to the
4 lessor for any excess over the amount of the lessee's security
5 interest (Section 2A-508(5)).

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

7 (810 ILCS 5/2A-528) (from Ch. 26, par. 2A-528)

8 Sec. 2A-528. Lessor's damages for nonacceptance, failure
9 to pay, repudiation, or other default.

10 (1) Except as otherwise provided with respect to damages
11 liquidated in the lease agreement (Section 2A-504) or otherwise
12 determined pursuant to agreement of the parties (Sections 1-302
13 ~~1-102(3)~~ and 2A-503), if a lessor elects to retain the goods or
14 a lessor elects to dispose of the goods and the disposition is
15 by lease agreement that for any reason does not qualify for
16 treatment under Section 2A-527(2), or is by sale or otherwise,
17 the lessor may recover from the lessee as damages for a default
18 of the type described in Section 2A-523(1) or 2A-523(3)(a) or,
19 if agreed, for other default of the lessee, (i) accrued and
20 unpaid rent as of the date of default if the lessee has never
21 taken possession of the goods, or, if the lessee has taken
22 possession of the goods, as of the date the lessor repossesses
23 the goods or an earlier date on which the lessee makes a tender
24 of the goods to the lessor, (ii) the present value as of the
25 date determined under clause (i) of the total rent for the then
26 remaining lease term of the original lease agreement minus the
27 present value as of the same date of the market rent at the
28 place where the goods are located computed for the same lease
29 term, and (iii) any incidental damages allowed under Section
30 2A-530, less expenses saved in consequence of the lessee's
31 default.

32 (2) If the measure of damages provided in subsection (1) is
33 inadequate to put a lessor in as good a position as performance
34 would have, the measure of damages is the present value of the
35 profit, including reasonable overhead, the lessor would have

1 made from full performance by the lessee, together with any
2 incidental damages allowed under Section 2A-530, due allowance
3 for costs reasonably incurred and due credit for payments or
4 proceeds of disposition.

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

6 (810 ILCS 5/3-103) (from Ch. 26, par. 3-103)

7 Sec. 3-103. Definitions.

8 (a) In this Article:

9 (1) "Acceptor" means a drawee that has accepted a
10 draft.

11 (2) "Drawee" means a person ordered in a draft to make
12 payment.

13 (3) "Drawer" means a person who signs or is identified
14 in a draft as a person ordering payment.

15 (4) (Reserved.) ~~"Good faith" means honesty in fact and~~
16 ~~the observance of reasonable commercial standards of fair~~
17 ~~dealing.~~

18 (5) "Maker" means a person who signs or is identified
19 in a note as a person undertaking to pay.

20 (6) "Order" means a written instruction to pay money
21 signed by the person giving the instruction. The
22 instruction may be addressed to any person, including the
23 person giving the instruction, or to one or more persons
24 jointly or in the alternative but not in succession. An
25 authorization to pay is not an order unless the person
26 authorized to pay is also instructed to pay.

27 (7) "Ordinary care" in the case of a person engaged in
28 business means observance of reasonable commercial
29 standards, prevailing in the area in which the person is
30 located with respect to the business in which the person is
31 engaged. In the case of a bank that takes an instrument for
32 processing for collection or payment by automated means,
33 reasonable commercial standards do not require the bank to
34 examine the instrument if the failure to examine does not
35 violate the bank's prescribed procedures and the bank's

1 procedures do not vary unreasonably from general banking
2 usage not disapproved by this Article or Article 4.

3 (8) "Party" means a party to an instrument.

4 (9) "Promise" means a written undertaking to pay money
5 signed by the person undertaking to pay. An acknowledgment
6 of an obligation by the obligor is not a promise unless the
7 obligor also undertakes to pay the obligation.

8 (10) "Prove" with respect to a fact means to meet the
9 burden of establishing the fact (Section 1-201**(b)**(8)).

10 (11) "Remitter" means a person that purchases an
11 instrument from its issuer if the instrument is payable to
12 an identified person other than the purchaser.

13 (b) Other definitions applying to this Article and the
14 Sections in which they appear are:

15	"Acceptance"	Section 3-409
16	"Accommodated party"	Section 3-419
17	"Accommodation party"	Section 3-419
18	"Alteration"	Section 3-407
19	"Anomalous indorsement"	Section 3-205
20	"Blank indorsement"	Section 3-205
21	"Cashier's check"	Section 3-104
22	"Certificate of deposit"	Section 3-104
23	"Certified check"	Section 3-409
24	"Check"	Section 3-104
25	"Consideration"	Section 3-303
26	"Draft"	Section 3-104
27	"Holder in due course"	Section 3-302
28	"Incomplete instrument"	Section 3-115
29	"Indorsement"	Section 3-204
30	"Indorser"	Section 3-204
31	"Instrument"	Section 3-104
32	"Issue"	Section 3-105
33	"Issuer"	Section 3-105
34	"Negotiable instrument"	Section 3-104
35	"Negotiation"	Section 3-201
36	"Note"	Section 3-104

1	"Payable at a definite time"	Section 3-108
2	"Payable on demand"	Section 3-108
3	"Payable to bearer"	Section 3-109
4	"Payable to order"	Section 3-109
5	"Payment"	Section 3-602
6	"Person entitled to enforce"	Section 3-301
7	"Presentment"	Section 3-501
8	"Reacquisition"	Section 3-207
9	"Special indorsement"	Section 3-205
10	"Teller's check"	Section 3-104
11	"Transfer of instrument"	Section 3-203
12	"Traveler's check"	Section 3-104
13	"Value"	Section 3-303

14 (c) The following definitions in other Articles apply to
15 this Article:

16	"Bank"	Section 4-105
17	"Banking day"	Section 4-104
18	"Clearing house"	Section 4-104
19	"Collecting bank"	Section 4-105
20	"Depositary bank"	Section 4-105
21	"Documentary draft"	Section 4-104
22	"Intermediary bank"	Section 4-105
23	"Item"	Section 4-104
24	"Payor bank"	Section 4-105
25	"Suspends payments"	Section 4-104.

26 (d) In addition, Article 1 contains general definitions and
27 principles of construction and interpretation applicable
28 throughout this Article.

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

30 (810 ILCS 5/4-104) (from Ch. 26, par. 4-104)
31 Sec. 4-104. Definitions and index of definitions.

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

33 (1) "Account" means any deposit or credit account with
34 a bank, including a demand, time, savings, passbook, share
35 draft, or like account, other than an account evidenced by

1 a certificate of deposit;

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

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

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

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

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

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

25 (8) "Drawee" means a person ordered in a draft to make
26 payment;

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

31 (10) "Midnight deadline" with respect to a bank is
32 midnight on its next banking day following the banking day
33 on which it receives the relevant item or notice or from
34 which the time for taking action commences to run,
35 whichever is later;

36 (11) "Settle" means to pay in cash, by clearing-house

1 settlement, in a charge or credit or by remittance, or
 2 otherwise as agreed. A settlement may be either provisional
 3 or final;

4 (12) "Suspends payments" with respect to a bank means
 5 that it has been closed by order of the supervisory
 6 authorities, that a public officer has been appointed to
 7 take it over, or that it ceases or refuses to make payments
 8 in the ordinary course of business.

9 (b) Other definitions applying to this Article and the
 10 Sections in which they appear are:

11 "Agreement for electronic	
12 presentment"	Section 4-110.
13 "Bank"	Section 4-105.
14 "Collecting bank"	Section 4-105.
15 "Depositary bank"	Section 4-105.
16 "Intermediary bank"	Section 4-105.
17 "Payor bank"	Section 4-105.
18 "Presenting bank"	Section 4-105.
19 "Presentment notice"	Section 4-110.

20 (c) The following definitions in other Articles apply to
 21 this Article:

22 "Acceptance"	Section 3-409.
23 "Alteration"	Section 3-407.
24 "Cashier's check"	Section 3-104.
25 "Certificate of deposit"	Section 3-104.
26 "Certified check"	Section 3-409.
27 "Check"	Section 3-104.
28 "Good faith"	Section 3-103.
29 "Holder in due course"	Section 3-302.
30 "Instrument"	Section 3-104.
31 "Notice of dishonor"	Section 3-503.
32 "Order"	Section 3-103.
33 "Ordinary care"	Section 3-103.
34 "Person entitled to enforce"	Section 3-301.
35 "Presentment"	Section 3-501.
36 "Promise"	Section 3-103.

1 "Prove" Section 3-103.
2 "Teller's check" Section 3-104.
3 "Unauthorized signature" Section 3-403.

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

7 (Source: P.A. 88-45; 89-364, eff. 1-1-96.)

8 (810 ILCS 5/4A-105) (from Ch. 26, par. 4A-105)
9 Sec. 4A-105. Other definitions.

10 (a) In this Article:

11 (1) "Authorized account" means a deposit account of a
12 customer in a bank designated by the customer as a source
13 of payment of payment orders issued by the customer to the
14 bank. If a customer does not so designate an account, any
15 account of the customer is an authorized account if payment
16 of a payment order from that account is not inconsistent
17 with a restriction on the use of that account.

18 (2) "Bank" means a person engaged in the business of
19 banking and includes a savings bank, savings and loan
20 association, credit union, and trust company. A branch or
21 separate office of a bank is a separate bank for purposes
22 of this Article.

23 (3) "Customer" means a person, including a bank, having
24 an account with a bank or from whom a bank has agreed to
25 receive payment orders.

26 (4) "Funds transfer business day" of a receiving bank
27 means the part of a day during which the receiving bank is
28 open for the receipt, processing, and transmittal of
29 payment orders and cancellations and amendments of payment
30 orders.

31 (5) "Funds transfer system" means a wire transfer
32 network, automated clearinghouse, or other communication
33 system of a clearing house or other association of banks
34 through which a payment order by a bank may be transmitted
35 to the bank to which the order is addressed.

1 (6) (Reserved.) ~~"Good faith" means honesty in fact and~~
 2 ~~the observance of reasonable commercial standards of fair~~
 3 ~~dealing.~~

4 (7) "Prove" with respect to a fact means to meet the
 5 burden of establishing the fact (Section 1-201 (b) (8)).

6 (b) Other definitions applying to this Article and the
 7 Sections in which they appear are:

8	"Acceptance"	Section 4A-209
9	"Beneficiary"	Section 4A-103
10	"Beneficiary's bank"	Section 4A-103
11	"Executed"	Section 4A-301
12	"Execution date"	Section 4A-301
13	"Funds transfer"	Section 4A-104
14	"Funds transfer system rule"	Section 4A-501
15	"Intermediary bank"	Section 4A-104
16	"Originator"	Section 4A-104
17	"Originator's bank"	Section 4A-104
18	"Payment by beneficiary's bank	
19	to beneficiary"	Section 4A-405
20	"Payment by originator to	
21	beneficiary"	Section 4A-406
22	"Payment by sender	
23	to receiving bank"	Section 4A-403
24	"Payment date"	Section 4A-401
25	"Payment order"	Section 4A-103
26	"Receiving bank"	Section 4A-103
27	"Security procedure"	Section 4A-201
28	"Sender"	Section 4A-103

29 (c) The following definitions in Article 4 apply to this
 30 Article:

31	"Clearing house"	Section 4-104
32	"Item"	Section 4-104
33	"Suspends payments"	Section 4-104

34 (d) In addition, Article 1 contains general definitions and
 35 principles of construction and interpretation applicable
 36 throughout this Article.

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

2 (810 ILCS 5/4A-106) (from Ch. 26, par. 4A-106)

3 Sec. 4A-106. Time payment order is received.

4 (a) The time of receipt of a payment order or communication
5 cancelling or amending a payment order is determined by the
6 rules applicable to receipt of a notice stated in Section 1-202
7 ~~1-201(27)~~. A receiving bank may fix a cut-off time or times on
8 a funds transfer business day for the receipt and processing of
9 payment orders and communications cancelling or amending
10 payment orders. Different cut-off times may apply to payment
11 orders, cancellations, or amendments, or to different
12 categories of payment orders, cancellations, or amendments. A
13 cut-off time may apply to senders generally or different
14 cut-off times may apply to different senders or categories of
15 payment orders. If a payment order or communication cancelling
16 or amending a payment order is received after the close of a
17 funds transfer business day or after the appropriate cut-off
18 time on a funds transfer business day, the receiving bank may
19 treat the payment order or communication as received at the
20 opening of the next funds transfer business day.

21 (b) If this Article refers to an execution date or payment
22 date or states a day on which a receiving bank is required to
23 take action, and the date or day does not fall on a funds
24 transfer business day, the next day that is a funds transfer
25 business day is treated as the date or day stated, unless the
26 contrary is stated in this Article.

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

28 (810 ILCS 5/4A-204) (from Ch. 26, par. 4A-204)

29 Sec. 4A-204. Refund of payment and duty of customer to
30 report with respect to an unauthorized payment order.

31 (a) If a receiving bank accepts a payment order issued in
32 the name of its customer as sender which is (i) not authorized
33 and not effective as the order of the customer under Section
34 4A-202, or (ii) not enforceable, in whole or in part, against

1 the customer under Section 4A-203, the bank shall refund any
2 payment of the payment order received from the customer to the
3 extent the bank is not entitled to enforce payment and shall
4 pay interest on the refundable amount calculated from the date
5 the bank received payment to the date of the refund. However,
6 the customer is not entitled to interest from the bank on the
7 amount to be refunded if the customer fails to exercise
8 ordinary care to determine that the order was not authorized by
9 the customer and to notify the bank of the relevant facts
10 within a reasonable time not exceeding 90 days after the date
11 the customer received notification from the bank that the order
12 was accepted or that the customer's account was debited with
13 respect to the order. The bank is not entitled to any recovery
14 from the customer on account of a failure by the customer to
15 give notification as stated in this Section.

16 (b) Reasonable time under subsection (a) may be fixed by
17 agreement as stated in Section 1-302(b) ~~1-204(1)~~, but the
18 obligation of a receiving bank to refund payment as stated in
19 subsection (a) may not otherwise be varied by agreement.

20 (Source: P.A. 90-655, eff. 7-30-98.)

21 (810 ILCS 5/5-103) (from Ch. 26, par. 5-103)

22 Sec. 5-103. Scope.

23 (a) This Article applies to letters of credit and to
24 certain rights and obligations arising out of transactions
25 involving letters of credit.

26 (b) The statement of a rule in this Article does not by
27 itself require, imply, or negate application of the same or a
28 different rule to a situation not provided for, or to a person
29 not specified, in this Article.

30 (c) With the exception of this subsection, subsections (a)
31 and (d), Sections 5-102(a) (9) and (10), 5-106(d), and 5-114(d),
32 and except to the extent prohibited in Sections 1-302 ~~1-102(3)~~
33 and 5-117(d), the effect of this Article may be varied by
34 agreement or by a provision stated or incorporated by reference
35 in an undertaking. A term in an agreement or undertaking

1 generally excusing liability or generally limiting remedies
2 for failure to perform obligations is not sufficient to vary
3 obligations prescribed by this Article.

4 (d) Rights and obligations of an issuer to a beneficiary or
5 a nominated person under a letter of credit are independent of
6 the existence, performance, or nonperformance of a contract or
7 arrangement out of which the letter of credit arises or which
8 underlies it, including contracts or arrangements between the
9 issuer and the applicant and between the applicant and the
10 beneficiary.

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

12 (810 ILCS 5/8-102) (from Ch. 26, par. 8-102)
13 Sec. 8-102. Definitions.

14 (a) In this Article:

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

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

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

26 (4) "Certificated security" means a security that is
27 represented by a certificate.

28 (5) "Clearing corporation" means:

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

31 (ii) a federal reserve bank; or

32 (iii) any other person that provides clearance or
33 settlement services with respect to financial assets
34 that would require it to register as a clearing agency
35 under the federal securities laws but for an exclusion

1 or exemption from the registration requirement, if its
2 activities as a clearing corporation, including
3 promulgation of rules, are subject to regulation by a
4 federal or state governmental authority.

5 (6) "Communicate" means to:

6 (i) send a signed writing; or

7 (ii) transmit information by any mechanism agreed
8 upon by the persons transmitting and receiving the
9 information.

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

16 (8) "Entitlement order" means a notification
17 communicated to a securities intermediary directing
18 transfer or redemption of a financial asset to which the
19 entitlement holder has a security entitlement.

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

22 (i) a security;

23 (ii) an obligation of a person or a share,
24 participation, or other interest in a person or in
25 property or an enterprise of a person, which is, or is
26 of a type, dealt in or traded on financial markets, or
27 which is recognized in any area in which it is issued
28 or dealt in as a medium for investment; or

29 (iii) any property that is held by a securities
30 intermediary for another person in a securities
31 account if the securities intermediary has expressly
32 agreed with the other person that the property is to be
33 treated as a financial asset under this Article. As
34 context requires, the term means either the interest
35 itself or the means by which a person's claim to it is
36 evidenced, including a certificated or uncertificated

1 security, a security certificate, or a security
2 entitlement.

3 (10) (Reserved.) ~~"Good faith," for purposes of the~~
4 ~~obligation of good faith in the performance or enforcement~~
5 ~~of contracts or duties within this Article, means honesty~~
6 ~~in fact and the observance of reasonable commercial~~
7 ~~standards of fair dealing.~~

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

14 (12) "Instruction" means a notification communicated
15 to the issuer of an uncertificated security which directs
16 that the transfer of the security be registered or that the
17 security be redeemed.

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

20 (i) the security certificate specifies a person
21 entitled to the security; and

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

25 (14) "Securities intermediary" means:

26 (i) a clearing corporation; or

27 (ii) a person, including a bank or broker, that in
28 the ordinary course of its business maintains
29 securities accounts for others and is acting in that
30 capacity.

31 (15) "Security," except as otherwise provided in
32 Section 8-103, means an obligation of an issuer or a share,
33 participation, or other interest in an issuer or in
34 property or an enterprise of an issuer:

35 (i) which is represented by a security certificate
36 in bearer or registered form, or the transfer of which

1 may be registered upon books maintained for that
2 purpose by or on behalf of the issuer;

3 (ii) which is one of a class or series or by its
4 terms is divisible into a class or series of shares,
5 participations, interests, or obligations; and

6 (iii) which:

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

9 (B) is a medium for investment and by its terms
10 expressly provides that it is a security governed
11 by this Article.

12 (16) "Security certificate" means a certificate
13 representing a security.

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

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

19 (b) Other definitions applying to this Article and the
20 sections in which they appear are:

21 Appropriate person	Section 8-107
22 Control	Section 8-106
23 Delivery	Section 8-301
24 Investment company security	Section 8-103
25 Issuer	Section 8-201
26 Overissue	Section 8-210
27 Protected purchaser	Section 8-303
28 Securities account	Section 8-501

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

32 (d) The characterization of a person, business, or
33 transaction for purposes of this Article does not determine the
34 characterization of the person, business, or transaction for
35 purposes of any other law, regulation, or rule.

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

1 (810 ILCS 5/9-102) (from Ch. 26, par. 9-102)
2 Sec. 9-102. Definitions and index of definitions.

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

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

7 (2) "Account", except as used in "account for", means a
8 right to payment of a monetary obligation, whether or not
9 earned by performance, (i) for property that has been or is
10 to be sold, leased, licensed, assigned, or otherwise
11 disposed of, (ii) for services rendered or to be rendered,
12 (iii) for a policy of insurance issued or to be issued,
13 (iv) for a secondary obligation incurred or to be incurred,
14 (v) for energy provided or to be provided, (vi) for the use
15 or hire of a vessel under a charter or other contract,
16 (vii) arising out of the use of a credit or charge card or
17 information contained on or for use with the card, or
18 (viii) as winnings in a lottery or other game of chance
19 operated or sponsored by a State, governmental unit of a
20 State, or person licensed or authorized to operate the game
21 by a State or governmental unit of a State. The term
22 includes health-care-insurance receivables. The term does
23 not include (i) rights to payment evidenced by chattel
24 paper or an instrument, (ii) commercial tort claims, (iii)
25 deposit accounts, (iv) investment property, (v)
26 letter-of-credit rights or letters of credit, or (vi)
27 rights to payment for money or funds advanced or sold,
28 other than rights arising out of the use of a credit or
29 charge card or information contained on or for use with the
30 card.

31 (3) "Account debtor" means a person obligated on an
32 account, chattel paper, or general intangible. The term
33 does not include persons obligated to pay a negotiable
34 instrument, even if the instrument constitutes part of
35 chattel paper.

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

3 (A) authenticated by a secured party;

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

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

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

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

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

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

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

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

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

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

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

29 (7) "Authenticate" means:

30 (A) to sign; or

31 (B) to execute or otherwise adopt a symbol, or
32 encrypt or similarly process a record in whole or in
33 part, with the present intent of the authenticating
34 person to identify the person and adopt or accept a
35 record.

36 (8) "Bank" means an organization that is engaged in the

1 business of banking. The term includes savings banks,
2 savings and loan associations, credit unions, and trust
3 companies.

4 (9) "Cash proceeds" means proceeds that are money,
5 checks, deposit accounts, or the like.

6 (10) "Certificate of title" means a certificate of
7 title with respect to which a statute provides for the
8 security interest in question to be indicated on the
9 certificate as a condition or result of the security
10 interest's obtaining priority over the rights of a lien
11 creditor with respect to the collateral.

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

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

32 (A) proceeds to which a security interest
33 attaches;

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

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

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

3 (A) the claimant is an organization; or

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

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

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

9 (14) "Commodity account" means an account maintained
10 by a commodity intermediary in which a commodity contract
11 is carried for a commodity customer.

12 (15) "Commodity contract" means a commodity futures
13 contract, an option on a commodity futures contract, a
14 commodity option, or another contract if the contract or
15 option is:

16 (A) traded on or subject to the rules of a board of
17 trade that has been designated as a contract market for
18 such a contract pursuant to federal commodities laws;
19 or

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

23 (16) "Commodity customer" means a person for which a
24 commodity intermediary carries a commodity contract on its
25 books.

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

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

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

33 (18) "Communicate" means:

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

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

1 (C) in the case of transmission of a record to or
2 by a filing office, to transmit a record by any means
3 prescribed by filing-office rule.

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

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

9 (A) the merchant:

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

12 (ii) is not an auctioneer; and

13 (iii) is not generally known by its creditors
14 to be substantially engaged in selling the goods of
15 others;

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

19 (C) the goods are not consumer goods immediately
20 before delivery; and

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

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

25 (22) "Consumer debtor" means a debtor in a consumer
26 transaction.

27 (23) "Consumer goods" means goods that are used or
28 bought for use primarily for personal, family, or household
29 purposes.

30 (24) "Consumer-goods transaction" means a consumer
31 transaction in which:

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

34 (B) a security interest in consumer goods secures
35 the obligation.

36 (25) "Consumer obligor" means an obligor who is an

1 individual and who incurred the obligation as part of a
2 transaction entered into primarily for personal, family,
3 or household purposes.

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

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

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

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

18 (28) "Debtor" means:

19 (A) a person having an interest, other than a
20 security interest or other lien, in the collateral,
21 whether or not the person is an obligor;

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

24 (C) a consignee.

25 (29) "Deposit account" means a demand, time, savings,
26 passbook, nonnegotiable certificates of deposit,
27 uncertificated certificates of deposit, nontransferrable
28 certificates of deposit, or similar account maintained
29 with a bank. The term does not include investment property
30 or accounts evidenced by an instrument.

31 (30) "Document" means a document of title or a receipt
32 of the type described in Section 7-201(2).

33 (31) "Electronic chattel paper" means chattel paper
34 evidenced by a record or records consisting of information
35 stored in an electronic medium.

36 (32) "Encumbrance" means a right, other than an

1 ownership interest, in real property. The term includes
2 mortgages and other liens on real property.

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

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

8 (A) crops grown, growing, or to be grown,
9 including:

10 (i) crops produced on trees, vines, and
11 bushes; and

12 (ii) aquatic goods produced in aquacultural
13 operations;

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

16 (C) supplies used or produced in a farming
17 operation; or

18 (D) products of crops or livestock in their
19 unmanufactured states.

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

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

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

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

29 (39) "Financing statement" means a record or records
30 composed of an initial financing statement and any filed
31 record relating to the initial financing statement.

32 (40) "Fixture filing" means the filing of a financing
33 statement covering goods that are or are to become fixtures
34 and satisfying Section 9-502(a) and (b). The term includes
35 the filing of a financing statement covering goods of a
36 transmitting utility which are or are to become fixtures.

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

4 (42) "General intangible" means any personal property,
5 including things in action, other than accounts, chattel
6 paper, commercial tort claims, deposit accounts,
7 documents, goods, instruments, investment property,
8 letter-of-credit rights, letters of credit, money, and
9 oil, gas, or other minerals before extraction. The term
10 includes payment intangibles and software.

11 (43) (Reserved.) ~~"Good faith" means honesty in fact and~~
12 ~~the observance of reasonable commercial standards of fair~~
13 ~~dealing.~~

14 (44) "Goods" means all things that are movable when a
15 security interest attaches. The term includes (i)
16 fixtures, (ii) standing timber that is to be cut and
17 removed under a conveyance or contract for sale, (iii) the
18 unborn young of animals, (iv) crops grown, growing, or to
19 be grown, even if the crops are produced on trees, vines,
20 or bushes, and (v) manufactured homes. The term also
21 includes a computer program embedded in goods and any
22 supporting information provided in connection with a
23 transaction relating to the program if (i) the program is
24 associated with the goods in such a manner that it
25 customarily is considered part of the goods, or (ii) by
26 becoming the owner of the goods, a person acquires a right
27 to use the program in connection with the goods. The term
28 does not include a computer program embedded in goods that
29 consist solely of the medium in which the program is
30 embedded. The term also does not include accounts, chattel
31 paper, commercial tort claims, deposit accounts,
32 documents, general intangibles, instruments, investment
33 property, letter-of-credit rights, letters of credit,
34 money, or oil, gas, or other minerals before extraction.

35 (45) "Governmental unit" means a subdivision, agency,
36 department, county, parish, municipality, or other unit of

1 the government of the United States, a State, or a foreign
2 country. The term includes an organization having a
3 separate corporate existence if the organization is
4 eligible to issue debt on which interest is exempt from
5 income taxation under the laws of the United States.

6 (46) "Health-care-insurance receivable" means an
7 interest in or claim under a policy of insurance which is a
8 right to payment of a monetary obligation for health-care
9 goods or services provided.

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

22 (48) "Inventory" means goods, other than farm
23 products, which:

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

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

27 (C) are furnished by a person under a contract of
28 service; or

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

31 (49) "Investment property" means a security, whether
32 certificated or uncertificated, security entitlement,
33 securities account, commodity contract, or commodity
34 account.

35 (50) "Jurisdiction of organization", with respect to a
36 registered organization, means the jurisdiction under

1 whose law the organization is organized.

2 (51) "Letter-of-credit right" means a right to payment
3 or performance under a letter of credit, whether or not the
4 beneficiary has demanded or is at the time entitled to
5 demand payment or performance. The term does not include
6 the right of a beneficiary to demand payment or performance
7 under a letter of credit.

8 (52) "Lien creditor" means:

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

11 (B) an assignee for benefit of creditors from the
12 time of assignment;

13 (C) a trustee in bankruptcy from the date of the
14 filing of the petition; or

15 (D) a receiver in equity from the time of
16 appointment.

17 (53) "Manufactured home" means a structure,
18 transportable in one or more sections, which, in the
19 traveling mode, is eight body feet or more in width or 40
20 body feet or more in length, or, when erected on site, is
21 320 or more square feet, and which is built on a permanent
22 chassis and designed to be used as a dwelling with or
23 without a permanent foundation when connected to the
24 required utilities, and includes the plumbing, heating,
25 air-conditioning, and electrical systems contained
26 therein. The term includes any structure that meets all of
27 the requirements of this paragraph except the size
28 requirements and with respect to which the manufacturer
29 voluntarily files a certification required by the United
30 States Secretary of Housing and Urban Development and
31 complies with the standards established under Title 42 of
32 the United States Code.

33 (54) "Manufactured-home transaction" means a secured
34 transaction:

35 (A) that creates a purchase-money security
36 interest in a manufactured home, other than a

1 manufactured home held as inventory; or

2 (B) in which a manufactured home, other than a
3 manufactured home held as inventory, is the primary
4 collateral.

5 (55) "Mortgage" means a consensual interest in real
6 property, including fixtures, which secures payment or
7 performance of an obligation.

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

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

16 (58) "Noncash proceeds" means proceeds other than cash
17 proceeds.

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

27 (60) "Original debtor", except as used in Section
28 9-310(c), means a person that, as debtor, entered into a
29 security agreement to which a new debtor has become bound
30 under Section 9-203(d).

31 (61) "Payment intangible" means a general intangible
32 under which the account debtor's principal obligation is a
33 monetary obligation.

34 (62) "Person related to", with respect to an
35 individual, means:

36 (A) the spouse of the individual;

1 (B) a brother, brother-in-law, sister, or
2 sister-in-law of the individual;

3 (C) an ancestor or lineal descendant of the
4 individual or the individual's spouse; or

5 (D) any other relative, by blood or marriage, of
6 the individual or the individual's spouse who shares
7 the same home with the individual.

8 (63) "Person related to", with respect to an
9 organization, means:

10 (A) a person directly or indirectly controlling,
11 controlled by, or under common control with the
12 organization;

13 (B) an officer or director of, or a person
14 performing similar functions with respect to, the
15 organization;

16 (C) an officer or director of, or a person
17 performing similar functions with respect to, a person
18 described in subparagraph (A);

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

21 (E) an individual who is related by blood or
22 marriage to an individual described in subparagraph
23 (A), (B), (C), or (D) and shares the same home with the
24 individual.

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

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

29 (B) whatever is collected on, or distributed on
30 account of, collateral;

31 (C) rights arising out of collateral;

32 (D) to the extent of the value of collateral,
33 claims arising out of the loss, nonconformity, or
34 interference with the use of, defects or infringement
35 of rights in, or damage to, the collateral; or

36 (E) to the extent of the value of collateral and to

1 the extent payable to the debtor or the secured party,
2 insurance payable by reason of the loss or
3 nonconformity of, defects or infringement of rights
4 in, or damage to, the collateral.

5 (65) "Promissory note" means an instrument that
6 evidences a promise to pay a monetary obligation, does not
7 evidence an order to pay, and does not contain an
8 acknowledgment by a bank that the bank has received for
9 deposit a sum of money or funds.

10 (66) "Proposal" means a record authenticated by a
11 secured party which includes the terms on which the secured
12 party is willing to accept collateral in full or partial
13 satisfaction of the obligation it secures pursuant to
14 Sections 9-620, 9-621, and 9-622.

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

17 (A) debt securities are issued;

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

20 (C) the debtor, obligor, secured party, account
21 debtor or other person obligated on collateral,
22 assignor or assignee of a secured obligation, or
23 assignor or assignee of a security interest is a State
24 or a governmental unit of a State.

25 (68) "Pursuant to commitment", with respect to an
26 advance made or other value given by a secured party, means
27 pursuant to the secured party's obligation, whether or not
28 a subsequent event of default or other event not within the
29 secured party's control has relieved or may relieve the
30 secured party from its obligation.

31 (69) "Record", except as used in "for record", "of
32 record", "record or legal title", and "record owner", means
33 information that is inscribed on a tangible medium or which
34 is stored in an electronic or other medium and is
35 retrievable in perceivable form.

36 (70) "Registered organization" means an organization

1 organized solely under the law of a single State or the
2 United States and as to which the State or the United
3 States must maintain a public record showing the
4 organization to have been organized.

5 (71) "Secondary obligor" means an obligor to the extent
6 that:

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

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

11 (72) "Secured party" means:

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

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

17 (C) a consignor;

18 (D) a person to which accounts, chattel paper,
19 payment intangibles, or promissory notes have been
20 sold;

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

25 (F) a person that holds a security interest arising
26 under Section 2-401, 2-505, 2-711(3), 2A-508(5),
27 4-210, or 5-118.

28 (73) "Security agreement" means an agreement that
29 creates or provides for a security interest.

30 (74) "Send", in connection with a record or
31 notification, means:

32 (A) to deposit in the mail, deliver for
33 transmission, or transmit by any other usual means of
34 communication, with postage or cost of transmission
35 provided for, addressed to any address reasonable
36 under the circumstances; or

1 (B) to cause the record or notification to be
2 received within the time that it would have been
3 received if properly sent under subparagraph (A).

4 (75) "Software" means a computer program and any
5 supporting information provided in connection with a
6 transaction relating to the program. The term does not
7 include a computer program that is included in the
8 definition of goods.

9 (76) "State" means a State of the United States, the
10 District of Columbia, Puerto Rico, the United States Virgin
11 Islands, or any territory or insular possession subject to
12 the jurisdiction of the United States.

13 (77) "Supporting obligation" means a letter-of-credit
14 right or secondary obligation that supports the payment or
15 performance of an account, chattel paper, a document, a
16 general intangible, an instrument, or investment property.

17 (78) "Tangible chattel paper" means chattel paper
18 evidenced by a record or records consisting of information
19 that is inscribed on a tangible medium.

20 (79) "Termination statement" means an amendment of a
21 financing statement which:

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

24 (B) indicates either that it is a termination
25 statement or that the identified financing statement
26 is no longer effective.

27 (80) "Transmitting utility" means a person primarily
28 engaged in the business of:

29 (A) operating a railroad, subway, street railway,
30 or trolley bus;

31 (B) transmitting communications electrically,
32 electromagnetically, or by light;

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

34 (D) transmitting or producing and transmitting
35 electricity, steam, gas, or water.

36 (b) Definitions in other Articles. The following

1 definitions in other Articles apply to this Article:

2 "Applicant". Section 5-102.

3 "Beneficiary". Section 5-102.

4 "Broker". Section 8-102.

5 "Certificated security". Section 8-102.

6 "Check". Section 3-104.

7 "Clearing corporation". Section 8-102.

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

9 "Customer". Section 4-104.

10 "Entitlement holder". Section 8-102.

11 "Financial asset". Section 8-102.

12 "Holder in due course". Section 3-302.

13 "Issuer" (with respect to a letter of credit or
14 letter-of-credit right). Section 5-102.

15 "Issuer" (with respect to a security). Section 8-201.

16 "Lease". Section 2A-103.

17 "Lease agreement". Section 2A-103.

18 "Lease contract". Section 2A-103.

19 "Leasehold interest". Section 2A-103.

20 "Lessee". Section 2A-103.

21 "Lessee in ordinary course of business". Section 2A-103.

22 "Lessor". Section 2A-103.

23 "Lessor's residual interest". Section 2A-103.

24 "Letter of credit". Section 5-102.

25 "Merchant". Section 2-104.

26 "Negotiable instrument". Section 3-104.

27 "Nominated person". Section 5-102.

28 "Note". Section 3-104.

29 "Proceeds of a letter of credit". Section 5-114.

30 "Prove". Section 3-103.

31 "Sale". Section 2-106.

32 "Securities account". Section 8-501.

33 "Securities intermediary". Section 8-102.

34 "Security". Section 8-102.

35 "Security certificate". Section 8-102.

36 "Security entitlement". Section 8-102.

1 "Uncertificated security". Section 8-102.

2 (c) Article 1 definitions and principles. Article 1
3 contains general definitions and principles of construction
4 and interpretation applicable throughout this Article.

5 (Source: P.A. 91-893, eff. 7-1-01; 92-819, eff. 8-21-02.)