

1 AN ACT concerning business.

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 Sections 2A-103, 9-102, 9-105, 9-307, 9-311, 9-316,
6 9-317, 9-326, 9-406, 9-408, 9-502, 9-503, 9-507, 9-515, 9-516,
7 9-518, 9-521, 9-607, and 9-625 and by adding Part 8 to Article
8 9 as follows:

9 (810 ILCS 5/2A-103) (from Ch. 26, par. 2A-103)

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

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

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

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

3 (c) "Commercial unit" means such a unit of goods as by
4 commercial usage is a single whole for purposes of lease
5 and division of which materially impairs its character or
6 value on the market or in use. A commercial unit may be a
7 single article, as a machine, or a set of articles, as a
8 suite of furniture or a line of machinery, or a quantity,
9 as a gross or carload, or any other unit treated in use or
10 in the relevant market as a single whole.

11 (d) "Conforming" goods or performance under a lease
12 contract means goods or performance that are in accordance
13 with the obligations under the lease contract.

14 (e) "Consumer lease" means a lease that a lessor
15 regularly engaged in the business of leasing or selling
16 makes to a lessee who is an individual and who takes under
17 the lease primarily for a personal, family, or household
18 purpose, if the total payments to be made under the lease
19 contract, excluding payments for options to renew or buy,
20 do not exceed \$40,000.

21 (f) "Fault" means wrongful act, omission, breach, or
22 default.

23 (g) "Finance lease" means a lease with respect to
24 which:

25 (i) the lessor does not select, manufacture, or
26 supply the goods;

1 (ii) the lessor acquires the goods or the right to
2 possession and use of the goods in connection with the
3 lease; and

4 (iii) one of the following occurs:

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

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

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

24 (D) if the lease is not a consumer lease, the
25 lessor, before the lessee signs the lease
26 contract, informs the lessee in writing (a) of the

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

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

24 (i) "Installment lease contract" means a lease
25 contract that authorizes or requires the delivery of goods
26 in separate lots to be separately accepted, even though the

1 lease contract contains a clause "each delivery is a
2 separate lease" or its equivalent.

3 (j) "Lease" means a transfer of the right to possession
4 and use of goods for a term in return for consideration,
5 but a sale, including a sale on approval or a sale or
6 return, or retention or creation of a security interest is
7 not a lease. Unless the context clearly indicates
8 otherwise, the term includes a sublease.

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

16 (l) "Lease contract" means the total legal obligation
17 that results from the lease agreement as affected by this
18 Article and any other applicable rules of law. Unless the
19 context clearly indicates otherwise, the term includes a
20 sublease contract.

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

23 (n) "Lessee" means a person who acquires the right to
24 possession and use of goods under a lease. Unless the
25 context clearly indicates otherwise, the term includes a
26 sublessee.

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

13 (p) "Lessor" means a person who transfers the right to
14 possession and use of goods under a lease. Unless the
15 context clearly indicates otherwise, the term includes a
16 sublessor.

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

20 (r) "Lien" means a charge against or interest in goods
21 to secure payment of a debt or performance of an
22 obligation, but the term does not include a security
23 interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

22 ~~9-102(a)(68)~~.

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

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

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

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

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

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

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

6 (810 ILCS 5/9-102) (from Ch. 26, par. 9-102)

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

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

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

12 (2) "Account", except as used in "account for", means a
13 right to payment of a monetary obligation, whether or not
14 earned by performance, (i) for property that has been or is
15 to be sold, leased, licensed, assigned, or otherwise
16 disposed of, (ii) for services rendered or to be rendered,
17 (iii) for a policy of insurance issued or to be issued,
18 (iv) for a secondary obligation incurred or to be incurred,
19 (v) for energy provided or to be provided, (vi) for the use
20 or hire of a vessel under a charter or other contract,
21 (vii) arising out of the use of a credit or charge card or
22 information contained on or for use with the card, or
23 (viii) as winnings in a lottery or other game of chance
24 operated or sponsored by a State, governmental unit of a
25 State, or person licensed or authorized to operate the game

1 by a State or governmental unit of a State. The term
2 includes health-care-insurance receivables. The term does
3 not include (i) rights to payment evidenced by chattel
4 paper or an instrument, (ii) commercial tort claims, (iii)
5 deposit accounts, (iv) investment property, (v)
6 letter-of-credit rights or letters of credit, or (vi)
7 rights to payment for money or funds advanced or sold,
8 other than rights arising out of the use of a credit or
9 charge card or information contained on or for use with the
10 card.

11 (3) "Account debtor" means a person obligated on an
12 account, chattel paper, or general intangible. The term
13 does not include persons obligated to pay a negotiable
14 instrument, even if the instrument constitutes part of
15 chattel paper.

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

18 (A) authenticated by a secured party;

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

22 (C) identifying the components of the obligations
23 in reasonable detail.

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

26 (A) which secures payment or performance of an

1 obligation for goods or services furnished in
2 connection with a debtor's farming operation;

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

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

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

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

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

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

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

18 (7) "Authenticate" means:

19 (A) to sign; or

20 (B) with present intent to adopt or accept a
21 record, to attach to or logically associate with the
22 record an electronic sound, symbol, or process ~~to~~
23 ~~execute or otherwise adopt a symbol, or encrypt or~~
24 ~~similarly process a record in whole or in part, with~~
25 ~~the present intent of the authenticating person to~~
26 ~~identify the person and adopt or accept a record.~~

1 (8) "Bank" means an organization that is engaged in the
2 business of banking. The term includes savings banks,
3 savings and loan associations, credit unions, and trust
4 companies.

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

7 (10) "Certificate of title" means a certificate of
8 title with respect to which a statute provides for the
9 security interest in question to be indicated on the
10 certificate as a condition or result of the security
11 interest's obtaining priority over the rights of a lien
12 creditor with respect to the collateral. The term includes
13 another record maintained as an alternative to a
14 certificate of title by the governmental unit that issues
15 certificates of title if a statute permits the security
16 interest in question to be indicated on the record as a
17 condition or result of the security interest's obtaining
18 priority over the rights of a lien creditor with respect to
19 the collateral.

20 (11) "Chattel paper" means a record or records that
21 evidence both a monetary obligation and a security interest
22 in specific goods, a security interest in specific goods
23 and software used in the goods, a security interest in
24 specific goods and license of software used in the goods, a
25 lease of specific goods, or a lease of specified goods and
26 a license of software used in the goods. In this paragraph,

1 "monetary obligation" means a monetary obligation secured
2 by the goods or owed under a lease of the goods and
3 includes a monetary obligation with respect to software
4 used in the goods. The term does not include (i) charters
5 or other contracts involving the use or hire of a vessel or
6 (ii) records that evidence a right to payment arising out
7 of the use of a credit or charge card or information
8 contained on or for use with the card. If a transaction is
9 evidenced by records that include an instrument or series
10 of instruments, the group of records taken together
11 constitutes chattel paper.

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

14 (A) proceeds to which a security interest
15 attaches;

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

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

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

21 (A) the claimant is an organization; or

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

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

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

1 (14) "Commodity account" means an account maintained
2 by a commodity intermediary in which a commodity contract
3 is carried for a commodity customer.

4 (15) "Commodity contract" means a commodity futures
5 contract, an option on a commodity futures contract, a
6 commodity option, or another contract if the contract or
7 option is:

8 (A) traded on or subject to the rules of a board of
9 trade that has been designated as a contract market for
10 such a contract pursuant to federal commodities laws;
11 or

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

15 (16) "Commodity customer" means a person for which a
16 commodity intermediary carries a commodity contract on its
17 books.

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

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

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

25 (18) "Communicate" means:

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

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

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

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

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

11 (A) the merchant:

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

14 (ii) is not an auctioneer; and

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

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

21 (C) the goods are not consumer goods immediately
22 before delivery; and

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

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

1 (22) "Consumer debtor" means a debtor in a consumer
2 transaction.

3 (23) "Consumer goods" means goods that are used or
4 bought for use primarily for personal, family, or household
5 purposes.

6 (24) "Consumer-goods transaction" means a consumer
7 transaction in which:

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

10 (B) a security interest in consumer goods secures
11 the obligation.

12 (25) "Consumer obligor" means an obligor who is an
13 individual and who incurred the obligation as part of a
14 transaction entered into primarily for personal, family,
15 or household purposes.

16 (26) "Consumer transaction" means a transaction in
17 which (i) an individual incurs an obligation primarily for
18 personal, family, or household purposes, (ii) a security
19 interest secures the obligation, and (iii) the collateral
20 is held or acquired primarily for personal, family, or
21 household purposes. The term includes consumer-goods
22 transactions.

23 (27) "Continuation statement" means an amendment of a
24 financing statement which:

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

1 (B) indicates that it is a continuation statement
2 for, or that it is filed to continue the effectiveness
3 of, the identified financing statement.

4 (28) "Debtor" means:

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

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

10 (C) a consignee.

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

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

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

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

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

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

4 (A) crops grown, growing, or to be grown,
5 including:

6 (i) crops produced on trees, vines, and
7 bushes; and

8 (ii) aquatic goods produced in aquacultural
9 operations;

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

12 (C) supplies used or produced in a farming
13 operation; or

14 (D) products of crops or livestock in their
15 unmanufactured states.

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

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

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

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

25 (39) "Financing statement" means a record or records
26 composed of an initial financing statement and any filed

1 record relating to the initial financing statement.

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

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

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

17 (43) "Good faith" means honesty in fact and the
18 observance of reasonable commercial standards of fair
19 dealing.

20 (44) "Goods" means all things that are movable when a
21 security interest attaches. The term includes (i)
22 fixtures, (ii) standing timber that is to be cut and
23 removed under a conveyance or contract for sale, (iii) the
24 unborn young of animals, (iv) crops grown, growing, or to
25 be grown, even if the crops are produced on trees, vines,
26 or bushes, and (v) manufactured homes. The term also

1 includes a computer program embedded in goods and any
2 supporting information provided in connection with a
3 transaction relating to the program if (i) the program is
4 associated with the goods in such a manner that it
5 customarily is considered part of the goods, or (ii) by
6 becoming the owner of the goods, a person acquires a right
7 to use the program in connection with the goods. The term
8 does not include a computer program embedded in goods that
9 consist solely of the medium in which the program is
10 embedded. The term also does not include accounts, chattel
11 paper, commercial tort claims, deposit accounts,
12 documents, general intangibles, instruments, investment
13 property, letter-of-credit rights, letters of credit,
14 money, or oil, gas, or other minerals before extraction.

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

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

26 (47) "Instrument" means a negotiable instrument or any

1 other writing that evidences a right to the payment of a
2 monetary obligation, is not itself a security agreement or
3 lease, and is of a type that in ordinary course of business
4 is transferred by delivery with any necessary indorsement
5 or assignment. The term does not include (i) investment
6 property, (ii) letters of credit, (iii) nonnegotiable
7 certificates of deposit, (iv) uncertificated certificates
8 of deposit, (v) nontransferrable certificates of deposit,
9 or (vi) writings that evidence a right to payment arising
10 out of the use of a credit or charge card or information
11 contained on or for use with the card.

12 (48) "Inventory" means goods, other than farm
13 products, which:

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

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

17 (C) are furnished by a person under a contract of
18 service; or

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

21 (49) "Investment property" means a security, whether
22 certificated or uncertificated, security entitlement,
23 securities account, commodity contract, or commodity
24 account.

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

1 whose law the organization is formed or 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 factory-assembled,
18 completely integrated structure designed for permanent
19 habitation, with a permanent chassis, and so constructed as
20 to permit its transport, on wheels temporarily or
21 permanently attached to its frame, and is a movable or
22 portable unit that is (i) 8 body feet or more in width,
23 (ii) 40 body feet or more in length, and (iii) 320 or more
24 square feet, constructed to be towed on its own chassis
25 (comprised of frame and wheels) from the place of its
26 construction to the location, or subsequent locations, at

1 which it is installed and set up according to the
2 manufacturer's instructions and connected to utilities for
3 year-round occupancy for use as a permanent habitation, and
4 designed and situated so as to permit its occupancy as a
5 dwelling place for one or more persons. The term shall
6 include units containing parts that may be folded,
7 collapsed, or telescoped when being towed and that may be
8 expected to provide additional cubic capacity, and that are
9 designed to be joined into one integral unit capable of
10 being separated again into the components for repeated
11 towing. The term shall exclude campers and recreational
12 vehicles.

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

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

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

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

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

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

6 (58) "Noncash proceeds" means proceeds other than cash
7 proceeds.

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

17 (60) "Original debtor", except as used in Section
18 9-310(c), means a person that, as debtor, entered into a
19 security agreement to which a new debtor has become bound
20 under Section 9-203(d).

21 (61) "Payment intangible" means a general intangible
22 under which the account debtor's principal obligation is a
23 monetary obligation.

24 (62) "Person related to", with respect to an
25 individual, means:

26 (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:

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

3 (B) whatever is collected on, or distributed on
4 account of, collateral;

5 (C) rights arising out of collateral;

6 (D) to the extent of the value of collateral,
7 claims arising out of the loss, nonconformity, or
8 interference with the use of, defects or infringement
9 of rights in, or damage to, the collateral; or

10 (E) to the extent of the value of collateral and to
11 the extent payable to the debtor or the secured party,
12 insurance payable by reason of the loss or
13 nonconformity of, defects or infringement of rights
14 in, or damage to, the collateral.

15 (65) "Promissory note" means an instrument that
16 evidences a promise to pay a monetary obligation, does not
17 evidence an order to pay, and does not contain an
18 acknowledgment by a bank that the bank has received for
19 deposit a sum of money or funds.

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

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

1 (A) debt securities are issued;

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

4 (C) the debtor, obligor, secured party, account
5 debtor or other person obligated on collateral,
6 assignor or assignee of a secured obligation, or
7 assignor or assignee of a security interest is a State
8 or a governmental unit of a State.

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

11 (A) a record consisting of the record initially
12 filed with or issued by a State or the United States to
13 form or organize an organization and any record filed
14 with or issued by the State or the United States which
15 amends or restates the initial record;

16 (B) an organic record of a business trust
17 consisting of the record initially filed with a State
18 and any record filed with the State which amends or
19 restates the initial record, if a statute of the State
20 governing business trusts requires that the record be
21 filed with the State; or

22 (C) a record consisting of legislation enacted by
23 the legislature of a State or the Congress of the
24 United States which forms or organizes an
25 organization, any record amending the legislation, and
26 any record filed with or issued by the State or the

1 United States which amends or restates the name of the
2 organization.

3 (69) ~~(68)~~ "Pursuant to commitment", with respect to an
4 advance made or other value given by a secured party, means
5 pursuant to the secured party's obligation, whether or not
6 a subsequent event of default or other event not within the
7 secured party's control has relieved or may relieve the
8 secured party from its obligation.

9 (70) ~~(69)~~ "Record", except as used in "for record", "of
10 record", "record or legal title", and "record owner", means
11 information that is inscribed on a tangible medium or which
12 is stored in an electronic or other medium and is
13 retrievable in perceivable form.

14 (71) ~~(70)~~ "Registered organization" means an
15 organization formed or organized solely under the law of a
16 single State or the United States by the filing of a public
17 organic record with, the issuance of a public organic
18 record by, or the enactment of legislation by the State or
19 the United States. The term includes a business trust that
20 is formed or organized under the law of a single State if a
21 statute of the State governing business trusts requires
22 that the business trust's organic record be filed with the
23 State and as to which the State or the United States must
24 maintain a public record showing the organization to have
25 been organized.

26 (72) ~~(71)~~ "Secondary obligor" means an obligor to the

1 extent that:

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

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

6 (73) ~~(72)~~ "Secured party" means:

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

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

12 (C) a consignor;

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

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

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

23 (74) ~~(73)~~ "Security agreement" means an agreement that
24 creates or provides for a security interest.

25 (75) ~~(74)~~ "Send", in connection with a record or
26 notification, means:

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

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

9 (76) ~~(75)~~ "Software" means a computer program and any
10 supporting information provided in connection with a
11 transaction relating to the program. The term does not
12 include a computer program that is included in the
13 definition of goods.

14 (77) ~~(76)~~ "State" means a State of the United States,
15 the District of Columbia, Puerto Rico, the United States
16 Virgin Islands, or any territory or insular possession
17 subject to the jurisdiction of the United States.

18 (78) ~~(77)~~ "Supporting obligation" means a
19 letter-of-credit right or secondary obligation that
20 supports the payment or performance of an account, chattel
21 paper, a document, a general intangible, an instrument, or
22 investment property.

23 (79) ~~(78)~~ "Tangible chattel paper" means chattel paper
24 evidenced by a record or records consisting of information
25 that is inscribed on a tangible medium.

26 (80) ~~(79)~~ "Termination statement" means an amendment

1 of a financing statement which:

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

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

7 (81) ~~(80)~~ "Transmitting utility" means a person
8 primarily engaged in the business of:

9 (A) operating a railroad, subway, street railway,
10 or trolley bus;

11 (B) transmitting communications electrically,
12 electromagnetically, or by light;

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

14 (D) transmitting or producing and transmitting
15 electricity, steam, gas, or water.

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

19 "Applicant". Section 5-102.

20 "Beneficiary". Section 5-102.

21 "Broker". Section 8-102.

22 "Certificated security". Section 8-102.

23 "Check". Section 3-104.

24 "Clearing corporation". Section 8-102.

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

26 "Customer". Section 4-104.

1 "Entitlement holder". Section 8-102.
2 "Financial asset". Section 8-102.
3 "Holder in due course". Section 3-302.
4 "Issuer" (with respect to a letter of credit or
5 letter-of-credit right). Section 5-102.
6 "Issuer" (with respect to a security). Section 8-201.
7 "Issuer" (with respect to documents of title). Section
8 7-102.
9 "Lease". Section 2A-103.
10 "Lease agreement". Section 2A-103.
11 "Lease contract". Section 2A-103.
12 "Leasehold interest". Section 2A-103.
13 "Lessee". Section 2A-103.
14 "Lessee in ordinary course of business". Section 2A-103.
15 "Lessor". Section 2A-103.
16 "Lessor's residual interest". Section 2A-103.
17 "Letter of credit". Section 5-102.
18 "Merchant". Section 2-104.
19 "Negotiable instrument". Section 3-104.
20 "Nominated person". Section 5-102.
21 "Note". Section 3-104.
22 "Proceeds of a letter of credit". Section 5-114.
23 "Prove". Section 3-103.
24 "Sale". Section 2-106.
25 "Securities account". Section 8-501.
26 "Securities intermediary". Section 8-102.

1 "Security". Section 8-102.

2 "Security certificate". Section 8-102.

3 "Security entitlement". Section 8-102.

4 "Uncertificated security". Section 8-102.

5 (c) Article 1 definitions and principles. Article 1
6 contains general definitions and principles of construction
7 and interpretation applicable throughout this Article.

8 (Source: P.A. 95-895, eff. 1-1-09; 96-1477, eff. 1-1-11.)

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

10 Sec. 9-105. Control of electronic chattel paper.

11 (a) General rule: Control of electronic chattel paper. A
12 secured party has control of electronic chattel paper if a
13 system employed for evidencing the transfer of interests in the
14 chattel paper reliably establishes the secured party as the
15 person to which the chattel paper was assigned.

16 (b) Specific facts giving control. A system satisfies
17 subsection (a) if the record or records comprising the chattel
18 paper are created, stored, and assigned in such a manner that:

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

23 (2) the authoritative copy identifies the secured
24 party as the assignee of the record or records;

25 (3) the authoritative copy is communicated to and

1 maintained by the secured party or its designated
2 custodian;

3 (4) copies or amendments ~~revisions~~ that add or change
4 an identified assignee of the authoritative copy can be
5 made only with the consent ~~participation~~ of the secured
6 party;

7 (5) each copy of the authoritative copy and any copy of
8 a copy is readily identifiable as a copy that is not the
9 authoritative copy; and

10 (6) any amendment ~~revision~~ of the authoritative copy is
11 readily identifiable as ~~an~~ authorized or unauthorized
12 ~~revision~~.

13 (Source: P.A. 90-665, eff. 7-30-98; 91-893, eff. 7-1-01.)

14 (810 ILCS 5/9-307) (from Ch. 26, par. 9-307)

15 Sec. 9-307. Location of debtor.

16 (a) "Place of business." In this Section, "place of
17 business" means a place where a debtor conducts its affairs.

18 (b) Debtor's location: general rules. Except as otherwise
19 provided in this Section, the following rules determine a
20 debtor's location:

21 (1) A debtor who is an individual is located at the
22 individual's principal residence.

23 (2) A debtor that is an organization and has only one
24 place of business is located at its place of business.

25 (3) A debtor that is an organization and has more than

1 one place of business is located at its chief executive
2 office.

3 (c) Limitation of applicability of subsection (b).
4 Subsection (b) applies only if a debtor's residence, place of
5 business, or chief executive office, as applicable, is located
6 in a jurisdiction whose law generally requires information
7 concerning the existence of a nonpossessory security interest
8 to be made generally available in a filing, recording, or
9 registration system 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. If subsection (b) does
12 not apply, the debtor is located in the District of Columbia.

13 (d) Continuation of location: cessation of existence, etc.
14 A person that ceases to exist, have a residence, or have a
15 place of business continues to be located in the jurisdiction
16 specified by subsections (b) and (c).

17 (e) Location of registered organization organized under
18 State law. A registered organization that is organized under
19 the law of a State is located in that State.

20 (f) Location of registered organization organized under
21 federal law; bank branches and agencies. Except as otherwise
22 provided in subsection (i), a registered organization that is
23 organized under the law of the United States and a branch or
24 agency of a bank that is not organized under the law of the
25 United States or a State are located:

26 (1) in the State that the law of the United States

1 designates, if the law designates a State of location;

2 (2) in the State that the registered organization,
3 branch, or agency designates, if the law of the United
4 States authorizes the registered organization, branch, or
5 agency to designate its State of location, including by
6 designating its main office, home office, or other
7 comparable office; or

8 (3) in the District of Columbia, if neither paragraph
9 (1) nor paragraph (2) applies.

10 (g) Continuation of location: change in status of
11 registered organization. A registered organization continues
12 to be located in the jurisdiction specified by subsection (e)
13 or (f) notwithstanding:

14 (1) the suspension, revocation, forfeiture, or lapse
15 of the registered organization's status as such in its
16 jurisdiction of organization; or

17 (2) the dissolution, winding up, or cancellation of the
18 existence of the registered organization.

19 (h) Location of United States. The United States is located
20 in the District of Columbia.

21 (i) Location of foreign bank branch or agency if licensed
22 in only one State. A branch or agency of a bank that is not
23 organized under the law of the United States or a State is
24 located in the State in which the branch or agency is licensed,
25 if all branches and agencies of the bank are licensed in only
26 one State.

1 (j) Location of foreign air carrier. A foreign air carrier
2 under the Federal Aviation Act of 1958, as amended, is located
3 at the designated office of the agent upon which service of
4 process may be made on behalf of the carrier.

5 (k) Section applies only to this Part. This Section applies
6 only for purposes of this Part.

7 (Source: P.A. 91-357, eff. 7-29-99; 91-893, eff. 7-1-01.)

8 (810 ILCS 5/9-311) (from Ch. 26, par. 9-311)

9 Sec. 9-311. Perfection of security interests in property
10 subject to certain statutes, regulations, and treaties.

11 (a) Security interest subject to other law. Except as
12 otherwise provided in subsection (d), the filing of a financing
13 statement is not necessary or effective to perfect a security
14 interest in property subject to:

15 (1) a statute, regulation, or treaty of the United
16 States whose requirements for a security interest's
17 obtaining priority over the rights of a lien creditor with
18 respect to the property preempt Section 9-310(a);

19 (2) the Illinois Vehicle Code or the Boat Registration
20 and Safety Act; or

21 (3) a ~~certificate of title~~ statute of another
22 jurisdiction which provides for a security interest to be
23 indicated on a ~~the~~ certificate of title as a condition or
24 result of the security interest's obtaining priority over
25 the rights of a lien creditor with respect to the property.

1 (b) Compliance with other law. Compliance with the
2 requirements of a statute, regulation, or treaty described in
3 subsection (a) for obtaining priority over the rights of a lien
4 creditor is equivalent to the filing of a financing statement
5 under this Article. Except as otherwise provided in subsection
6 (d) and Sections 9-313 and 9-316(d) and (e) for goods covered
7 by a certificate of title, a security interest in property
8 subject to a statute, regulation, or treaty described in
9 subsection (a) may be perfected only by compliance with those
10 requirements, and a security interest so perfected remains
11 perfected notwithstanding a change in the use or transfer of
12 possession of the collateral.

13 (c) Duration and renewal of perfection. Except as otherwise
14 provided in subsection (d) and Section 9-316(d) and (e),
15 duration and renewal of perfection of a security interest
16 perfected by compliance with the requirements prescribed by a
17 statute, regulation, or treaty described in subsection (a) are
18 governed by the statute, regulation, or treaty. In other
19 respects, the security interest is subject to this Article.

20 (d) Inapplicability to certain inventory. During any
21 period in which collateral subject to a statute specified in
22 subsection (a)(2) is inventory held for sale or lease by a
23 person or leased by that person as lessor and that person is in
24 the business of selling or leasing goods of that kind, this
25 Section does not apply to a security interest in that
26 collateral created by that person as debtor.

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

2 (810 ILCS 5/9-316) (from Ch. 26, par. 9-316)

3 Sec. 9-316. Effect of ~~Continued perfection of security~~
4 ~~interest following~~ change in governing law.

5 (a) General rule: effect on perfection of change in
6 governing law. A security interest perfected pursuant to the
7 law of the jurisdiction designated in Section 9-301(1) or
8 9-305(c) remains perfected until the earliest of:

9 (1) the time perfection would have ceased under the law
10 of that jurisdiction;

11 (2) the expiration of four months after a change of the
12 debtor's location to another jurisdiction; or

13 (3) the expiration of one year after a transfer of
14 collateral to a person that thereby becomes a debtor and is
15 located in another jurisdiction.

16 (b) Security interest perfected or unperfected under law of
17 new jurisdiction. If a security interest described in
18 subsection (a) becomes perfected under the law of the other
19 jurisdiction before the earliest time or event described in
20 that subsection, it remains perfected thereafter. If the
21 security interest does not become perfected under the law of
22 the other jurisdiction before the earliest time or event, it
23 becomes unperfected and is deemed never to have been perfected
24 as against a purchaser of the collateral for value.

25 (c) Possessory security interest in collateral moved to new

1 jurisdiction. A possessory security interest in collateral,
2 other than goods covered by a certificate of title and
3 as-extracted collateral consisting of goods, remains
4 continuously perfected if:

5 (1) the collateral is located in one jurisdiction and
6 subject to a security interest perfected under the law of
7 that jurisdiction;

8 (2) thereafter the collateral is brought into another
9 jurisdiction; and

10 (3) upon entry into the other jurisdiction, the
11 security interest is perfected under the law of the other
12 jurisdiction.

13 (d) Goods covered by certificate of title from this State.
14 Except as otherwise provided in subsection (e), a security
15 interest in goods covered by a certificate of title which is
16 perfected by any method under the law of another jurisdiction
17 when the goods become covered by a certificate of title from
18 this State remains perfected until the security interest would
19 have become unperfected under the law of the other jurisdiction
20 had the goods not become so covered.

21 (e) When subsection (d) security interest becomes
22 unperfected against purchasers. A security interest described
23 in subsection (d) becomes unperfected as against a purchaser of
24 the goods for value and is deemed never to have been perfected
25 as against a purchaser of the goods for value if the applicable
26 requirements for perfection under Section 9-311(b) or 9-313 are

1 not satisfied before the earlier of:

2 (1) the time the security interest would have become
3 unperfected under the law of the other jurisdiction had the
4 goods not become covered by a certificate of title from
5 this State; or

6 (2) the expiration of four months after the goods had
7 become so covered.

8 (f) Change in jurisdiction of bank, issuer, nominated
9 person, securities intermediary, or commodity intermediary. A
10 security interest in deposit accounts, letter-of-credit
11 rights, or investment property which is perfected under the law
12 of the bank's jurisdiction, the issuer's jurisdiction, a
13 nominated person's jurisdiction, the securities intermediary's
14 jurisdiction, or the commodity intermediary's jurisdiction, as
15 applicable, remains perfected until the earlier of:

16 (1) the time the security interest would have become
17 unperfected under the law of that jurisdiction; or

18 (2) the expiration of four months after a change of the
19 applicable jurisdiction to another jurisdiction.

20 (g) Subsection (f) security interest perfected or
21 unperfected under law of new jurisdiction. If a security
22 interest described in subsection (f) becomes perfected under
23 the law of the other jurisdiction before the earlier of the
24 time or the end of the period described in that subsection, it
25 remains perfected thereafter. If the security interest does not
26 become perfected under the law of the other jurisdiction before

1 the earlier of that time or the end of that period, it becomes
2 unperfected and is deemed never to have been perfected as
3 against a purchaser of the collateral for value.

4 (h) Effect on filed financing statement of change in
5 governing law. The following rules apply to collateral to which
6 a security interest attaches within four months after the
7 debtor changes its location to another jurisdiction:

8 (1) A financing statement filed before the change
9 pursuant to the law of the jurisdiction designated in
10 Section 9-301(1) or 9-305(c) is effective to perfect a
11 security interest in the collateral if the financing
12 statement would have been effective to perfect a security
13 interest in the collateral had the debtor not changed its
14 location.

15 (2) If a security interest perfected by a financing
16 statement that is effective under paragraph (1) becomes
17 perfected under the law of the other jurisdiction before
18 the earlier of the time the financing statement would have
19 become ineffective under the law of the jurisdiction
20 designated in Section 9-301(1) or 9-305(c) or the
21 expiration of the four-month period, it remains perfected
22 thereafter. If the security interest does not become
23 perfected under the law of the other jurisdiction before
24 the earlier time or event, it becomes unperfected and is
25 deemed never to have been perfected as against a purchaser
26 of the collateral for value.

1 (i) Effect of change in governing law on financing
2 statement filed against original debtor. If a financing
3 statement naming an original debtor is filed pursuant to the
4 law of the jurisdiction designated in Section 9-301(1) or
5 9-305(c) and the new debtor is located in another jurisdiction,
6 the following rules apply:

7 (1) The financing statement is effective to perfect a
8 security interest in collateral acquired by the new debtor
9 before, and within four months after, the new debtor
10 becomes bound under Section 9-203(d), if the financing
11 statement would have been effective to perfect a security
12 interest in the collateral had the collateral been acquired
13 by the original debtor.

14 (2) A security interest perfected by the financing
15 statement and which becomes perfected under the law of the
16 other jurisdiction before the earlier of the time the
17 financing statement would have become ineffective under
18 the law of the jurisdiction designated in Section 9-301(1)
19 or 9-305(c) or the expiration of the four-month period
20 remains perfected thereafter. A security interest that is
21 perfected by the financing statement but which does not
22 become perfected under the law of the other jurisdiction
23 before the earlier time or event becomes unperfected and is
24 deemed never to have been perfected as against a purchaser
25 of the collateral for value.

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

1 (810 ILCS 5/9-317) (from Ch. 26, par. 9-317)

2 Sec. 9-317. Interests that take priority over or take free
3 of security interest or agricultural lien.

4 (a) Conflicting security interests and rights of lien
5 creditors. A security interest or agricultural lien is
6 subordinate to the rights of:

7 (1) a person entitled to priority under Section 9-322;
8 and

9 (2) except as otherwise provided in subsection (e) or
10 (f), a person that becomes a lien creditor before the
11 earlier of the time:

12 (A) the security interest or agricultural lien is
13 perfected; or

14 (B) one of the conditions specified in Section
15 9-203(b)(3) is met and a financing statement covering
16 the collateral is filed.

17 (b) Buyers that receive delivery. Except as otherwise
18 provided in subsection (e), a buyer, other than a secured
19 party, of tangible chattel paper, tangible documents, goods,
20 instruments, or a certificated security ~~security certificate~~
21 takes free of a security interest or agricultural lien if the
22 buyer gives value and receives delivery of the collateral
23 without knowledge of the security interest or agricultural lien
24 and before it is perfected.

25 (c) Lessees that receive delivery. Except as otherwise

1 provided in subsection (e), a lessee of goods takes free of a
2 security interest or agricultural lien if the lessee gives
3 value and receives delivery of the collateral without knowledge
4 of the security interest or agricultural lien and before it is
5 perfected.

6 (d) Licensees and buyers of certain collateral. A licensee
7 of a general intangible or a buyer, other than a secured party,
8 of collateral ~~accounts, electronic chattel paper, electronic~~
9 ~~documents, general intangibles, or investment property~~ other
10 than tangible chattel paper, tangible documents, goods,
11 instruments, or a certificated security takes free of a
12 security interest if the licensee or buyer gives value without
13 knowledge of the security interest and before it is perfected.

14 (e) Purchase-money security interest. Except as otherwise
15 provided in Sections 9-320 and 9-321, if a person files a
16 financing statement with respect to a purchase-money security
17 interest before or within 20 days after the debtor receives
18 delivery of the collateral, the security interest takes
19 priority over the rights of a buyer, lessee, or lien creditor
20 which arise between the time the security interest attaches and
21 the time of filing.

22 (f) Public deposits. An unperfected security interest
23 shall take priority over the rights of a lien creditor if (i)
24 the lien creditor is a trustee or receiver of a bank or acting
25 in furtherance of its supervisory authority over such bank and
26 (ii) a security interest is granted by the bank to secure a

1 deposit of public funds with the bank or a repurchase agreement
2 with the bank pursuant to the Government Securities Act of
3 1986, as amended.

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

5 (810 ILCS 5/9-326)

6 Sec. 9-326. Priority of security interests created by new
7 debtor.

8 (a) Subordination of security interest created by new
9 debtor. Subject to subsection (b), a security interest that is
10 created by a new debtor in collateral in which the new debtor
11 has or acquires rights and is perfected solely by a filed
12 financing statement that would be ineffective to perfect the
13 security interest but for the application of Section
14 9-316(i)(1) or 9-508 is effective solely under Section 9-508 in
15 collateral in which a new debtor has or acquires rights is
16 subordinate to a security interest in the same collateral which
17 is perfected other than by such a filed financing statement
18 ~~that is effective solely under Section 9-508.~~

19 (b) Priority under other provisions; multiple original
20 debtors. The other provisions of this Part determine the
21 priority among conflicting security interests in the same
22 collateral perfected by filed financing statements described
23 in subsection (a) that are effective solely under Section
24 9-508. However, if the security agreements to which a new
25 debtor became bound as debtor were not entered into by the same

1 original debtor, the conflicting security interests rank
2 according to priority in time of the new debtor's having become
3 bound.

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

5 (810 ILCS 5/9-406) (from Ch. 26, par. 9-406)

6 Sec. 9-406. Discharge of account debtor; notification of
7 assignment; identification and proof of assignment;
8 restrictions on assignment of accounts, chattel paper, payment
9 intangibles, and promissory notes ineffective.

10 (a) Discharge of account debtor; effect of notification.
11 Subject to subsections (b) through (i), an account debtor on an
12 account, chattel paper, or a payment intangible may discharge
13 its obligation by paying the assignor until, but not after, the
14 account debtor receives a notification, authenticated by the
15 assignor or the assignee, that the amount due or to become due
16 has been assigned and that payment is to be made to the
17 assignee. After receipt of the notification, the account debtor
18 may discharge its obligation by paying the assignee and may not
19 discharge the obligation by paying the assignor.

20 (b) When notification ineffective. Subject to subsection
21 (h), notification is ineffective under subsection (a):

22 (1) if it does not reasonably identify the rights
23 assigned;

24 (2) to the extent that an agreement between an account
25 debtor and a seller of a payment intangible limits the

1 account debtor's duty to pay a person other than the seller
2 and the limitation is effective under law other than this
3 Article; or

4 (3) at the option of an account debtor, if the
5 notification notifies the account debtor to make less than
6 the full amount of any installment or other periodic
7 payment to the assignee, even if:

8 (A) only a portion of the account, chattel paper,
9 or payment intangible has been assigned to that
10 assignee;

11 (B) a portion has been assigned to another
12 assignee; or

13 (C) the account debtor knows that the assignment to
14 that assignee is limited.

15 (c) Proof of assignment. Subject to subsection (h), if
16 requested by the account debtor, an assignee shall seasonably
17 furnish reasonable proof that the assignment has been made.
18 Unless the assignee complies, the account debtor may discharge
19 its obligation by paying the assignor, even if the account
20 debtor has received a notification under subsection (a).

21 (d) Term restricting assignment generally ineffective.
22 Except as otherwise provided in subsection (e) and Sections
23 2A-303 and 9-407, and subject to subsection (h), a term in an
24 agreement between an account debtor and an assignor or in a
25 promissory note is ineffective to the extent that it:

26 (1) prohibits, restricts, or requires the consent of

1 the account debtor or person obligated on the promissory
2 note to the assignment or transfer of, or the creation,
3 attachment, perfection, or enforcement of a security
4 interest in, the account, chattel paper, payment
5 intangible, or promissory note; or

6 (2) provides that the assignment or transfer or the
7 creation, attachment, perfection, or enforcement of the
8 security interest may give rise to a default, breach, right
9 of recoupment, claim, defense, termination, right of
10 termination, or remedy under the account, chattel paper,
11 payment intangible, or promissory note.

12 (e) Inapplicability of subsection (d) to certain sales.
13 Subsection (d) does not apply to the sale of a payment
14 intangible or promissory note, other than a sale pursuant to a
15 disposition under Section 9-610 or an acceptance of collateral
16 under Section 9-620.

17 (f) Legal restrictions on assignment generally
18 ineffective. Except as otherwise provided in Sections 2A-303
19 and 9-407 and subject to subsections (h) and (i), a rule of
20 law, statute, or regulation that prohibits, restricts, or
21 requires the consent of a government, governmental body or
22 official, or account debtor to the assignment or transfer of,
23 or creation of a security interest in, an account or chattel
24 paper is ineffective to the extent that the rule of law,
25 statute, or regulation:

26 (1) prohibits, restricts, or requires the consent of

1 the government, governmental body or official, or account
2 debtor to the assignment or transfer of, or the creation,
3 attachment, perfection, or enforcement of a security
4 interest in the account or chattel paper; or

5 (2) provides that the assignment or transfer or the
6 creation, attachment, perfection, or enforcement of the
7 security interest may give rise to a default, breach, right
8 of recoupment, claim, defense, termination, right of
9 termination, or remedy under the account or chattel paper.

10 (g) Subsection (b)(3) not waivable. Subject to subsection
11 (h), an account debtor may not waive or vary its option under
12 subsection (b)(3).

13 (h) Rule for individual under other law. This Section is
14 subject to law other than this Article which establishes a
15 different rule for an account debtor who is an individual and
16 who incurred the obligation primarily for personal, family, or
17 household purposes.

18 (i) Inapplicability to health-care-insurance receivable.
19 This Section does not apply to an assignment of a
20 health-care-insurance receivable.

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

22 (810 ILCS 5/9-408) (from Ch. 26, par. 9-408)

23 Sec. 9-408. Restrictions on assignment of promissory
24 notes, health-care-insurance receivables, and certain general
25 intangibles ineffective.

1 (a) Term restricting assignment generally ineffective.
2 Except as otherwise provided in subsection (b), a term in a
3 promissory note or in an agreement between an account debtor
4 and a debtor which relates to a health-care-insurance
5 receivable or a general intangible, including a contract,
6 permit, license, or franchise, and which term prohibits,
7 restricts, or requires the consent of the person obligated on
8 the promissory note or the account debtor to, the assignment or
9 transfer of, or creation, attachment, or perfection of a
10 security interest in, the promissory note,
11 health-care-insurance receivable, or general intangible, is
12 ineffective to the extent that the term:

13 (1) would impair the creation, attachment, or
14 perfection of a security interest; or

15 (2) provides that the assignment or transfer or the
16 creation, attachment, or perfection of the security
17 interest may give rise to a default, breach, right of
18 recoupment, claim, defense, termination, right of
19 termination, or remedy under the promissory note,
20 health-care-insurance receivable, or general intangible.

21 (b) Applicability of subsection (a) to sales of certain
22 rights to payment. Subsection (a) applies to a security
23 interest in a payment intangible or promissory note only if the
24 security interest arises out of a sale of the payment
25 intangible or promissory note, other than a sale pursuant to a
26 disposition under Section 9-610 or an acceptance of collateral

1 under Section 9-620.

2 (c) Legal restrictions on assignment generally
3 ineffective. A rule of law, statute, or regulation that
4 prohibits, restricts, or requires the consent of a government,
5 governmental body or official, person obligated on a promissory
6 note, or account debtor to the assignment or transfer of, or
7 creation of a security interest in, a promissory note,
8 health-care-insurance receivable, or general intangible,
9 including a contract, permit, license, or franchise between an
10 account debtor and a debtor, is ineffective to the extent that
11 the rule of law, statute, or regulation:

12 (1) would impair the creation, attachment, or
13 perfection of a security interest; or

14 (2) provides that the assignment or transfer or the
15 creation, attachment, or perfection of the security
16 interest may give rise to a default, breach, right of
17 recoupment, claim, defense, termination, right of
18 termination, or remedy under the promissory note,
19 health-care-insurance receivable, or general intangible.

20 (d) Limitation on ineffectiveness under subsections (a)
21 and (c). To the extent that a term in a promissory note or in an
22 agreement between an account debtor and a debtor which relates
23 to a health-care-insurance receivable or general intangible or
24 a rule of law, statute, or regulation described in subsection
25 (c) would be effective under law other than this Article but is
26 ineffective under subsection (a) or (c), the creation,

1 attachment, or perfection of a security interest in the
2 promissory note, health-care-insurance receivable, or general
3 intangible:

4 (1) is not enforceable against the person obligated on
5 the promissory note or the account debtor;

6 (2) does not impose a duty or obligation on the person
7 obligated on the promissory note or the account debtor;

8 (3) does not require the person obligated on the
9 promissory note or the account debtor to recognize the
10 security interest, pay or render performance to the secured
11 party, or accept payment or performance from the secured
12 party;

13 (4) does not entitle the secured party to use or assign
14 the debtor's rights under the promissory note,
15 health-care-insurance receivable, or general intangible,
16 including any related information or materials furnished
17 to the debtor in the transaction giving rise to the
18 promissory note, health-care-insurance receivable, or
19 general intangible;

20 (5) does not entitle the secured party to use, assign,
21 possess, or have access to any trade secrets or
22 confidential information of the person obligated on the
23 promissory note or the account debtor; and

24 (6) does not entitle the secured party to enforce the
25 security interest in the promissory note,
26 health-care-insurance receivable, or general intangible.

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

2 (810 ILCS 5/9-502) (from Ch. 26, par. 9-502)

3 Sec. 9-502. Contents of financing statement; record of
4 mortgage as financing statement; time of filing financing
5 statement.

6 (a) Sufficiency of financing statement. Subject to
7 subsection (b), a financing statement is sufficient only if it:

8 (1) provides the name of the debtor;

9 (2) provides the name of the secured party or a
10 representative of the secured party; and

11 (3) indicates the collateral covered by the financing
12 statement.

13 (b) Real-property-related financing statements. Except as
14 otherwise provided in Section 9-501(b), to be sufficient, a
15 financing statement that covers as-extracted collateral or
16 timber to be cut, or which is filed as a fixture filing and
17 covers goods that are or are to become fixtures, must satisfy
18 subsection (a) and also:

19 (1) indicate that it covers this type of collateral;

20 (2) indicate that it is to be filed in the real
21 property records;

22 (3) provide a description of the real property to which
23 the collateral is related sufficient to give constructive
24 notice of a mortgage under the law of this State if the
25 description were contained in a record of the mortgage of

1 the real property; and

2 (4) if the debtor does not have an interest of record
3 in the real property, provide the name of a record owner.

4 (c) Record of mortgage as financing statement. A record of
5 a mortgage is effective, from the date of recording, as a
6 financing statement filed as a fixture filing or as a financing
7 statement covering as-extracted collateral or timber to be cut
8 only if:

9 (1) the record indicates the goods or accounts that it
10 covers;

11 (2) the goods are or are to become fixtures related to
12 the real property described in the record or the collateral
13 is related to the real property described in the record and
14 is as-extracted collateral or timber to be cut;

15 (3) the record satisfies the requirements for a
16 financing statement in this Section, but:

17 (A) the record need not indicate ~~other than an~~
18 ~~indication~~ that it is to be filed in the real property
19 records; and

20 (B) the record sufficiently provides the name of a
21 debtor who is an individual if it provides the
22 individual name of the debtor or the surname and first
23 personal name of the debtor, even if the debtor is an
24 individual to whom Section 9-503(a) (4) applies; and

25 (4) the record is recorded.

26 (d) Filing before security agreement or attachment. A

1 financing statement may be filed before a security agreement is
2 made or a security interest otherwise attaches.

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

4 (810 ILCS 5/9-503) (from Ch. 26, par. 9-503)

5 Sec. 9-503. Name of debtor and secured party.

6 (a) Sufficiency of debtor's name. A financing statement
7 sufficiently provides the name of the debtor:

8 (1) except as otherwise provided in paragraph (3), if
9 the debtor is a registered organization or the collateral
10 is held in a trust that is a registered organization, only
11 if the financing statement provides the name that is stated
12 to be the registered organization's name ~~of the debtor~~
13 ~~indicated~~ on the public organic record most recently filed
14 with or issued or enacted by ~~of~~ the registered
15 organization's ~~debtor's~~ jurisdiction of organization which
16 purports to state, amend, or restate the registered
17 organization's name ~~shows the debtor to have been~~
18 ~~organized;~~

19 (2) subject to subsection (f), if the collateral is
20 being administered by the personal representative of a
21 decedent ~~debtor is a decedent's estate,~~ only if the
22 financing statement provides, as the name of the debtor,
23 the name of the decedent and, in a separate part of the
24 financing statement, indicates that the collateral is
25 being administered by a personal representative ~~debtor is~~

1 ~~an estate;~~

2 (3) if the collateral is held in a trust that is not a
3 registered organization ~~debtor is a trust or a trustee~~
4 ~~acting with respect to property held in trust,~~ only if the
5 financing statement:

6 (A) provides, as the name of the debtor:

7 (i) if the organic record of the trust
8 specifies a name for the trust, the name specified;

9 or

10 (ii) if the organic record of the trust does
11 not specify a name for the trust, the name of the
12 settlor or testator ~~the name specified for the~~
13 ~~trust in its organic documents or, if no name is~~
14 ~~specified, provides the name of the settlor and~~
15 ~~additional information sufficient to distinguish~~
16 ~~the debtor from other trusts having one or more of~~
17 ~~the same settlors; and~~

18 (B) in a separate part of the financing statement:

19 (i) if the name is provided in accordance with
20 subparagraph (A) (i), indicates that the collateral
21 is held in a trust; or

22 (ii) if the name is provided in accordance with
23 subparagraph (A) (ii), provides additional
24 information sufficient to distinguish the trust
25 from other trusts having one or more of the same
26 settlors or the same testator and indicates that

1 the collateral is held in a trust, unless the
2 additional information so indicates;

3 (4) subject to subsection (g), if the debtor is an
4 individual to whom this State has issued a driver's license
5 that has not expired, only if the financing statement
6 provides the name of the individual which is indicated on
7 the driver's license;

8 (5) if the debtor is an individual to whom paragraph
9 (4) does not apply, only if the financing statement
10 provides the individual name of the debtor or the surname
11 and first personal name of the debtor indicates, in the
12 ~~debtor's name or otherwise, that the debtor is a trust or~~
13 ~~is a trustee acting with respect to property held in trust;~~
14 and

15 (6) ~~(4)~~ in other cases:

16 (A) if the debtor has a name, only if the financing
17 statement ~~it~~ provides the ~~individual or~~ organizational
18 name of the debtor; and

19 (B) if the debtor does not have a name, only if it
20 provides the names of the partners, members,
21 associates, or other persons comprising the debtor, in
22 a manner that each name provided would be sufficient if
23 the person named were the debtor.

24 (b) Additional debtor-related information. A financing
25 statement that provides the name of the debtor in accordance
26 with subsection (a) is not rendered ineffective by the absence

1 of:

2 (1) a trade name or other name of the debtor; or

3 (2) unless required under subsection (a)(6)(B)
4 ~~(a)(4)(B)~~, names of partners, members, associates, or
5 other persons comprising the debtor.

6 (c) Debtor's trade name insufficient. A financing
7 statement that provides only the debtor's trade name does not
8 sufficiently provide the name of the debtor.

9 (d) Representative capacity. Failure to indicate the
10 representative capacity of a secured party or representative of
11 a secured party does not affect the sufficiency of a financing
12 statement.

13 (e) Multiple debtors and secured parties. A financing
14 statement may provide the name of more than one debtor and the
15 name of more than one secured party.

16 (f) Name of decedent. The name of the decedent indicated on
17 the order appointing the personal representative of the
18 decedent issued by the court having jurisdiction over the
19 collateral is sufficient as the "name of the decedent" under
20 subsection (a)(2).

21 (g) Multiple driver's licenses. If this State has issued to
22 an individual more than one driver's license of a kind
23 described in subsection (a)(4), the one that was issued most
24 recently is the one to which subsection (a)(4) refers.

25 (h) Definition. In this Section, the "name of the settlor
26 or testator" means:

1 (1) if the settlor is a registered organization, the
2 name that is stated to be the settlor's name on the public
3 organic record most recently filed with or issued or
4 enacted by the settlor's jurisdiction of organization
5 which purports to state, amend, or restate the settlor's
6 name; or

7 (2) in other cases, the name of the settlor or testator
8 indicated in the trust's organic record.

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

10 (810 ILCS 5/9-507) (from Ch. 26, par. 9-507)

11 Sec. 9-507. Effect of certain events on effectiveness of
12 financing statement.

13 (a) Disposition. A filed financing statement remains
14 effective with respect to collateral that is sold, exchanged,
15 leased, licensed, or otherwise disposed of and in which a
16 security interest or agricultural lien continues, even if the
17 secured party knows of or consents to the disposition.

18 (b) Information becoming seriously misleading. Except as
19 otherwise provided in subsection (c) and Section 9-508, a
20 financing statement is not rendered ineffective if, after the
21 financing statement is filed, the information provided in the
22 financing statement becomes seriously misleading under Section
23 9-506.

24 (c) Change in debtor's name. If ~~the a debtor so changes its~~
25 name that a filed financing statement provides for a debtor

1 becomes insufficient as the name of the debtor under Section
2 9-503(a) so that the financing statement becomes seriously
3 misleading under Section 9-506:

4 (1) the financing statement is effective to perfect a
5 security interest in collateral acquired by the debtor
6 before, or within four months after, the filed financing
7 statement becomes seriously misleading ~~change~~; and

8 (2) the financing statement is not effective to perfect
9 a security interest in collateral acquired by the debtor
10 more than four months after the filed financing statement
11 becomes seriously misleading ~~change~~, unless an amendment
12 to the financing statement which renders the financing
13 statement not seriously misleading is filed within four
14 months after the filed financing statement becomes
15 seriously misleading ~~change~~.

16 (Source: P.A. 90-214, eff. 7-25-97; 91-893, eff. 7-1-01.)

17 (810 ILCS 5/9-515)

18 Sec. 9-515. Duration and effectiveness of financing
19 statement; effect of lapsed financing statement.

20 (a) Five-year effectiveness. Except as otherwise provided
21 in subsections (b), (e), (f), and (g), a filed financing
22 statement is effective for a period of five years after the
23 date of filing.

24 (b) Public-finance or manufactured-home transaction.
25 Except as otherwise provided in subsections (e), (f), and (g),

1 an initial financing statement filed in connection with a
2 public-finance transaction or manufactured-home transaction is
3 effective for a period of 30 years after the date of filing if
4 it indicates that it is filed in connection with a
5 public-finance transaction or manufactured-home transaction.

6 (c) Lapse and continuation of financing statement. The
7 effectiveness of a filed financing statement lapses on the
8 expiration of the period of its effectiveness unless before the
9 lapse a continuation statement is filed pursuant to subsection
10 (d). Upon lapse, a financing statement ceases to be effective
11 and any security interest or agricultural lien that was
12 perfected by the financing statement becomes unperfected,
13 unless the security interest is perfected otherwise. If the
14 security interest or agricultural lien becomes unperfected
15 upon lapse, it is deemed never to have been perfected as
16 against a purchaser of the collateral for value.

17 (d) When continuation statement may be filed. A
18 continuation statement may be filed only within six months
19 before the expiration of the five-year period specified in
20 subsection (a) or the 30-year period specified in subsection
21 (b), whichever is applicable.

22 (e) Effect of filing continuation statement. Except as
23 otherwise provided in Section 9-510, upon timely filing of a
24 continuation statement, the effectiveness of the initial
25 financing statement continues for a period of five years
26 commencing on the day on which the financing statement would

1 have become ineffective in the absence of the filing. Upon the
2 expiration of the five-year period, the financing statement
3 lapses in the same manner as provided in subsection (c),
4 unless, before the lapse, another continuation statement is
5 filed pursuant to subsection (d). Succeeding continuation
6 statements may be filed in the same manner to continue the
7 effectiveness of the initial financing statement.

8 (f) Transmitting utility financing statement. If a debtor
9 is a transmitting utility and a filed initial financing
10 statement so indicates, the financing statement is effective
11 until a termination statement is filed.

12 (g) Record of mortgage as financing statement. A record of
13 a mortgage that is effective as a financing statement filed as
14 a fixture filing under Section 9-502(c) remains effective as a
15 financing statement filed as a fixture filing until the
16 mortgage is released or satisfied of record or its
17 effectiveness otherwise terminates as to the real property.

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

19 (810 ILCS 5/9-516)

20 Sec. 9-516. What constitutes filing; effectiveness of
21 filing.

22 (a) What constitutes filing. Except as otherwise provided
23 in subsection (b), communication of a record to a filing office
24 and tender of the filing fee or acceptance of the record by the
25 filing office constitutes filing.

1 (b) Refusal to accept record; filing does not occur. Filing
2 does not occur with respect to a record that a filing office
3 refuses to accept because:

4 (1) the record is not communicated by a method or
5 medium of communication authorized by the filing office;

6 (2) an amount equal to or greater than the applicable
7 filing fee is not tendered;

8 (3) the filing office is unable to index the record
9 because:

10 (A) in the case of an initial financing statement,
11 the record does not provide a name for the debtor;

12 (B) in the case of an amendment or information
13 ~~correction~~ statement, the record:

14 (i) does not identify the initial financing
15 statement as required by Section 9-512 or 9-518, as
16 applicable; or

17 (ii) identifies an initial financing statement
18 whose effectiveness has lapsed under Section
19 9-515;

20 (C) in the case of an initial financing statement
21 that provides the name of a debtor identified as an
22 individual or an amendment that provides a name of a
23 debtor identified as an individual which was not
24 previously provided in the financing statement to
25 which the record relates, the record does not identify
26 the debtor's surname ~~last name~~;

1 (D) in the case of a record filed or recorded in
2 the filing office described in Section 9-501(a)(1),
3 the record does not provide a sufficient description of
4 the real property to which it relates; or

5 (E) in the case of a record submitted to the filing
6 office described in Section 9-501(b), the debtor does
7 not meet the definition of a transmitting utility as
8 described in Section 9-102(a)(80);

9 (3.5) in the case of an initial financing statement or
10 an amendment, if the filing office believes in good faith
11 that a document submitted for filing is being filed for the
12 purpose of defrauding any person or harassing any person in
13 the performance of duties as a public servant;

14 (4) in the case of an initial financing statement or an
15 amendment that adds a secured party of record, the record
16 does not provide a name and mailing address for the secured
17 party of record;

18 (5) in the case of an initial financing statement or an
19 amendment that provides a name of a debtor which was not
20 previously provided in the financing statement to which the
21 amendment relates, the record does not:

22 (A) provide a mailing address for the debtor; or

23 (B) indicate whether the name provided as the name
24 of the debtor is the name of an individual or an
25 organization; ~~or~~

26 ~~(C) if the financing statement indicates that the~~

1 ~~debtor is an organization, provide:~~

2 ~~(i) a type of organization for the debtor;~~

3 ~~(ii) a jurisdiction of organization for the~~
4 ~~debtor; or~~

5 ~~(iii) an organizational identification number~~
6 ~~for the debtor or indicate that the debtor has~~
7 ~~none;~~

8 (6) in the case of an assignment reflected in an
9 initial financing statement under Section 9-514(a) or an
10 amendment filed under Section 9-514(b), the record does not
11 provide a name and mailing address for the assignee; or

12 (7) in the case of a continuation statement, the record
13 is not filed within the six-month period prescribed by
14 Section 9-515(d).

15 (c) Rules applicable to subsection (b). For purposes of
16 subsection (b):

17 (1) a record does not provide information if the filing
18 office is unable to read or decipher the information; and

19 (2) a record that does not indicate that it is an
20 amendment or identify an initial financing statement to
21 which it relates, as required by Section 9-512, 9-514, or
22 9-518, is an initial financing statement.

23 (d) Refusal to accept record; record effective as filed
24 record. A record that is communicated to the filing office with
25 tender of the filing fee, but which the filing office refuses
26 to accept for a reason other than one set forth in subsection

1 (b), is effective as a filed record except as against a
2 purchaser of the collateral which gives value in reasonable
3 reliance upon the absence of the record from the files.

4 (e) The Secretary of State may refuse to accept a record
5 for filing under subdivision (b) (3) (E) or (b) (3.5) only if the
6 refusal is approved by the Department of Business Services of
7 the Secretary of State and the General Counsel to the Secretary
8 of State.

9 (Source: P.A. 95-446, eff. 1-1-08.)

10 (810 ILCS 5/9-518)

11 Sec. 9-518. Claim concerning inaccurate or wrongfully
12 filed record.

13 (a) Statement with respect to record indexed under a
14 person's name ~~Correction statement~~. A person may file in the
15 filing office an information ~~a correction~~ statement with
16 respect to a record indexed there under the person's name if
17 the person believes that the record is inaccurate or was
18 wrongfully filed.

19 (b) Contents ~~Sufficiency~~ of ~~correction~~ statement under
20 subsection (a). An information ~~A correction~~ statement under
21 subsection (a) must:

22 (1) identify the record to which it relates by: ~~(A)~~ the
23 file number assigned to the initial financing statement to
24 which the record relates; ~~and~~

25 ~~(B) if the correction statement relates to a record~~

~~filed or recorded in a filing office described in Section 9-501(a)(1), the date and time that the initial financing statement was filed and the information specified in Section 9-502(b);~~

(2) indicate that it is an information ~~a correction~~ statement; and

(3) provide the basis for the person's belief that the record is inaccurate and indicate the manner in which the person believes the record should be amended to cure any inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

(c) Statement by secured party of record. A person may file in the filing office an information statement with respect to a record filed there if the person is a secured party of record with respect to the financing statement to which the record relates and believes that the person that filed the record was not entitled to do so under Section 9-509(d).

(d) Contents of statement under subsection (c). An information statement under subsection (c) must:

(1) identify the record to which it relates by the file number assigned to the initial financing statement to which the record relates;

(2) indicate that it is an information statement; and

(3) provide the basis for the person's belief that the person that filed the record was not entitled to do so under Section 9-509(d).

1 (e) ~~(e)~~ Record not affected by information ~~correction~~
2 statement. The filing of an information ~~a correction~~ statement
3 does not affect the effectiveness of an initial financing
4 statement or other filed record.

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

6 (810 ILCS 5/9-521)

7 Sec. 9-521. Uniform form of written financing statement and
8 amendment.

9 (a) Initial financing statement form. A filing office that
10 accepts written records may not refuse to accept a written
11 initial financing statement in the form and format set forth in
12 the ~~final~~ official text of the 2010 amendments ~~1999 revisions~~
13 to Article 9 of the Uniform Commercial Code promulgated by the
14 American Law Institute and the National Conference of
15 Commissioners on Uniform State Laws, except for a reason set
16 forth in Section 9-516(b).

17 (b) Amendment form. A filing office that accepts written
18 records may not refuse to accept a written record in the form
19 and format set forth as Form UCC3 and Form UCC3Ad in the final
20 official text of the 2010 amendments ~~1999 revisions~~ to Article
21 9 of the Uniform Commercial Code promulgated by the American
22 Law Institute and the National Conference of Commissioners on
23 Uniform State Laws, except for a reason set forth in Section
24 9-516(b).

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

1 (810 ILCS 5/9-607)

2 Sec. 9-607. Collection and enforcement by secured party.

3 (a) Collection and enforcement generally. If so agreed, and
4 in any event after default, a secured party:

5 (1) may notify an account debtor or other person
6 obligated on collateral to make payment or otherwise render
7 performance to or for the benefit of the secured party;

8 (2) may take any proceeds to which the secured party is
9 entitled under Section 9-315;

10 (3) may enforce the obligations of an account debtor or
11 other person obligated on collateral and exercise the
12 rights of the debtor with respect to the obligation of the
13 account debtor or other person obligated on collateral to
14 make payment or otherwise render performance to the debtor,
15 and with respect to any property that secures the
16 obligations of the account debtor or other person obligated
17 on the collateral;

18 (4) if it holds a security interest in a deposit
19 account perfected by control under Section 9-104(a)(1),
20 may apply the balance of the deposit account to the
21 obligation secured by the deposit account; and

22 (5) if it holds a security interest in a deposit
23 account perfected by control under Section 9-104(a)(2) or
24 (3), may instruct the bank to pay the balance of the
25 deposit account to or for the benefit of the secured party.

1 (b) Nonjudicial enforcement of mortgage. If necessary to
2 enable a secured party to exercise under subsection (a) (3) the
3 right of a debtor to enforce a mortgage nonjudicially, the
4 secured party may record in the office in which a record of the
5 mortgage is recorded:

6 (1) a copy of the security agreement that creates or
7 provides for a security interest in the obligation secured
8 by the mortgage; and

9 (2) the secured party's sworn affidavit in recordable
10 form stating that:

11 (A) a default has occurred with respect to the
12 obligation secured by the mortgage; and

13 (B) the secured party is entitled to enforce the
14 mortgage nonjudicially.

15 (c) Commercially reasonable collection and enforcement. A
16 secured party shall proceed in a commercially reasonable manner
17 if the secured party:

18 (1) undertakes to collect from or enforce an obligation
19 of an account debtor or other person obligated on
20 collateral; and

21 (2) is entitled to charge back uncollected collateral
22 or otherwise to full or limited recourse against the debtor
23 or a secondary obligor.

24 (d) Expenses of collection and enforcement. A secured party
25 may deduct from the collections made pursuant to subsection (c)
26 reasonable expenses of collection and enforcement, including

1 reasonable attorney's fees and legal expenses incurred by the
2 secured party.

3 (e) Duties to secured party not affected. This Section does
4 not determine whether an account debtor, bank, or other person
5 obligated on collateral owes a duty to a secured party.

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

7 (810 ILCS 5/9-625)

8 Sec. 9-625. Remedies for secured party's failure to comply
9 with Article.

10 (a) Judicial orders concerning noncompliance. If it is
11 established that a secured party is not proceeding in
12 accordance with this Article, a court may order or restrain
13 collection, enforcement, or disposition of collateral on
14 appropriate terms and conditions.

15 (b) Damages for noncompliance. Subject to subsections (c),
16 (d), and (f), a person is liable for damages in the amount of
17 any loss caused by a failure to comply with this Article. Loss
18 caused by a failure to comply with a request under Section
19 9-210 may include loss resulting from the debtor's inability to
20 obtain, or increased costs of, alternative financing.

21 (c) Persons entitled to recover damages; statutory damages
22 if collateral is consumer goods ~~in consumer goods transaction.~~
23 Except as otherwise provided in Section 9-628:

24 (1) a person that, at the time of the failure, was a
25 debtor, was an obligor, or held a security interest in or

1 other lien on the collateral may recover in an individual
2 action damages under subsection (b) for its loss; and

3 (2) if the collateral is consumer goods, a person that
4 was a debtor or a secondary obligor at the time a secured
5 party failed to comply with this Part may recover in an
6 individual action for that failure in any event an amount
7 not less than the credit service charge plus 10 percent of
8 the principal amount of the obligation or the time-price
9 differential plus 10 percent of the cash price.

10 (d) Recovery when deficiency eliminated or reduced. A
11 debtor whose deficiency is eliminated under Section 9-626 may
12 recover damages for the loss of any surplus. However, a debtor
13 or secondary obligor whose deficiency is eliminated or reduced
14 under Section 9-626 may not otherwise recover under subsection
15 (b) for noncompliance with the provisions of this Part relating
16 to collection, enforcement, disposition, or acceptance.

17 (e) Statutory damages: noncompliance with specified
18 provisions. In addition to any damages recoverable under
19 subsection (b), the debtor, consumer obligor, or person named
20 as a debtor in a filed record, as applicable, may recover in an
21 individual action \$500 for each instance that a person:

22 (1) fails to comply with Section 9-208;

23 (2) fails to comply with Section 9-209;

24 (3) files a record that the person is not entitled to
25 file under Section 9-509(a); or

26 (4) fails to cause the secured party of record to file

1 or send a termination statement as required by Section
2 9-513(a) or (c).

3 (f) Statutory damages: noncompliance with Section 9-210. A
4 debtor or consumer obligor may recover damages under subsection
5 (b) and, in addition, may in an individual action recover \$500
6 in each case from a person that, without reasonable cause,
7 fails to comply with a request under Section 9-210. A recipient
8 of a request under Section 9-210 which never claimed an
9 interest in the collateral or obligations that are the subject
10 of a request under that Section has a reasonable excuse for
11 failure to comply with the request within the meaning of this
12 subsection.

13 (g) Limitation of security interest: noncompliance with
14 Section 9-210. If a secured party fails to comply with a
15 request regarding a list of collateral or a statement of
16 account under Section 9-210, the secured party may claim a
17 security interest only as shown in the statement included in
18 the request as against a person that is reasonably misled by
19 the failure.

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

21 (810 ILCS 5/Art. 9 Pt. 8 heading new)

22 PART 8. TRANSITION PROVISIONS FOR 2010 AMENDMENTS

23 (810 ILCS 5/9-801 new)

24 Sec. 9-801. Effective date. (See Section 99 of the Public

1 Act adding this Section to this Act.)

2 (810 ILCS 5/9-802 new)

3 Sec. 9-802. Savings clause.

4 (a) Pre-effective-date transactions or liens. Except as
5 otherwise provided in this Part, this Act applies to a
6 transaction or lien within its scope, even if the transaction
7 or lien was entered into or created before the effective date
8 of this amendatory Act of the 97th General Assembly.

9 (b) Pre-effective-date proceedings. This amendatory Act of
10 the 97th General Assembly does not affect an action, case, or
11 proceeding commenced before the effective date of this
12 amendatory Act of the 97th General Assembly.

13 (810 ILCS 5/9-803 new)

14 Sec. 9-803. Security interest perfected before effective
15 date.

16 (a) Continuing perfection: perfection requirements
17 satisfied. A security interest that is a perfected security
18 interest immediately before the effective date of this
19 amendatory Act of the 97th General Assembly is a perfected
20 security interest under Article 9 as amended by this amendatory
21 Act of the 97th General Assembly if, on the effective date of
22 this amendatory Act of the 97th General Assembly, the
23 applicable requirements for attachment and perfection under
24 Article 9 as amended by this amendatory Act of the 97th General

1 Assembly are satisfied without further action.

2 (b) Continuing perfection: perfection requirements not
3 satisfied. Except as otherwise provided in Section 9-805, if,
4 immediately before the effective date of this amendatory Act of
5 the 97th General Assembly, a security interest is a perfected
6 security interest, but the applicable requirements for
7 perfection under Article 9 as amended by this amendatory Act of
8 the 97th General Assembly are not satisfied when this
9 amendatory Act of the 97th General Assembly takes effect, the
10 security interest remains perfected thereafter only if the
11 applicable requirements for perfection under Article 9 as
12 amended by this amendatory Act of the 97th General Assembly are
13 satisfied within one year after the effective date of this
14 amendatory Act of the 97th General Assembly.

15 (810 ILCS 5/9-804 new)

16 Sec. 9-804. Security interest unperfected before the
17 effective date of this amendatory Act of the 97th General
18 Assembly. A security interest that is an unperfected security
19 interest immediately before the effective date of this
20 amendatory Act of the 97th General Assembly becomes a perfected
21 security interest:

22 (1) without further action, when this amendatory Act of
23 the 97th General Assembly takes effect if the applicable
24 requirements for perfection under Article 9 as amended by
25 this amendatory Act of the 97th General Assembly are

1 satisfied before or at that time; or

2 (2) when the applicable requirements for perfection
3 are satisfied if the requirements are satisfied after that
4 time.

5 (810 ILCS 5/9-805 new)

6 Sec. 9-805. Effectiveness of action taken before the
7 effective date of this amendatory Act of the 97th General
8 Assembly.

9 (a) Pre-effective-date filing effective. The filing of a
10 financing statement before the effective date of this
11 amendatory Act of the 97th General Assembly is effective to
12 perfect a security interest to the extent the filing would
13 satisfy the applicable requirements for perfection under
14 Article 9 as amended by this amendatory Act of the 97th General
15 Assembly.

16 (b) When pre-effective-date filing becomes ineffective.
17 This amendatory Act of the 97th General Assembly does not
18 render ineffective an effective financing statement that,
19 before the effective date of this amendatory Act of the 97th
20 General Assembly, is filed and satisfies the applicable
21 requirements for perfection under the law of the jurisdiction
22 governing perfection as provided in Article 9 as it existed
23 before the effective date of this amendatory Act of the 97th
24 General Assembly. However, except as otherwise provided in
25 subsections (c) and (d) and Section 9-806, the financing

1 statement ceases to be effective:

2 (1) if the financing statement is filed in this State,
3 at the time the financing statement would have ceased to be
4 effective had this amendatory Act of the 97th General
5 Assembly not taken effect; or

6 (2) if the financing statement is filed in another
7 jurisdiction, at the earlier of:

8 (A) the time the financing statement would have
9 ceased to be effective under the law of that
10 jurisdiction; or

11 (B) June 30, 2018.

12 (c) Continuation statement. The filing of a continuation
13 statement after the effective date of this amendatory Act of
14 the 97th General Assembly does not continue the effectiveness
15 of a financing statement filed before the effective date of
16 this amendatory Act of the 97th General Assembly. However, upon
17 the timely filing of a continuation statement after the
18 effective date of this amendatory Act of the 97th General
19 Assembly and in accordance with the law of the jurisdiction
20 governing perfection as provided in Article 9, the
21 effectiveness of a financing statement filed in the same office
22 in that jurisdiction before the effective date of this
23 amendatory Act of the 97th General Assembly continues for the
24 period provided by the law of that jurisdiction.

25 (d) Application of subsection (b) (2) (B) to transmitting
26 utility financing statement. Subsection (b) (2) (B) applies to a

1 financing statement that, before the effective date of this
2 amendatory Act of the 97th General Assembly, is filed against a
3 transmitting utility and satisfies the applicable requirements
4 for perfection under the law of the jurisdiction governing
5 perfection as provided in Article 9 as it existed before the
6 effective date of this amendatory Act of the 97th General
7 Assembly, only to the extent that Article 9 as amended by this
8 amendatory Act of the 97th General Assembly provides that the
9 law of a jurisdiction other than the jurisdiction in which the
10 financing statement is filed governs perfection of a security
11 interest in collateral covered by the financing statement.

12 (e) Application of Part 5. A financing statement that
13 includes a financing statement filed before the effective date
14 of this amendatory Act of the 97th General Assembly and a
15 continuation statement filed after the effective date of this
16 amendatory Act of the 97th General Assembly is effective only
17 to the extent that it satisfies the requirements of Part 5 as
18 amended by this amendatory Act of the 97th General Assembly for
19 an initial financing statement. A financing statement that
20 indicates that the debtor is a decedent's estate indicates that
21 the collateral is being administered by a personal
22 representative within the meaning of Section 9-503(a)(2) as
23 amended by this amendatory Act of the 97th General Assembly. A
24 financing statement that indicates that the debtor is a trust
25 or is a trustee acting with respect to property held in trust
26 indicates that the collateral is held in a trust within the

1 meaning of Section 9-503(a)(3) as amended by this amendatory
2 Act of the 97th General Assembly.

3 (810 ILCS 5/9-806 new)

4 Sec. 9-806. When initial financing statement suffices to
5 continue effectiveness of financing statement.

6 (a) Initial financing statement in lieu of continuation
7 statement. The filing of an initial financing statement in the
8 office specified in Section 9-501 continues the effectiveness
9 of a financing statement filed before the effective date of
10 this amendatory Act of the 97th General Assembly if:

11 (1) the filing of an initial financing statement in
12 that office would be effective to perfect a security
13 interest under Article 9 as amended by this amendatory Act
14 of the 97th General Assembly;

15 (2) the pre-effective-date financing statement was
16 filed in an office in another State; and

17 (3) the initial financing statement satisfies
18 subsection (c).

19 (b) Period of continued effectiveness. The filing of an
20 initial financing statement under subsection (a) continues the
21 effectiveness of the pre-effective-date financing statement:

22 (1) if the initial financing statement is filed before
23 the effective date of this amendatory Act of the 97th
24 General Assembly, for the period provided in Section 9-515
25 as it existed before the effective date of this amendatory

1 Act of the 97th General Assembly with respect to an initial
2 financing statement; and

3 (2) if the initial financing statement is filed after
4 the effective date of this amendatory Act of the 97th
5 General Assembly, for the period provided in Section 9-515
6 as amended by this amendatory Act of the 97th General
7 Assembly with respect to an initial financing statement.

8 (c) Requirements for initial financing statement under
9 subsection (a). To be effective for purposes of subsection (a),
10 an initial financing statement must:

11 (1) satisfy the requirements of Part 5 as amended by
12 this amendatory Act of the 97th General Assembly for an
13 initial financing statement;

14 (2) identify the pre-effective-date financing
15 statement by indicating the office in which the financing
16 statement was filed and providing the dates of filing and
17 file numbers, if any, of the financing statement and of the
18 most recent continuation statement filed with respect to
19 the financing statement; and

20 (3) indicate that the pre-effective-date financing
21 statement remains effective.

22 (810 ILCS 5/9-807 new)

23 Sec. 9-807. Amendment of pre-effective-date financing
24 statement.

25 (a) "Pre-effective-date financing statement". In this

1 Section, "pre-effective-date financing statement" means a
2 financing statement filed before the effective date of this
3 amendatory Act of the 97th General Assembly.

4 (b) Applicable law. After this amendatory Act of the 97th
5 General Assembly takes effect, a person may add or delete
6 collateral covered by, continue or terminate the effectiveness
7 of, or otherwise amend the information provided in, a
8 pre-effective-date financing statement only in accordance with
9 the law of the jurisdiction governing perfection as provided in
10 Article 9 as amended by this amendatory Act of the 97th General
11 Assembly. However, the effectiveness of a pre-effective-date
12 financing statement also may be terminated in accordance with
13 the law of the jurisdiction in which the financing statement is
14 filed.

15 (c) Method of amending: general rule. Except as otherwise
16 provided in subsection (d), if the law of this State governs
17 perfection of a security interest, the information in a
18 pre-effective-date financing statement may be amended after
19 the effective date of this amendatory Act of the 97th General
20 Assembly only if:

21 (1) the pre-effective-date financing statement and an
22 amendment are filed in the office specified in Section
23 9-501;

24 (2) an amendment is filed in the office specified in
25 Section 9-501 concurrently with, or after the filing in
26 that office of, an initial financing statement that

1 satisfies Section 9-806(c); or

2 (3) an initial financing statement that provides the
3 information as amended and satisfies Section 9-806(c) is
4 filed in the office specified in Section 9-501.

5 (d) Method of amending: continuation. If the law of this
6 State governs perfection of a security interest, the
7 effectiveness of a pre-effective-date financing statement may
8 be continued only under Section 9-805(c) and (e) or 9-806.

9 (e) Method of amending: additional termination rule.
10 Whether or not the law of this State governs perfection of a
11 security interest, the effectiveness of a pre-effective-date
12 financing statement filed in this State may be terminated after
13 the effective date of this amendatory Act of the 97th General
14 Assembly by filing a termination statement in the office in
15 which the pre-effective-date financing statement is filed,
16 unless an initial financing statement that satisfies Section
17 9-806(c) has been filed in the office specified by the law of
18 the jurisdiction governing perfection as provided in Article 9
19 as amended by this amendatory Act of the 97th General Assembly
20 as the office in which to file a financing statement.

21 (810 ILCS 5/9-808 new)

22 Sec. 9-808. Person entitled to file initial financing
23 statement or continuation statement. A person may file an
24 initial financing statement or a continuation statement under
25 this part if:

- 1 (1) the secured party of record authorizes the filing;
2 and
3 (2) the filing is necessary under this Part:
4 (A) to continue the effectiveness of a financing
5 statement filed before the effective date of this
6 amendatory Act of the 97th General Assembly; or
7 (B) to perfect or continue the perfection of a
8 security interest.

9 (810 ILCS 5/9-809 new)

10 Sec. 9-809. Priority. This Act determines the priority of
11 conflicting claims to collateral. However, if the relative
12 priorities of the claims were established before the effective
13 date of this amendatory Act of the 97th General Assembly,
14 Article 9 as it existed before the effective date of this
15 amendatory Act of the 97th General Assembly determines
16 priority.

17 Section 99. Effective date. This Act takes effect July 1,
18 2013.