

1 AN ACT concerning business transactions.

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

4 Section 5. The Uniform Commercial Code is amended by
5 changing Sections 9-102 and 9-109 as follows:

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

7 (Text of Section before amendment by P.A. 91-893)

8 Sec. 9-102. Policy and Subject Matter of Article.

9 (1) Except as otherwise provided in Section 9--104 on
10 excluded transactions, this Article applies

11 (a) to any transaction (regardless of its form)
12 which is intended to create a security interest in personal
13 property or fixtures including goods, documents, instruments,
14 general intangibles, chattel paper or accounts; and also

15 (b) to any sale of accounts or chattel paper.

16 (2) This Article applies to security interests created
17 by contract including pledge, assignment, chattel mortgage,
18 chattel trust, trust deed, factor's lien, equipment trust,
19 conditional sale, trust receipt, other lien or title
20 retention contract and lease or consignment intended as
21 security. This Article does not apply to statutory liens
22 except as provided in Section 9--310.

23 (3) The application of this Article to a security
24 interest in a secured obligation is not affected by the fact
25 that the obligation is itself secured by a transaction or
26 interest to which this Article does not apply.

27 (4) The application of this Article to a security
28 interest in a deposit account shall not displace a common law
29 right of set-off of the secured party as to a deposit account
30 maintained with the secured party.

31 (Source: P.A. 87-1037.)

1 (Text of Section after amendment by P.A. 91-893)

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

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

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

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

32 (3) "Account debtor" means a person obligated on an
33 account, chattel paper, or general intangible. The term
34 does not include persons obligated to pay a negotiable

1 instrument, even if the instrument constitutes part of
2 chattel paper.

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

5 (A) authenticated by a secured party;

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

10 (C) identifying the components of the
11 obligations in reasonable detail.

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

14 (A) which secures payment or performance of an
15 obligation for:

16 (i) goods or services furnished in
17 connection with a debtor's farming operation;
18 or

19 (ii) rent on real property leased by a
20 debtor in connection with its farming
21 operation;

22 (B) which is created by statute in favor of a
23 person that:

24 (i) in the ordinary course of its
25 business furnished goods or services to a
26 debtor in connection with a debtor's farming
27 operation; or

28 (ii) leased real property to a debtor in
29 connection with the debtor's farming operation;
30 and

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

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

34 (A) oil, gas, or other minerals that are

1 subject to a security interest that:

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

4 (ii) attaches to the minerals as
5 extracted; or

6 (B) accounts arising out of the sale at the
7 wellhead or minehead of oil, gas, or other minerals
8 in which the debtor had an interest before
9 extraction.

10 (7) "Authenticate" means:

11 (A) to sign; or

12 (B) to execute or otherwise adopt a symbol, or
13 encrypt or similarly process a record in whole or in
14 part, with the present intent of the authenticating
15 person to identify the person and adopt or accept a
16 record.

17 (8) "Bank" means an organization that is engaged in
18 the business of banking. The term includes savings
19 banks, savings and loan associations, credit unions, and
20 trust companies.

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

23 (10) "Certificate of title" means a certificate of
24 title with respect to which a statute provides for the
25 security interest in question to be indicated on the
26 certificate as a condition or result of the security
27 interest's obtaining priority over the rights of a lien
28 creditor with respect to the collateral.

29 (11) "Chattel paper" means a record or records that
30 evidence both a monetary obligation and a security
31 interest in specific goods, a security interest in
32 specific goods and software used in the goods, a security
33 interest in specific goods and license of software used
34 in the goods, a lease of specific goods, or a lease of

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

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

17 (A) proceeds to which a security interest
18 attaches;

19 (B) accounts, chattel paper, payment
20 intangibles, and promissory notes that have been
21 sold; and

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

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

26 (A) the claimant is an organization; or

27 (B) the claimant is an individual and the
28 claim:

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

31 (ii) does not include damages arising out
32 of personal injury to or the death of an
33 individual.

34 (14) "Commodity account" means an account

1 maintained by a commodity intermediary in which a
2 commodity contract is carried for a commodity customer.

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

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

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

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

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

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

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

25 (18) "Communicate" means:

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

28 (B) to transmit a record by any means agreed
29 upon by the persons sending and receiving the
30 record; or

31 (C) in the case of transmission of a record to
32 or by a filing office, to transmit a record by any
33 means prescribed by filing-office rule.

34 (19) "Consignee" means a merchant to which goods

1 are delivered in a consignment.

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

5 (A) the merchant:

6 (i) deals in goods of that kind under a
7 name other than the name of the person making
8 delivery;

9 (ii) is not an auctioneer; and

10 (iii) is not generally known by its
11 creditors to be substantially engaged in
12 selling the goods of others;

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

16 (C) the goods are not consumer goods
17 immediately before delivery; and

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

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

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

24 (23) "Consumer goods" means goods that are used or
25 bought for use primarily for personal, family, or
26 household purposes.

27 (24) "Consumer-goods transaction" means a consumer
28 transaction in which:

29 (A) an individual incurs an obligation
30 primarily for personal, family, or household
31 purposes; and

32 (B) a security interest in consumer goods
33 secures the obligation.

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

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

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

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

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

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

19 (28) "Debtor" means:

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

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

25 (C) a consignee.

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

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

34 (31) "Electronic chattel paper" means chattel paper

1 evidenced by a record or records consisting of
2 information stored in an electronic medium.

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

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

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

11 (A) crops grown, growing, or to be grown,
12 including:

13 (i) crops produced on trees, vines, and
14 bushes; and

15 (ii) aquatic goods produced in
16 aquacultural operations;

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

19 (C) supplies used or produced in a farming
20 operation; or

21 (D) products of crops or livestock in their
22 unmanufactured states.

23 (35) "Farming operation" means raising,
24 cultivating, propagating, fattening, grazing, or any
25 other farming, livestock, or aquacultural operation.

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

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

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

32 (39) "Financing statement" means a record or
33 records composed of an initial financing statement and
34 any filed record relating to the initial financing

1 statement.

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

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

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

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

21 (44) "Goods" means all things that are movable when
22 a security interest attaches. The term includes (i)
23 fixtures, (ii) standing timber that is to be cut and
24 removed under a conveyance or contract for sale, (iii)
25 the unborn young of animals, (iv) crops grown, growing,
26 or to be grown, even if the crops are produced on trees,
27 vines, or bushes, and (v) manufactured homes. The term
28 also includes a computer program embedded in goods and
29 any supporting information provided in connection with a
30 transaction relating to the program if (i) the program is
31 associated with the goods in such a manner that it
32 customarily is considered part of the goods, or (ii) by
33 becoming the owner of the goods, a person acquires a
34 right to use the program in connection with the goods.

1 The term does not include a computer program embedded in
2 goods that consist solely of the medium in which the
3 program is embedded. The term also does not include
4 accounts, chattel paper, commercial tort claims, deposit
5 accounts, documents, general intangibles, instruments,
6 investment property, letter-of-credit rights, letters of
7 credit, money, or oil, gas, or other minerals before
8 extraction.

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

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

21 (47) "Instrument" means a negotiable instrument or
22 any other writing that evidences a right to the payment
23 of a monetary obligation, is not itself a security
24 agreement or lease, and is of a type that in ordinary
25 course of business is transferred by delivery with any
26 necessary indorsement or assignment. The term does not
27 include (i) investment property, (ii) letters of credit,
28 (iii) nonnegotiable certificates of deposit, (iv)
29 uncertificated certificates of deposit, (v)
30 nontransferrable certificates of deposit, or (vi)
31 writings that evidence a right to payment arising out of
32 the use of a credit or charge card or information
33 contained on or for use with the card.

34 (48) "Inventory" means goods, other than farm

1 products, which:

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

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

5 (C) are furnished by a person under a contract
6 of service; or

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

9 (49) "Investment property" means a security,
10 whether certificated or uncertificated, security
11 entitlement, securities account, commodity contract, or
12 commodity account.

13 (50) "Jurisdiction of organization", with respect
14 to a registered organization, means the jurisdiction
15 under whose law the organization is organized.

16 (51) "Letter-of-credit right" means a right to
17 payment or performance under a letter of credit, whether
18 or not the beneficiary has demanded or is at the time
19 entitled to demand payment or performance. The term does
20 not include the right of a beneficiary to demand payment
21 or performance under a letter of credit.

22 (52) "Lien creditor" means:

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

25 (B) an assignee for benefit of creditors from
26 the time of assignment;

27 (C) a trustee in bankruptcy from the date of
28 the filing of the petition; or

29 (D) a receiver in equity from the time of
30 appointment.

31 (53) "Manufactured home" means a structure,
32 transportable in one or more sections, which, in the
33 traveling mode, is eight body feet or more in width or 40
34 body feet or more in length, or, when erected on site, is

1 320 or more square feet, and which is built on a
2 permanent chassis and designed to be used as a dwelling
3 with or without a permanent foundation when connected to
4 the required utilities, and includes the plumbing,
5 heating, air-conditioning, and electrical systems
6 contained therein. The term includes any structure that
7 meets all of the requirements of this paragraph except
8 the size requirements and with respect to which the
9 manufacturer voluntarily files a certification required
10 by the United States Secretary of Housing and Urban
11 Development and complies with the standards established
12 under Title 42 of the United States Code.

13 (54) "Manufactured-home transaction" means a
14 secured 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
25 as debtor under Section 9-203(d) by a security agreement
26 previously entered into by another person.

27 (57) "New value" means (i) money, (ii) money's
28 worth in property, services, or new credit, or (iii)
29 release by a transferee of an interest in property
30 previously transferred to the transferee. The term does
31 not include an obligation substituted for another
32 obligation.

33 (58) "Noncash proceeds" means proceeds other than
34 cash proceeds.

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

11 (60) "Original debtor", except as used in Section
12 9-310(c), means a person that, as debtor, entered into a
13 security agreement to which a new debtor has become bound
14 under Section 9-203(d).

15 (61) "Payment intangible" means a general
16 intangible under which the account debtor's principal
17 obligation is a monetary obligation.

18 (62) "Person related to", with respect to an
19 individual, means:

20 (A) the spouse of the individual;

21 (B) a brother, brother-in-law, sister, or
22 sister-in-law of the individual;

23 (C) an ancestor or lineal descendant of the
24 individual or the individual's spouse; or

25 (D) any other relative, by blood or marriage,
26 of the individual or the individual's spouse who
27 shares the same home with the individual.

28 (63) "Person related to", with respect to an
29 organization, means:

30 (A) a person directly or indirectly
31 controlling, controlled by, or under common control
32 with the organization;

33 (B) an officer or director of, or a person
34 performing similar functions with respect to, the

1 organization;

2 (C) an officer or director of, or a person
3 performing similar functions with respect to, a
4 person described in subparagraph (A);

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

7 (E) an individual who is related by blood or
8 marriage to an individual described in subparagraph
9 (A), (B), (C), or (D) and shares the same home with
10 the individual.

11 (64) "Proceeds", except as used in Section
12 9-609(b), means the following property:

13 (A) whatever is acquired upon the sale, lease,
14 license, exchange, or other disposition of
15 collateral;

16 (B) whatever is collected on, or distributed
17 on account of, collateral;

18 (C) rights arising out of collateral;

19 (D) to the extent of the value of collateral,
20 claims arising out of the loss, nonconformity, or
21 interference with the use of, defects or
22 infringement of rights in, or damage to, the
23 collateral; or

24 (E) to the extent of the value of collateral
25 and to the extent payable to the debtor or the
26 secured party, insurance payable by reason of the
27 loss or nonconformity of, defects or infringement of
28 rights in, or damage to, the collateral.

29 (65) "Promissory note" means an instrument that
30 evidences a promise to pay a monetary obligation, does
31 not evidence an order to pay, and does not contain an
32 acknowledgment by a bank that the bank has received for
33 deposit a sum of money or funds.

34 (66) "Proposal" means a record authenticated by a

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

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

- 7 (A) debt securities are issued;
- 8 (B) all or a portion of the securities issued
 9 have an initial stated maturity of at least 20
 10 years; and
- 11 (C) the ~~debtor~~, ~~obligor~~, secured party,
 12 ~~account--debtor--or--other---person---obligated---on~~
 13 ~~collateral~~, ~~assignor--or~~ assignee of a secured
 14 obligation, or ~~assignor--or~~ assignee of a security
 15 interest is a State or a governmental unit of a
 16 State.

17 (68) "Pursuant to commitment", with respect to an
 18 advance made or other value given by a secured party,
 19 means pursuant to the secured party's obligation, whether
 20 or not a subsequent event of default or other event not
 21 within the secured party's control has relieved or may
 22 relieve the secured party from its obligation.

23 (69) "Record", except as used in "for record", "of
 24 record", "record or legal title", and "record owner",
 25 means information that is inscribed on a tangible medium
 26 or which is stored in an electronic or other medium and
 27 is retrievable in perceivable form.

28 (70) "Registered organization" means an
 29 organization organized solely under the law of a single
 30 State or the United States and as to which the State or
 31 the United States must maintain a public record showing
 32 the organization to have been organized.

33 (71) "Secondary obligor" means an obligor to the
 34 extent that:

- 1 (A) the obligor's obligation is secondary; or
- 2 (B) the obligor has a right of recourse with
- 3 respect to an obligation secured by collateral
- 4 against the debtor, another obligor, or property of
- 5 either.

6 (72) "Secured party" means:

7 (A) a person in whose favor a security

8 interest is created or provided for under a security

9 agreement, whether or not any obligation to be

10 secured is 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

21 arising under Section 2-401, 2-505, 2-711(3),

22 2A-508(5), 4-210, or 5-118.

23 (73) "Security agreement" means an agreement that

24 creates or provides for a security interest.

25 (74) "Send", in connection with a record or

26 notification, means:

27 (A) to deposit in the mail, deliver for

28 transmission, or transmit by any other usual means

29 of communication, with postage or cost of

30 transmission provided for, addressed to any address

31 reasonable under the circumstances; or

32 (B) to cause the record or notification to be

33 received within the time that it would have been

34 received if properly sent under subparagraph (A).

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

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

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

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

18 (79) "Termination statement" means an amendment of
19 a financing statement which:

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

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

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

27 (A) operating a railroad, subway, street
28 railway, or trolley bus;

29 (B) transmitting communications electrically,
30 electromagnetically, or by light;

31 (C) transmitting goods by pipeline or sewer;
32 or

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

1 (b) Definitions in other Articles. The following
2 definitions in other Articles apply to this Article:

3 "Applicant". Section 5-102.

4 "Beneficiary". Section 5-102.

5 "Broker". Section 8-102.

6 "Certificated security". Section 8-102.

7 "Check". Section 3-104.

8 "Clearing corporation". Section 8-102.

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

10 "Customer". Section 4-104.

11 "Entitlement holder". Section 8-102.

12 "Financial asset". Section 8-102.

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

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

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

17 "Lease". Section 2A-103.

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

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

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

21 "Lessee". Section 2A-103.

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

23 "Lessor". Section 2A-103.

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

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

26 "Merchant". Section 2-104.

27 "Negotiable instrument". Section 3-104.

28 "Nominated person". Section 5-102.

29 "Note". Section 3-104.

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

31 "Prove". Section 3-103.

32 "Sale". Section 2-106.

33 "Securities account". Section 8-501.

34 "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. 91-893, eff. 7-1-01.)

9 (810 ILCS 5/9-109) (from Ch. 26, par. 9-109)

10 (Text of Section before amendment by P.A. 91-893)

11 Sec. 9-109. Classification of goods; "consumer goods";
12 "equipment"; "farm products"; "inventory". Goods are

13 (1) "consumer goods" if they are used or bought for use
14 primarily for personal, family or household purposes;

15 (2) "equipment" if they are used or bought for use
16 primarily in business (including farming or a profession) or
17 by a debtor who is a non-profit organization or a
18 governmental subdivision or agency or if the goods are not
19 included in the definitions of inventory, farm products or
20 consumer goods;

21 (3) "farm products" if they are crops or livestock or
22 supplies used or produced in farming operations or if they
23 are products of crops or livestock in their unmanufactured
24 states (such as ginned cotton, wool-clip, maple syrup, milk
25 and eggs) or if they are aquatic products as defined in the
26 Aquaculture Development Act, and if they are in the
27 possession of a debtor engaged in raising, fattening, grazing
28 or other farming or aquacultural operations. If goods are
29 farm products they are neither equipment nor inventory;

30 (4) "inventory" if they are held by a person who holds
31 them for sale or lease or to be furnished under contracts of
32 service or if he has so furnished them, or if they are raw
33 materials, work in process or materials used or consumed in a

1 business. Inventory of a person is not to be classified as
2 his equipment.

3 (Source: P.A. 85-856.)

4 (Text of Section after amendment by P.A. 91-893)

5 Sec. 9-109. Scope.

6 (a) General scope of Article. Except as otherwise
7 provided in subsections (c) and (d), this Article applies to:

8 (1) a transaction, regardless of its form, that
9 creates a security interest in personal property or
10 fixtures by contract;

11 (2) an agricultural lien;

12 (3) a sale of accounts, chattel paper, payment
13 intangibles, or promissory notes;

14 (4) a consignment;

15 (5) a security interest arising under Section
16 2-401, 2-505, 2-711(3), or 2A-508(5), as provided in
17 Section 9-110; and

18 (6) a security interest arising under Section 4-210
19 or 5-118.

20 (b) Security interest in secured obligation. The
21 application of this Article to a security interest in a
22 secured obligation is not affected by the fact that the
23 obligation is itself secured by a transaction or interest to
24 which this Article does not apply.

25 (c) Extent to which Article does not apply. This
26 Article does not apply to the extent that:

27 (1) a statute, regulation, or treaty of the United
28 States preempts this Article;

29 (2) (Blank); another---statute---of---this---State
30 expressly--governs-the-creation,-perfection,-priority,-or
31 enforcement-of-a-security-interest-created-by-this--State
32 or-a-governmental-unit-of-this-State;

33 (3) (Blank); a-statute-of-another-State,-a-foreign
34 country,-or-a-governmental-unit-of--another--State--or--a

1 foreign---country,---other---than---a---statute---generally
2 applicable---to---security---interests,---expressly---governs
3 creation,---perfection,---priority,---or---enforcement---of---a
4 security---interest---created---by---the---State,---country,---or
5 governmental-unit;

6 (4) the rights of a transferee beneficiary or
7 nominated person under a letter of credit are independent
8 and superior under Section 5-114;

9 (5) this Article is in conflict with Section
10 205-410 of the Department of Agriculture Law of the Civil
11 Administrative Code of Illinois or the Grain Code; or

12 (6) this Article is in conflict with Section 18-107
13 of the Public Utilities Act.

14 (d) Inapplicability of Article. This Article does not
15 apply to:

16 (1) a landlord's lien, other than an agricultural
17 lien;

18 (2) a lien, other than an agricultural lien, given
19 by statute or other rule of law for services or
20 materials, but Section 9-333 applies with respect to
21 priority of the lien;

22 (3) an assignment of a claim for wages, salary, or
23 other compensation of an employee;

24 (4) a sale of accounts, chattel paper, payment
25 intangibles, or promissory notes as part of a sale of the
26 business out of which they arose;

27 (5) an assignment of accounts, chattel paper,
28 payment intangibles, or promissory notes which is for the
29 purpose of collection only;

30 (6) an assignment of a right to payment under a
31 contract to an assignee that is also obligated to perform
32 under the contract;

33 (7) an assignment of a single account, payment
34 intangible, or promissory note to an assignee in full or

1 partial satisfaction of a preexisting indebtedness;

2 (8) a transfer of an interest in or an assignment
3 of a claim under a policy of insurance, other than an
4 assignment by or to a health-care provider of a
5 health-care-insurance receivable and any subsequent
6 assignment of the right to payment, but Sections 9-315
7 and 9-322 apply with respect to proceeds and priorities
8 in proceeds;

9 (9) an assignment of a right represented by a
10 judgment, other than a judgment taken on a right to
11 payment that was collateral;

12 (10) a right of recoupment or set-off, but:

13 (A) Section 9-340 applies with respect to the
14 effectiveness of rights of recoupment or set-off
15 against deposit accounts; and

16 (B) Section 9-404 applies with respect to
17 defenses or claims of an account debtor;

18 (11) the creation or transfer of an interest in or
19 lien on real property, including a lease or rents
20 thereunder, except to the extent that provision is made
21 for:

22 (A) liens on real property in Sections 9-203
23 and 9-308;

24 (B) fixtures in Section 9-334;

25 (C) fixture filings in Sections 9-501, 9-502,
26 9-512, 9-516, and 9-519; and

27 (D) security agreements covering personal and
28 real property in Section 9-604;

29 (12) an assignment of a claim arising in tort,
30 other than a commercial tort claim, but Sections 9-315
31 and 9-322 apply with respect to proceeds and priorities
32 in proceeds;

33 (13) a transfer by a government or governmental
34 subdivision or agency;

1 (14) a claim or a right to receive compensation for
2 injuries or sickness as described in Section 104(a)(1) or
3 (2) of Title 26 of the United States Code, as amended
4 from time to time; or

5 (15) a claim or right to receive benefits under a
6 special needs trust as described in Section 1396p(d)(4)
7 of Title 42 of the United States Code, as amended from
8 time to time.

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

10 Section 99. Effective date. This Act takes effect upon
11 becoming law.