

1 AN ACT in relation to 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 Section 9-102 and adding Sections 9-103A and 9-324A
6 as follows:

7 (810 ILCS 5/9-102) (from Ch. 26, par. 9-102)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (3) "Account debtor" means a person obligated on an
34 account, chattel paper, or general intangible. The term

1 does not include persons obligated to pay a negotiable
2 instrument, even if the instrument constitutes part of
3 chattel paper.

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

6 (A) authenticated by a secured party;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (7) "Authenticate" means:

12 (A) to sign; or

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

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

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

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

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

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

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

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

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

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

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

27 (A) the claimant is an organization; or

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

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

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

1 (14) "Commodity account" means an account
2 maintained by a commodity intermediary in which a
3 commodity contract 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
9 board of trade that has been designated as a
10 contract market for such a contract pursuant to
11 federal commodities laws; or

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

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

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

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

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

26 (18) "Communicate" means:

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

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

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

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

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

6 (A) the merchant:

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

10 (ii) is not an auctioneer; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (28) "Debtor" means:

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

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

26 (C) a consignee.

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

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

1 (31) "Electronic chattel paper" means chattel paper
2 evidenced by a record or records consisting of
3 information stored in an electronic medium.

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (39) "Financing statement" means a record or
34 records composed of an initial financing statement and

1 any filed record relating to the initial financing
2 statement.

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

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

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

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

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

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

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

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

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

1 (48) "Inventory" means goods, other than farm
2 products, which:

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

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

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

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

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

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

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

23 (52) "Lien creditor" means:

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

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

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

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

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

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

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

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

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

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

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

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

34 (58) "Noncash proceeds" means proceeds other than

1 cash proceeds.

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

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

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

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

21 (A) the spouse of the individual;

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

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

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

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

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

34 (B) an officer or director of, or a person

1 performing similar functions with respect to, the
2 organization;

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

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

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

12 (64) "Proceeds", except as used in Section
13 9-609(b), means the following property:

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

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

19 (C) rights arising out of collateral;

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

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

30 (64.1) "Production-money crops" means crops that
31 secure a production-money obligation incurred with
32 respect to the production of those crops.

33 (64.2) "Production-money obligation" means an
34 obligation of an obligor incurred for new value given to

1 enable the debtor to produce crops if the value is in
2 fact used for the production of crops.

3 (64.3) "Production of crops" includes tilling and
4 otherwise preparing land for growing, planting,
5 cultivating, fertilizing, irrigating, harvesting, and
6 gathering crops, and protecting them from damage or
7 disease.

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

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

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

20 (A) debt securities are issued;

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

24 (C) the debtor, obligor, secured party,
25 account debtor or other person obligated on
26 collateral, assignor or assignee of a secured
27 obligation, or assignor or assignee of a security
28 interest is a State or a governmental unit of a
29 State.

30 (68) "Pursuant to commitment", with respect to an
31 advance made or other value given by a secured party,
32 means pursuant to the secured party's obligation, whether
33 or not a subsequent event of default or other event not
34 within the secured party's control has relieved or may

1 relieve the secured party from its obligation.

2 (69) "Record", except as used in "for record", "of
3 record", "record or legal title", and "record owner",
4 means information that is inscribed on a tangible medium
5 or which is stored in an electronic or other medium and
6 is retrievable in perceivable form.

7 (70) "Registered organization" means an
8 organization organized solely under the law of a single
9 State or the United States and as to which the State or
10 the United States must maintain a public record showing
11 the organization to have been organized.

12 (71) "Secondary obligor" means an obligor to the
13 extent that:

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

15 (B) the obligor has a right of recourse with
16 respect to an obligation secured by collateral
17 against the debtor, another obligor, or property of
18 either.

19 (72) "Secured party" means:

20 (A) a person in whose favor a security
21 interest is created or provided for under a security
22 agreement, whether or not any obligation to be
23 secured is outstanding;

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

25 (C) a consignor;

26 (D) a person to which accounts, chattel paper,
27 payment intangibles, or promissory notes have been
28 sold;

29 (E) a trustee, indenture trustee, agent,
30 collateral agent, or other representative in whose
31 favor a security interest or agricultural lien is
32 created or provided for; or

33 (F) a person that holds a security interest
34 arising under Section 2-401, 2-505, 2-711(3),

1 2A-508(5), 4-210, or 5-118.

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

4 (74) "Send", in connection with a record or
5 notification, means:

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

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

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

19 (76) "State" means a State of the United States,
20 the District of Columbia, Puerto Rico, the United States
21 Virgin Islands, or any territory or insular possession
22 subject to the jurisdiction of the United States.

23 (77) "Supporting obligation" means a
24 letter-of-credit right or secondary obligation that
25 supports the payment or performance of an account,
26 chattel paper, a document, a general intangible, an
27 instrument, or investment property.

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

31 (79) "Termination statement" means an amendment of
32 a financing statement which:

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

1 (B) indicates either that it is a termination
2 statement or that the identified financing statement
3 is no longer effective.

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

6 (A) operating a railroad, subway, street
7 railway, or trolley bus;

8 (B) transmitting communications electrically,
9 electromagnetically, or by light;

10 (C) transmitting goods by pipeline or sewer;
11 or

12 (D) transmitting or producing and transmitting
13 electricity, steam, gas, or water.

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

16 "Applicant". Section 5-102.

17 "Beneficiary". Section 5-102.

18 "Broker". Section 8-102.

19 "Certificated security". Section 8-102.

20 "Check". Section 3-104.

21 "Clearing corporation". Section 8-102.

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

23 "Customer". Section 4-104.

24 "Entitlement holder". Section 8-102.

25 "Financial asset". Section 8-102.

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

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

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

30 "Lease". Section 2A-103.

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

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

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

34 "Lessee". Section 2A-103.

- 1 "Lessee in ordinary course of business". Section 2A-103.
- 2 "Lessor". Section 2A-103.
- 3 "Lessor's residual interest". Section 2A-103.
- 4 "Letter of credit". Section 5-102.
- 5 "Merchant". Section 2-104.
- 6 "Negotiable instrument". Section 3-104.
- 7 "Nominated person". Section 5-102.
- 8 "Note". Section 3-104.
- 9 "Proceeds of a letter of credit". Section 5-114.
- 10 "Prove". Section 3-103.
- 11 "Sale". Section 2-106.
- 12 "Securities account". Section 8-501.
- 13 "Securities intermediary". Section 8-102.
- 14 "Security". Section 8-102.
- 15 "Security certificate". Section 8-102.
- 16 "Security entitlement". Section 8-102.
- 17 "Uncertificated security". Section 8-102.

18 (c) Article 1 definitions and principles. Article 1
 19 contains general definitions and principles of construction
 20 and interpretation applicable throughout this Article.

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

22 (810 ILCS 5/9-103A new)

23 Sec. 9-103A. "Production-money crops"; "production-money
 24 obligation"; production-money security interest; burden of
 25 establishing.

26 (a) A security interest in crops is a production-money
 27 security interest to the extent that the crops are
 28 production-money crops.

29 (b) If the extent to which a security interest is a
 30 production-money security interest depends on the application
 31 of a payment to a particular obligation, the payment must be
 32 applied:

33 (1) in accordance with any reasonable method of

1 application to which the parties agree;

2 (2) in the absence of the parties' agreement to a
3 reasonable method, in accordance with any intention of
4 the obligor manifested at or before the time of payment;
5 or

6 (3) in the absence of an agreement to a reasonable
7 method and a timely manifestation of the obligor's
8 intention, in the following order:

9 (A) to obligations that are not secured; and

10 (B) if more than one obligation is secured, to
11 obligations secured by production-money security
12 interests in the order in which those obligations
13 were incurred.

14 (c) A production-money security interest does not lose
15 its status as such, even if:

16 (1) the production-money crops also secure an
17 obligation that is not a production-money obligation;

18 (2) collateral that is not production-money crops
19 also secures the production-money obligation; or

20 (3) the production-money obligation has been
21 renewed, refinanced, or restructured.

22 (d) A secured party claiming a production-money security
23 interest has the burden of establishing the extent to which
24 the security interest is a production-money security
25 interest.

26 (810 ILCS 5/9-324A new)

27 Sec. 9-324A. Priority of production-money security
28 interests and agricultural liens.

29 (a) Except as otherwise provided in subsections (c),
30 (d), and (e), if the requirements of subsection (b) are
31 satisfied, a perfected production-money security interest in
32 production-money crops has priority over a conflicting
33 security interest in the same crops and, except as otherwise

1 provided in Section 9-327, also has priority in their
2 identifiable proceeds.

3 (b) A production-money security interest has priority
4 under subsection (a) if:

5 (1) the production-money security interest is
6 perfected by filing when the production-money secured
7 party first gives a new value to enable the debtor to
8 produce the crops;

9 (2) the production-money secured party sends an
10 authenticated notification to the holder of the
11 conflicting security interest not less than 10 or more
12 than 30 days before the production-money secured party
13 first gives new value to enable the debtor to produce the
14 crops if the holder had filed a financing statement
15 covering the crops before the date of the filing made by
16 the production-money secured party; and

17 (3) the notification states that the
18 production-money secured party has or expects to acquire
19 a production-money security interest in the debtor's
20 crops and provides a description of the crops.

21 (c) Excepts as otherwise provided in subsection (d) or
22 (e), if more than one security interest qualifies for
23 priority in the same collateral under subsection (a), the
24 security interests rank according to priority in time of
25 filing under Section 9-322(a).

26 (d) To the extent that a person holding a perfected
27 security interest in production-money crops that are the
28 subject of a production-money security interest gives new
29 value to enable the debtor to produce the production-money
30 crops and the value is in fact used for the production of the
31 production-money crops, the security interests rank according
32 to priority in time of filing under Section 9-322(a).

33 (e) To the extent that a person holds both an
34 agricultural lien and a production-money security interest in

1 the same collateral securing the same obligations, the rules
2 of priority applicable to agricultural liens govern priority.

3 Section 99. Effective date. This Act takes effect
4 January 1, 2002.