

SB3696



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

SB3696

Introduced 2/9/2024, by Sen. Michael W. Halpin

SYNOPSIS AS INTRODUCED:

See Index

Amends the Uniform Commercial Code to adopt changes recommended by the Uniform Law Commission with respect to the addition of a Controllable Electronic Records Article and transitional provisions and the amendment of other provisions of the Code. Makes other changes. Effective January 1, 2025.

LRB103 37687 SPS 67814 b

A BILL FOR

1 AN ACT concerning commercial transactions.

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

4 Section 2. The Transmitters of Money Act is amended by
5 changing Section 5 as follows:

6 (205 ILCS 657/5)

7 Sec. 5. Definitions. As used in this Act, unless the
8 context otherwise requires, the words and phrases defined in
9 this Section have the meanings set forth in this Section.

10 "Authorized seller" means a person not an employee of a
11 licensee who engages in the business regulated by this Act on
12 behalf of a licensee under a contract between that person and
13 the licensee.

14 "Bill payment service" means the business of transmitting
15 money on behalf of an Illinois resident for the purpose of
16 paying the resident's bills.

17 "Controlling person" means a person owning or holding the
18 power to vote 25% or more of the outstanding voting securities
19 of a licensee or the power to vote the securities of another
20 controlling person of the licensee. For purposes of
21 determining the percentage of a licensee controlled by a
22 controlling person, the person's interest shall be combined
23 with the interest of any other person controlled, directly or

1 indirectly, by that person or by a spouse, parent, or child of
2 that person.

3 "Department" means the Department of Financial
4 Institutions.

5 "Director" means the Director of Financial Institutions.

6 "Licensee" means a person licensed under this Act.

7 "Location" means a place of business at which activity
8 regulated by this Act occurs.

9 "Material litigation" means any litigation that, according
10 to generally accepted accounting principles, is deemed
11 significant to a licensee's financial health and would be
12 required to be referenced in a licensee's annual audited
13 financial statements, reports to shareholders, or similar
14 documents.

15 "Money" means a medium of exchange that is authorized or
16 adopted by a domestic or foreign government as a part of its
17 currency and that is customarily used and accepted as a medium
18 of exchange in the country of issuance. The term does not
19 include an electronic record that is a medium of exchange
20 recorded and transferable in a system that existed and
21 operated for the medium of exchange before the medium of
22 exchange was authorized or adopted by the government.

23 "Money transmitter" means a person who is located in or
24 doing business in this State and who directly or through
25 authorized sellers does any of the following in this State:

26 (1) Sells or issues payment instruments.

1 (2) Engages in the business of receiving money for
2 transmission or transmitting money.

3 (3) Engages in the business of exchanging, for
4 compensation, money of the United States Government or a
5 foreign government to or from money of another government.

6 "Outstanding payment instrument" means, unless otherwise
7 treated by or accounted for under generally accepted
8 accounting principles on the books of the licensee, a payment
9 instrument issued by the licensee that has been sold in the
10 United States directly by the licensee or has been sold in the
11 United States by an authorized seller of the licensee and
12 reported to the licensee as having been sold, but has not been
13 paid by or for the licensee.

14 "Payment instrument" means a check, draft, money order,
15 traveler's check, stored value card, or other instrument or
16 memorandum, written order or written receipt for the
17 transmission or payment of money sold or issued to one or more
18 persons whether or not that instrument or order is negotiable.
19 Payment instrument does not include an instrument that is
20 redeemable by the issuer in merchandise or service, a credit
21 card voucher, or a letter of credit. A written order for the
22 transmission or payment of money that results in the issuance
23 of a check, draft, money order, traveler's check, or other
24 instrument or memorandum is not a payment instrument.

25 "Person" means an individual, partnership, association,
26 joint stock association, corporation, or any other form of

1 business organization.

2 "Stored value card" means any magnetic stripe card or
3 other electronic payment instrument given in exchange for
4 money and other similar consideration, including but not
5 limited to checks, debit payments, money orders, drafts,
6 credit payments, and traveler's checks, where the card or
7 other electronic payment instrument represents a dollar value
8 that the consumer can either use or give to another
9 individual.

10 "Transmitting money" means the transmission of money by
11 any means, including transmissions to or from locations within
12 the United States or to and from locations outside of the
13 United States by payment instrument, facsimile or electronic
14 transfer, or otherwise, and includes bill payment services.

15 (Source: P.A. 92-400, eff. 1-1-02; 93-535, eff. 1-1-04.)

16 Section 5. The Uniform Commercial Code is amended by
17 renumbering and changing Article 12 as added by Public Act
18 85-997, by changing Sections 1-201, 1-204, 1-301, 1-306,
19 2-102, 2-106, 2-201, 2-202, 2-203, 2-205, 2-209, 2A-102,
20 2A-103, 2A-107, 2A-201, 2A-202, 2A-203, 2A-205, 2A-208, 3-104,
21 3-105, 3-401, 3-604, 4A-103, 4A-201, 4A-202, 4A-203, 4A-207,
22 4A-208, 4A-210, 4A-211, 4A-305, 5-104, 5-116, 7-102, 7-106,
23 8-102, 8-103, 8-106, 8-110, 8-303, 9-102, 9-104, 9-105, 9-203,
24 9-204, 9-207, 9-208, 9-209, 9-210, 9-301, 9-304, 9-305, 9-310,
25 9-312, 9-313, 9-314, 9-316, 9-317, 9-323, 9-324, 9-330, 9-331,

1 9-332, 9-334, 9-341, 9-404, 9-406, 9-408, 9-509, 9-513, 9-601,
2 9-605, 9-608, 9-611, 9-613, 9-614, 9-615, 9-616, 9-619, 9-620,
3 9-621, 9-624, and 9-628, and by adding Articles 12 and 12A and
4 Sections 9-105A, 9-107A, 9-107B, 9-306A, 9-306B, 9-314A, and
5 9-326A as follows:

6 (810 ILCS 5/1-201) (from Ch. 26, par. 1-201)

7 Sec. 1-201. General Definitions.

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

13 (b) Subject to definitions contained in other Articles of
14 the Uniform Commercial Code that apply to particular Articles
15 or parts thereof:

16 (1) "Action", in the sense of a judicial proceeding,
17 includes recoupment, counterclaim, set-off, suit in
18 equity, and any other proceeding in which rights are
19 determined.

20 (2) "Aggrieved party" means a party entitled to pursue
21 a remedy.

22 (3) "Agreement", as distinguished from "contract",
23 means the bargain of the parties in fact, as found in their
24 language or inferred from other circumstances, including
25 course of performance, course of dealing, or usage of

1 trade as provided in Section 1-303.

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

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

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

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

13 (8) "Burden of establishing" a fact means the burden
14 of persuading the trier of fact that the existence of the
15 fact is more probable than its nonexistence.

16 (9) "Buyer in ordinary course of business" means a
17 person that buys goods in good faith, without knowledge
18 that the sale violates the rights of another person in the
19 goods, and in the ordinary course from a person, other
20 than a pawnbroker, in the business of selling goods of
21 that kind. A person buys goods in the ordinary course if
22 the sale to the person comports with the usual or
23 customary practices in the kind of business in which the
24 seller is engaged or with the seller's own usual or
25 customary practices. A person that sells oil, gas, or
26 other minerals at the wellhead or minehead is a person in

1 the business of selling goods of that kind. A buyer in
2 ordinary course of business may buy for cash, by exchange
3 of other property, or on secured or unsecured credit, and
4 may acquire goods or documents of title under a
5 preexisting contract for sale. Only a buyer that takes
6 possession of the goods or has a right to recover the goods
7 from the seller under Article 2 may be a buyer in ordinary
8 course of business. "Buyer in ordinary course of business"
9 does not include a person that acquires goods in a
10 transfer in bulk or as security for or in total or partial
11 satisfaction of a money debt.

12 (10) "Conspicuous", with reference to a term, means so
13 written, displayed, or presented that, based on the
14 totality of the circumstances, a reasonable person against
15 which it is to operate ought to have noticed it. Whether a
16 term is "conspicuous" or not is a decision for the court.
17 ~~Conspicuous terms include the following:~~

18 ~~(A) a heading in capitals equal to or greater in~~
19 ~~size than the surrounding text, or in contrasting~~
20 ~~type, font, or color to the surrounding text of the~~
21 ~~same or lesser size; and~~

22 ~~(B) language in the body of a record or display in~~
23 ~~larger type than the surrounding text, or in~~
24 ~~contrasting type, font, or color to the surrounding~~
25 ~~text of the same size, or set off from surrounding text~~
26 ~~of the same size by symbols or other marks that call~~

1 ~~attention to the language.~~

2 (11) "Consumer" means an individual who enters into a
3 transaction primarily for personal, family, or household
4 purposes.

5 (12) "Contract", as distinguished from "agreement",
6 means the total legal obligation that results from the
7 parties' agreement as determined by the Uniform Commercial
8 Code as supplemented by any other applicable laws.

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

15 (14) "Defendant" includes a person in the position of
16 defendant in a counterclaim, cross-claim, or third-party
17 claim.

18 (15) "Delivery", with respect to an electronic
19 document of title, means voluntary transfer of control
20 and, with respect to an instrument, document of title, or
21 an authoritative tangible copy of a record evidencing
22 chattel paper, means voluntary transfer of possession.

23 (16) "Document of title" includes bill of lading, dock
24 warrant, dock receipt, warehouse receipt or order for the
25 delivery of goods, and also any other document which in
26 the regular course of business or financing is treated as

1 adequately evidencing that the person in possession of it
2 is entitled to receive, hold, and dispose of the document
3 and the goods it covers. To be a document of title, a
4 document must purport to be issued by or addressed to a
5 bailee and purport to cover goods in the bailee's
6 possession which are either identified or are fungible
7 portions of an identified mass.

8 (16A) "Electronic" means relating to technology having
9 electrical, digital, magnetic, wireless, optical,
10 electromagnetic, or similar capabilities.

11 (17) "Fault" means a default, breach, or wrongful act
12 or omission.

13 (18) "Fungible goods" means:

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

16 (B) goods that by agreement are treated as
17 equivalent.

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

20 (20) "Good faith" means honesty in fact in the conduct
21 or transaction concerned.

22 (21) "Holder" means:

23 (A) the person in possession of a negotiable
24 instrument that is payable either to bearer or to an
25 identified person that is the person in possession; ~~or~~

26 (B) the person in possession of a document of

1 title if the goods are deliverable either to bearer or
2 to the order of the person in possession; ~~or-~~

3 (C) the person in control, other than pursuant to
4 Section 7-106(g), of a negotiable electronic document
5 of title.

6 (22) "Insolvency proceeding" includes an assignment
7 for the benefit of creditors or other proceeding intended
8 to liquidate or rehabilitate the estate of the person
9 involved.

10 (23) "Insolvent" means:

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

14 (B) being unable to pay debts as they become due;
15 or

16 (C) being insolvent within the meaning of federal
17 bankruptcy law.

18 (24) "Money" means a medium of exchange that is
19 currently authorized or adopted by a domestic or foreign
20 government. The term includes a monetary unit of account
21 established by an intergovernmental organization or by
22 agreement between two or more countries. The term does not
23 include an electronic record that is a medium of exchange
24 recorded and transferable in a system that existed and
25 operated for the medium of exchange before the medium of
26 exchange was authorized or adopted by the government.

1 (25) "Organization" means a person other than an
2 individual.

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

6 (27) "Person" means an individual, corporation,
7 business trust, estate, trust, partnership, limited
8 liability company, association, joint venture, government,
9 governmental subdivision, agency, or instrumentality,
10 ~~public corporation,~~ or any other legal or commercial
11 entity. The term includes a protected series, however
12 denominated, of an entity if the protected series is
13 established under law other than the Uniform Commercial
14 Code that limits, or limits if conditions specified under
15 the law are satisfied, the ability of a creditor of the
16 entity or of any other protected series of the entity to
17 satisfy a claim from assets of the protected series.

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

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

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

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

10 (32) "Remedy" means any remedial right to which an
11 aggrieved party is entitled with or without resort to a
12 tribunal.

13 (33) "Representative" means a person empowered to act
14 for another, including an agent, an officer of a
15 corporation or association, and a trustee, executor, or
16 administrator of an estate.

17 (34) "Right" includes remedy.

18 (35) "Security interest" means an interest in personal
19 property or fixtures which secures payment or performance
20 of an obligation. "Security interest" includes any
21 interest of a consignor and a buyer of accounts, chattel
22 paper, a payment intangible, or a promissory note in a
23 transaction that is subject to Article 9. "Security
24 interest" does not include the special property interest
25 of a buyer of goods on identification of those goods to a
26 contract for sale under Section 2-401, but a buyer may

1 also acquire a "security interest" by complying with
2 Article 9. Except as otherwise provided in Section 2-505,
3 the right of a seller or lessor of goods under Article 2 or
4 2A to retain or acquire possession of the goods is not a
5 "security interest", but a seller or lessor may also
6 acquire a "security interest" by complying with Article 9.
7 The retention or reservation of title by a seller of goods
8 notwithstanding shipment or delivery to the buyer under
9 Section 2-401 is limited in effect to a reservation of a
10 "security interest". Whether a transaction in the form of
11 a lease creates a "security interest" is determined
12 pursuant to Section 1-203.

13 (36) "Send" in connection with a ~~writing~~, record, or
14 notification, ~~notice~~ means:

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

22 (B) to cause the record or notification to be
23 received within the time it would have been received
24 if properly sent under subparagraph (A) ~~in any other~~
25 ~~way to cause to be received any record or notice within~~
26 ~~the time it would have arrived if properly sent.~~

1 (37) "Sign" means, with present intent to authenticate
2 or adopt a record: "Signed" includes using any symbol
3 executed or adopted with present intention to adopt or
4 accept a writing.

5 (A) execute or adopt a tangible symbol; or

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

8 "Signed", "signing", and "signature" have
9 corresponding meanings.

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

14 (39) "Surety" includes a guarantor or other secondary
15 obligor.

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

18 (41) "Unauthorized signature" means a signature made
19 without actual, implied, or apparent authority. The term
20 includes a forgery.

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

23 (43) "Writing" includes printing, typewriting, or any
24 other intentional reduction to tangible form. "Written"
25 has a corresponding meaning.

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

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

2 Sec. 1-204. Value. Except as otherwise provided in
3 Articles 3, 4, 5, ~~and 6,~~ and 12, a person gives value for
4 rights if the person acquires them:

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

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

12 (3) by accepting delivery under a preexisting contract
13 for purchase; or

14 (4) in return for any consideration sufficient to
15 support a simple contract.

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

17 (810 ILCS 5/1-301)

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

20 (a) Except as otherwise provided in this Section, when a
21 transaction bears a reasonable relation to this State and also
22 to another state or nation the parties may agree that the law
23 either of this State or of such other state or nation shall
24 govern their rights and duties.

1 (b) In the absence of an agreement effective under
2 subsection (a), and except as provided in subsection (c), the
3 Uniform Commercial Code applies to transactions bearing an
4 appropriate relation to this State.

5 (c) If one of the following provisions of the Uniform
6 Commercial Code specifies the applicable law, that provision
7 governs and a contrary agreement is effective only to the
8 extent permitted by the law so specified:

9 (1) Section 2-402;

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

11 (3) Section 4-102;

12 (4) Section 4A-507;

13 (5) Section 5-116;

14 (6) Section 8-110;

15 (7) Sections 9-301 through 9-307;~~i-~~

16 (8) Section 12-107.

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

18 (810 ILCS 5/1-306)

19 Sec. 1-306. Waiver or renunciation of claim or right after
20 breach. A claim or right arising out of an alleged breach may
21 be discharged in whole or in part without consideration by
22 agreement of the aggrieved party in a signed ~~an authenticated~~
23 record.

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

1 (810 ILCS 5/2-102) (from Ch. 26, par. 2-102)
2 Sec. 2-102. Scope; certain security and other transactions
3 excluded from this Article.

4 (1) Unless the context otherwise requires, and except as
5 provided in subsection (3), this Article applies to
6 transactions in goods and, in the case of a hybrid
7 transaction, it applies to the extent provided in subsection
8 (2).

9 (2) In a hybrid transaction:

10 (a) If the sale-of-goods aspects do not predominate,
11 only the provisions of this Article which relate primarily
12 to the sale-of-goods aspects of the transaction apply, and
13 the provisions that relate primarily to the transaction as
14 a whole do not apply.

15 (b) If the sale-of-goods aspects predominate, this
16 Article applies to the transaction but does not preclude
17 application in appropriate circumstances of other law to
18 aspects of the transaction that do not relate to the sale
19 of goods.

20 (3) This Article does not:

21 (a) apply to a transaction that, even though in the
22 form of an unconditional contract to sell or present sale,
23 operates only to create a security interest; or

24 (b) impair or repeal a statute regulating sales to
25 consumers, farmers, or other specified classes of buyers.

26 ~~Unless the context otherwise requires, this Article~~

1 ~~applies to transactions in goods; it does not apply to any~~
2 ~~transaction which although in the form of an unconditional~~
3 ~~contract to sell or present sale is intended to operate only as~~
4 ~~a security transaction nor does this Article impair or repeal~~
5 ~~any statute regulating sales to consumers, farmers or other~~
6 ~~specified classes of buyers.~~

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

8 (810 ILCS 5/2-106) (from Ch. 26, par. 2-106)

9 Sec. 2-106. Definitions: "contract"; "agreement";
10 "contract for sale"; "sale"; "present sale"; "conforming" to
11 contract; "termination"; "cancellation"; "hybrid
12 transaction".

13 (1) In this Article unless the context otherwise requires
14 "contract" and "agreement" are limited to those relating to
15 the present or future sale of goods. "Contract for sale"
16 includes both a present sale of goods and a contract to sell
17 goods at a future time. A "sale" consists in the passing of
18 title from the seller to the buyer for a price (Section 2-401).
19 A "present sale" means a sale which is accomplished by the
20 making of the contract.

21 (2) Goods or conduct including any part of a performance
22 are "conforming" or conform to the contract when they are in
23 accordance with the obligations under the contract.

24 (3) "Termination" occurs when either party pursuant to a
25 power created by agreement or law puts an end to the contract

1 otherwise than for its breach. On "termination" all
2 obligations which are still executory on both sides are
3 discharged but any right based on prior breach or performance
4 survives.

5 (4) "Cancellation" occurs when either party puts an end to
6 the contract for breach by the other and its effect is the same
7 as that of "termination" except that the cancelling party also
8 retains any remedy for breach of the whole contract or any
9 unperformed balance.

10 (5) "Hybrid transaction" means a single transaction
11 involving a sale of goods and:

12 (a) the provision of services;

13 (b) a lease of other goods; or

14 (c) a sale, lease, or license of property other than
15 goods.

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

17 (810 ILCS 5/2-201) (from Ch. 26, par. 2-201)

18 Sec. 2-201. Formal requirements; statute of frauds.

19 (1) Except as otherwise provided in this Section a
20 contract for the sale of goods for the price of \$500 or more is
21 not enforceable by way of action or defense unless there is a
22 record ~~some writing~~ sufficient to indicate that a contract for
23 sale has been made between the parties and signed by the party
24 against whom enforcement is sought or by the party's ~~his~~
25 authorized agent or broker. A record ~~writing~~ is not

1 insufficient because it omits or incorrectly states a term
2 agreed upon but the contract is not enforceable under this
3 subsection ~~paragraph~~ beyond the quantity of goods shown in the
4 record ~~such writing~~.

5 (2) Between merchants if within a reasonable time a record
6 ~~writing~~ in confirmation of the contract and sufficient against
7 the sender is received and the party receiving it has reason to
8 know its contents, it satisfies the requirements of subsection
9 (1) against the ~~such~~ party unless ~~written~~ notice in a record of
10 objection to its contents is given within 10 days after it is
11 received.

12 (3) A contract which does not satisfy the requirements of
13 subsection (1) but which is valid in other respects is
14 enforceable

15 (a) if the goods are to be specially manufactured for
16 the buyer and are not suitable for sale to others in the
17 ordinary course of the seller's business and the seller,
18 before notice of repudiation is received and under
19 circumstances which reasonably indicate that the goods are
20 for the buyer, has made either a substantial beginning of
21 their manufacture or commitments for their procurement; or

22 (b) if the party against whom enforcement is sought
23 admits in his pleading, testimony or otherwise in court
24 that a contract for sale was made, but the contract is not
25 enforceable under this provision beyond the quantity of
26 goods admitted; or

1 (c) with respect to goods for which payment has been
2 made and accepted or which have been received and accepted
3 (Section 2-606).

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

5 (810 ILCS 5/2-202) (from Ch. 26, par. 2-202)

6 Sec. 2-202. Final ~~written~~ expression: parol or extrinsic
7 evidence. Terms with respect to which the confirmatory
8 memoranda of the parties agree or which are otherwise set
9 forth in a record writing intended by the parties as a final
10 expression of their agreement with respect to such terms as
11 are included therein may not be contradicted by evidence of
12 any prior agreement or of a contemporaneous oral agreement but
13 may be explained or supplemented:

14 (a) by course of performance, course of dealing, or
15 usage of trade (Section 1-303); and

16 (b) by evidence of consistent additional terms unless
17 the court finds the record writing to have been intended
18 also as a complete and exclusive statement of the terms of
19 the agreement.

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

21 (810 ILCS 5/2-203) (from Ch. 26, par. 2-203)

22 Sec. 2-203. Seals inoperative. The affixing of a seal to a
23 record writing evidencing a contract for sale or an offer to
24 buy or sell goods does not constitute the record writing a

1 sealed instrument and the law with respect to sealed
2 instruments does not apply to such a contract or offer.

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

4 (810 ILCS 5/2-205) (from Ch. 26, par. 2-205)

5 Sec. 2-205. Firm offers. An offer by a merchant to buy or
6 sell goods in a signed record ~~writing~~ which by its terms gives
7 assurance that it will be held open is not revocable, for lack
8 of consideration, during the time stated or if no time is
9 stated for a reasonable time, but in no event may such period
10 of irrevocability exceed 3 months; but any such term of
11 assurance on a form supplied by the offeree must be separately
12 signed by the offeror.

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

14 (810 ILCS 5/2-209) (from Ch. 26, par. 2-209)

15 Sec. 2-209. Modification, rescission, and waiver.

16 (1) An agreement modifying a contract within this Article
17 needs no consideration to be binding.

18 (2) A signed agreement which excludes modification or
19 rescission except by a signed writing or other signed record
20 cannot be otherwise modified or rescinded, but except as
21 between merchants such a requirement on a form supplied by the
22 merchant must be separately signed by the other party.

23 (3) The requirements of the statute of frauds section of
24 this Article (Section 2-201) must be satisfied if the contract

1 as modified is within its provisions.

2 (4) Although an attempt at modification or rescission does
3 not satisfy the requirements of subsection (2) or (3) it can
4 operate as a waiver.

5 (5) A party who has made a waiver affecting an executory
6 portion of the contract may retract the waiver by reasonable
7 notification received by the other party that strict
8 performance will be required of any term waived, unless the
9 retraction would be unjust in view of a material change of
10 position in reliance on the waiver.

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

12 (810 ILCS 5/2A-102) (from Ch. 26, par. 2A-102)

13 Sec. 2A-102. Scope.

14 (1) This Article applies to any transaction, regardless of
15 form, that creates a lease and, in the case of a hybrid lease,
16 it applies to the extent provided in subsection (2).

17 (2) In a hybrid lease:

18 (a) if the lease-of-goods aspects do not predominate:

19 (i) only the provisions of this Article that
20 relate primarily to the lease-of-goods aspects of the
21 transaction apply, and the provisions that relate
22 primarily to the transaction as a whole do not apply;

23 (ii) Section 2A-209 applies if the lease is a
24 finance lease; and

25 (iii) Section 2A-407 applies to the promises of

1 the lessee in a finance lease to the extent the
2 promises are consideration for the right to possession
3 and use of the leased goods; and
4 (b) if the lease-of-goods aspects predominate, this
5 Article applies to the transaction, but does not preclude
6 application in appropriate circumstances of other law to
7 aspects of the lease that do not relate to the lease of
8 goods.

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

10 (810 ILCS 5/2A-103) (from Ch. 26, par. 2A-103)

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

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

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

25 (b) "Cancellation" occurs when either party puts an

1 end to the lease contract for default by the other party.

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

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

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

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

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

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

26 (ii) the lessor acquires the goods or the right to

1 possession and use of the goods in connection with the
2 lease; and

3 (iii) one of the following occurs:

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

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

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

23 (D) if the lease is not a consumer lease, the
24 lessor, before the lessee signs the lease
25 contract, informs the lessee in writing (a) of the
26 identity of the person supplying the goods to the

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

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

23 (h.1) "Hybrid lease" means a single transaction
24 involving a lease of goods and:

25 (i) the provision of services;

26 (ii) a sale of other goods; or

1 (iii) a sale, lease, or license of property other
2 than goods.

3 (i) "Installment lease contract" means a lease
4 contract that authorizes or requires the delivery of goods
5 in separate lots to be separately accepted, even though
6 the lease contract contains a clause "each delivery is a
7 separate lease" or its equivalent.

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

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

21 (l) "Lease contract" means the total legal obligation
22 that results from the lease agreement as affected by this
23 Article and any other applicable rules of law. Unless the
24 context clearly indicates otherwise, the term includes a
25 sublease contract.

26 (m) "Leasehold interest" means the interest of the

1 lessor or the lessee under a lease contract.

2 (n) "Lessee" means a person who acquires the right to
3 possession and use of goods under a lease. Unless the
4 context clearly indicates otherwise, the term includes a
5 sublessee.

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

18 (p) "Lessor" means a person who transfers the right to
19 possession and use of goods under a lease. Unless the
20 context clearly indicates otherwise, the term includes a
21 sublessor.

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

25 (r) "Lien" means a charge against or interest in goods
26 to secure payment of a debt or performance of an

1 obligation, but the term does not include a security
2 interest.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (Source: P.A. 97-1034, eff. 7-1-13.)

12 (810 ILCS 5/2A-107) (from Ch. 26, par. 2A-107)

13 Sec. 2A-107. Waiver or renunciation of claim or right
14 after default. Any claim or right arising out of an alleged
15 default or breach of warranty may be discharged in whole or in
16 part without consideration by a ~~written~~ waiver or renunciation
17 in a signed record ~~and~~ delivered by the aggrieved party.

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

19 (810 ILCS 5/2A-201) (from Ch. 26, par. 2A-201)

20 Sec. 2A-201. Statute of frauds.

21 (1) A lease contract is not enforceable by way of action or
22 defense unless:

23 (a) the total payments to be made under the lease
24 contract, excluding payments for options to renew or buy,

1 are less than \$1,000; or

2 (b) there is a record ~~writing~~, signed by the party
3 against whom enforcement is sought or by that party's
4 authorized agent, sufficient to indicate that a lease
5 contract has been made between the parties and to describe
6 the goods leased and the lease term.

7 (2) Any description of leased goods or of the lease term is
8 sufficient and satisfies subsection (1)(b), whether or not it
9 is specific, if it reasonably identifies what is described.

10 (3) A record ~~writing~~ is not insufficient because it omits
11 or incorrectly states a term agreed upon, but the lease
12 contract is not enforceable under subsection (1)(b) beyond the
13 lease term and the quantity of goods shown in the record
14 ~~writing~~.

15 (4) A lease contract that does not satisfy the
16 requirements of subsection (1), but which is valid in other
17 respects, is enforceable:

18 (a) if the goods are to be specially manufactured or
19 obtained for the lessee and are not suitable for lease or
20 sale to others in the ordinary course of the lessor's
21 business, and the lessor, before notice of repudiation is
22 received and under circumstances that reasonably indicate
23 that the goods are for the lessee, has made either a
24 substantial beginning of their manufacture or commitments
25 for their procurement;

26 (b) if the party against whom enforcement is sought

1 admits in that party's pleading, testimony, or otherwise
2 in court that a lease contract was made, but the lease
3 contract is not enforceable under this provision beyond
4 the quantity of goods admitted; or

5 (c) with respect to goods that have been received and
6 accepted by the lessee.

7 (5) The lease term under a lease contract referred to in
8 subsection (4) is:

9 (a) if there is a record ~~writing~~ signed by the party
10 against whom enforcement is sought or by that party's
11 authorized agent specifying the lease term, the term so
12 specified;

13 (b) if the party against whom enforcement is sought
14 admits in that party's pleading, testimony, or otherwise
15 in court a lease term, the term so admitted; or

16 (c) a reasonable lease term.

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

18 (810 ILCS 5/2A-202) (from Ch. 26, par. 2A-202)

19 Sec. 2A-202. Final ~~written~~ expression; parol or extrinsic
20 evidence. Terms with respect to which the confirmatory
21 memoranda of the parties agree or which are otherwise set
22 forth in a record ~~writing~~ intended by the parties as a final
23 expression of their agreement with respect to such terms as
24 are included therein may not be contradicted by evidence of
25 any prior agreement or of a contemporaneous oral agreement but

1 may be explained or supplemented:

2 (a) by course of dealing or usage of trade or by course
3 of performance; and

4 (b) by evidence of consistent additional terms unless
5 the court finds the record ~~writing~~ to have been intended
6 also as a complete and exclusive statement of the terms of
7 the agreement.

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

9 (810 ILCS 5/2A-203) (from Ch. 26, par. 2A-203)

10 Sec. 2A-203. Seals inoperative. The affixing of a seal to
11 a record ~~writing~~ evidencing a lease contract or an offer to
12 enter into a lease contract does not render the record ~~writing~~
13 a sealed instrument and the law with respect to sealed
14 instruments does not apply to the lease contract or offer.

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

16 (810 ILCS 5/2A-205) (from Ch. 26, par. 2A-205)

17 Sec. 2A-205. Firm offers. An offer by a merchant to lease
18 goods to or from another person in a signed record ~~writing~~ that
19 by its terms gives assurance it will be held open is not
20 revocable, for lack of consideration, during the time stated
21 or, if no time is stated, for a reasonable time, but in no
22 event may the period of irrevocability exceed 3 months. Any
23 such term of assurance on a form supplied by the offeree must
24 be separately signed by the offeror.

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

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

3 Sec. 2A-208. Modification, rescission, and waiver.

4 (1) An agreement modifying a lease contract needs no
5 consideration to be binding.

6 (2) A signed lease agreement that excludes modification or
7 rescission except by a signed record ~~writing~~ may not be
8 otherwise modified or rescinded, but, except as between
9 merchants, such a requirement on a form supplied by a merchant
10 must be separately signed by the other party.

11 (3) Although an attempt at modification or rescission does
12 not satisfy the requirements of subsection (2), it may operate
13 as a waiver.

14 (4) A party who has made a waiver affecting an executory
15 portion of a lease contract may retract the waiver by
16 reasonable notification received by the other party that
17 strict performance will be required of any term waived, unless
18 the retraction would be unjust in view of a material change of
19 position in reliance on the waiver.

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

21 (810 ILCS 5/3-104) (from Ch. 26, par. 3-104)

22 Sec. 3-104. Negotiable instrument.

23 (a) Except as provided in subsections (c) and (d),
24 "negotiable instrument" means an unconditional promise or

1 order to pay a fixed amount of money, with or without interest
2 or other charges described in the promise or order, if it:

3 (1) is payable to bearer or to order at the time it is
4 issued or first comes into possession of a holder;

5 (2) is payable on demand or at a definite time; and

6 (3) does not state any other undertaking or
7 instruction by the person promising or ordering payment to
8 do any act in addition to the payment of money, but the
9 promise or order may contain (i) an undertaking or power
10 to give, maintain, or protect collateral to secure
11 payment, (ii) an authorization or power to the holder to
12 confess judgment or realize on or dispose of collateral,
13 ~~or~~ (iii) a waiver of the benefit of any law intended for
14 the advantage or protection of any obligor, (iv) a term
15 that specifies the law that governs the promise or order,
16 or (v) an undertaking to resolve in a specified forum a
17 dispute concerning the promise or order.

18 (b) "Instrument" means a negotiable instrument.

19 (c) An order that meets all of the requirements of
20 subsection (a), except paragraph (1), and otherwise falls
21 within the definition of "check" in subsection (f) is a
22 negotiable instrument and a check.

23 (d) A promise or order other than a check is not an
24 instrument if, at the time it is issued or first comes into
25 possession of a holder, it contains a conspicuous statement,
26 however expressed, to the effect that the promise or order is

1 not negotiable or is not an instrument governed by this
2 Article.

3 (e) An instrument is a "note" if it is a promise and is a
4 "draft" if it is an order. If an instrument falls within the
5 definition of both "note" and "draft", a person entitled to
6 enforce the instrument may treat it as either.

7 (f) "Check" means (i) a draft, other than a documentary
8 draft, payable on demand and drawn on a bank or (ii) a
9 cashier's check or teller's check. An instrument may be a
10 check even though it is described on its face by another term,
11 such as "money order".

12 (g) "Cashier's check" means a draft with respect to which
13 the drawer and drawee are the same bank or branches of the same
14 bank.

15 (h) "Teller's check" means a draft drawn by a bank (i) on
16 another bank, or (ii) payable at or through a bank.

17 (i) "Traveler's check" means an instrument that (i) is
18 payable on demand, (ii) is drawn on or payable at or through a
19 bank, (iii) is designated by the term "traveler's check" or by
20 a substantially similar term, and (iv) requires, as a
21 condition to payment, a countersignature by a person whose
22 specimen signature appears on the instrument.

23 (j) "Certificate of deposit" means an instrument
24 containing an acknowledgment by a bank that a sum of money has
25 been received by the bank and a promise by the bank to repay
26 the sum of money. A certificate of deposit is a note of the

1 bank.

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

3 (810 ILCS 5/3-105) (from Ch. 26, par. 3-105)

4 Sec. 3-105. Issue of instrument.

5 (a) "Issue" means:

6 (1) the first delivery of an instrument by the maker
7 or drawer, whether to a holder or nonholder, for the
8 purpose of giving rights on the instrument to any person;
9 or

10 (2) if agreed by the payee, the first transmission by
11 the drawer to the payee of an image of an item and
12 information derived from the item that enables the
13 depository bank to collect the item by transferring or
14 presenting under federal law an electronic check.

15 (b) An unissued instrument, or an unissued incomplete
16 instrument that is completed, is binding on the maker or
17 drawer, but nonissuance is a defense. An instrument that is
18 conditionally issued or is issued for a special purpose is
19 binding on the maker or drawer, but failure of the condition or
20 special purpose to be fulfilled is a defense.

21 (c) "Issuer" applies to issued and unissued instruments
22 and means a maker or drawer of an instrument.

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

24 (810 ILCS 5/3-401) (from Ch. 26, par. 3-401)

1 Sec. 3-401. Signature necessary for liability on
2 instrument. ~~(a)~~ A person is not liable on an instrument unless
3 (i) the person signed the instrument, or (ii) the person is
4 represented by an agent or representative who signed the
5 instrument and the signature is binding on the represented
6 person under Section 3-402.

7 ~~(b) A signature may be made (i) manually or by means of a~~
8 ~~device or machine, and (ii) by the use of any name, including~~
9 ~~any trade or assumed name, or by a word, mark, or symbol~~
10 ~~executed or adopted by a person with present intention to~~
11 ~~authenticate a writing.~~

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

13 (810 ILCS 5/3-604) (from Ch. 26, par. 3-604)

14 Sec. 3-604. Discharge by cancellation or renunciation.

15 (a) A person entitled to enforce an instrument, with or
16 without consideration, may discharge the obligation of a party
17 to pay the instrument (i) by an intentional voluntary act,
18 such as surrender of the instrument to the party, destruction,
19 mutilation, or cancellation of the instrument, cancellation or
20 striking out of the party's signature, or the addition of
21 words to the instrument indicating discharge, or (ii) by
22 agreeing not to sue or otherwise renouncing rights against the
23 party by a signed record writing. The obligation of a party to
24 pay a check is not discharged solely by destruction of the
25 check in connection with a process in which information is

1 extracted from the check and an image of the check is made and,
2 subsequently, the information and image are transmitted for
3 payment.

4 (b) Cancellation or striking out of an indorsement
5 pursuant to subsection (a) does not affect the status and
6 rights of a party derived from the indorsement.

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

8 (810 ILCS 5/4A-103) (from Ch. 26, par. 4A-103)

9 Sec. 4A-103. Payment order; definitions.

10 (a) In this Article:

11 (1) "Payment order" means an instruction of a sender
12 to a receiving bank, transmitted orally or in a record,
13 ~~electronically, or in writing,~~ to pay, or to cause another
14 bank to pay, a fixed or determinable amount of money to a
15 beneficiary if:

16 (i) the instruction does not state a condition to
17 payment to the beneficiary other than time of payment,

18 (ii) the receiving bank is to be reimbursed by
19 debiting an account of, or otherwise receiving payment
20 from, the sender, and

21 (iii) the instruction is transmitted by the sender
22 directly to the receiving bank or to an agent, funds
23 transfer system, or communication system for
24 transmittal to the receiving bank.

25 (2) "Beneficiary" means the person to be paid by the

1 beneficiary's bank.

2 (3) "Beneficiary's bank" means the bank identified in
3 a payment order in which an account of the beneficiary is
4 to be credited pursuant to the order or which otherwise is
5 to make payment to the beneficiary if the order does not
6 provide for payment to an account.

7 (4) "Receiving bank" means the bank to which the
8 sender's instruction is addressed.

9 (5) "Sender" means the person giving the instruction
10 to the receiving bank.

11 (b) If an instruction complying with subsection (a)(1) is
12 to make more than one payment to a beneficiary, the
13 instruction is a separate payment order with respect to each
14 payment.

15 (c) A payment order is issued when it is sent to the
16 receiving bank.

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

18 (810 ILCS 5/4A-201) (from Ch. 26, par. 4A-201)

19 Sec. 4A-201. Security procedure. "Security procedure"
20 means a procedure established by agreement of a customer and a
21 receiving bank for the purpose of (i) verifying that a payment
22 order or communication amending or cancelling a payment order
23 is that of the customer, or (ii) detecting error in the
24 transmission or the content of the payment order or
25 communication. A security procedure may impose an obligation

1 on the receiving bank or the customer and may require the use
2 of algorithms or other codes, identifying words, ~~or~~ numbers,
3 symbols, sounds, biometrics, encryption, callback procedures,
4 or similar security devices. Comparison of a signature on a
5 payment order or communication with an authorized specimen
6 signature of the customer or requiring a payment order to be
7 sent from a known email address, IP address, or telephone
8 number is not by itself a security procedure.

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

10 (810 ILCS 5/4A-202) (from Ch. 26, par. 4A-202)

11 Sec. 4A-202. Authorized and verified payment orders.

12 (a) A payment order received by the receiving bank is the
13 authorized order of the person identified as sender if that
14 person authorized the order or is otherwise bound by it under
15 the law of agency.

16 (b) If a bank and its customer have agreed that the
17 authenticity of payment orders issued to the bank in the name
18 of the customer as sender will be verified pursuant to a
19 security procedure, a payment order received by the receiving
20 bank is effective as the order of the customer, whether or not
21 authorized, if (i) the security procedure is a commercially
22 reasonable method of providing security against unauthorized
23 payment orders, and (ii) the bank proves that it accepted the
24 payment order in good faith and in compliance with the bank's
25 obligations under the security procedure and any ~~written~~

1 agreement or instruction of the customer, evidenced by a
2 record, restricting acceptance of payment orders issued in the
3 name of the customer. The bank is not required to follow an
4 instruction that violates an ~~a written~~ agreement with the
5 customer, evidenced by a record, or notice of which is not
6 received at a time and in a manner affording the bank a
7 reasonable opportunity to act on it before the payment order
8 is accepted.

9 (c) Commercial reasonableness of a security procedure is a
10 question of law to be determined by considering the wishes of
11 the customer expressed to the bank, the circumstances of the
12 customer known to the bank, including the size, type, and
13 frequency of payment orders normally issued by the customer to
14 the bank, alternative security procedures offered to the
15 customer, and security procedures in general use by customers
16 and receiving banks similarly situated. A security procedure
17 is deemed to be commercially reasonable if (i) the security
18 procedure was chosen by the customer after the bank offered,
19 and the customer refused, a security procedure that was
20 commercially reasonable for that customer, and (ii) the
21 customer expressly agreed in a record ~~writing~~ to be bound by
22 any payment order, whether or not authorized, issued in its
23 name and accepted by the bank in compliance with the bank's
24 obligations under the security procedure chosen by the
25 customer.

26 (d) The term "sender" in this Article includes the

1 customer in whose name a payment order is issued if the order
2 is the authorized order of the customer under subsection (a),
3 or it is effective as the order of the customer under
4 subsection (b).

5 (e) This Section applies to amendments and cancellations
6 of payment orders to the same extent it applies to payment
7 orders.

8 (f) Except as provided in this Section and in Section
9 4A-203(a)(1), rights and obligations arising under this
10 Section or Section 4A-203 may not be varied by agreement.

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

12 (810 ILCS 5/4A-203) (from Ch. 26, par. 4A-203)

13 Sec. 4A-203. Unenforceability of certain verified payment
14 orders.

15 (a) If an accepted payment order is not, under Section
16 4A-202(a), an authorized order of a customer identified as
17 sender, but is effective as an order of the customer pursuant
18 to Section 4A-202(b), the following rules apply:

19 (1) By express ~~written~~ agreement evidenced by a
20 record, the receiving bank may limit the extent to which
21 it is entitled to enforce or retain payment of the payment
22 order.

23 (2) The receiving bank is not entitled to enforce or
24 retain payment of the payment order if the customer proves
25 that the order was not caused, directly or indirectly, by

1 a person (i) entrusted at any time with duties to act for
2 the customer with respect to payment orders or the
3 security procedure, or (ii) who obtained access to
4 transmitting facilities of the customer or who obtained,
5 from a source controlled by the customer and without
6 authority of the receiving bank, information facilitating
7 breach of the security procedure, regardless of how the
8 information was obtained or whether the customer was at
9 fault. Information includes any access device, computer
10 software, or the like.

11 (b) This Section applies to amendments of payment orders
12 to the same extent it applies to payment orders.

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

14 (810 ILCS 5/4A-207) (from Ch. 26, par. 4A-207)

15 Sec. 4A-207. Misdescription of beneficiary.

16 (a) Subject to subsection (b), if, in a payment order
17 received by the beneficiary's bank, the name, bank account
18 number, or other identification of the beneficiary refers to a
19 nonexistent or unidentifiable person or account, no person has
20 rights as a beneficiary of the order and acceptance of the
21 order cannot occur.

22 (b) If a payment order received by the beneficiary's bank
23 identifies the beneficiary both by name and by an identifying
24 or bank account number and the name and number identify
25 different persons, the following rules apply:

1 (1) Except as otherwise provided in subsection (c), if
2 the beneficiary's bank does not know that the name and
3 number refer to different persons, it may rely on the
4 number as the proper identification of the beneficiary of
5 the order. The beneficiary's bank need not determine
6 whether the name and number refer to the same person.

7 (2) If the beneficiary's bank pays the person
8 identified by name or knows that the name and number
9 identify different persons, no person has rights as
10 beneficiary except the person paid by the beneficiary's
11 bank if that person was entitled to receive payment from
12 the originator of the funds transfer. If no person has
13 rights as beneficiary, acceptance of the order cannot
14 occur.

15 (c) If (i) a payment order described in subsection (b) is
16 accepted, (ii) the originator's payment order described the
17 beneficiary inconsistently by name and number, and (iii) the
18 beneficiary's bank pays the person identified by number as
19 permitted by subsection (b) (1), the following rules apply:

20 (1) If the originator is a bank, the originator is
21 obligated to pay its order.

22 (2) If the originator is not a bank and proves that the
23 person identified by number was not entitled to receive
24 payment from the originator, the originator is not obliged
25 to pay its order unless the originator's bank proves that
26 the originator, before acceptance of the originator's

1 order, had notice that payment of a payment order issued
2 by the originator might be made by the beneficiary's bank
3 on the basis of an identifying or bank account number
4 event if it identifies a person different from the named
5 beneficiary. Proof of notice may be made by any admissible
6 evidence. The originator's bank satisfies the burden of ~~as~~
7 proof if it proves that the originator, before the payment
8 order was accepted, signed a record writing ~~writing~~ stating the
9 information to which the notice relates.

10 (d) In a case governed by subsection (b)(1), if the
11 beneficiary's bank rightfully pays the person identified by
12 number and that person was not entitled to receive payment
13 from the originator, the amount paid may be recovered from
14 that person to the extent allowed by the law governing mistake
15 and restitution as follows:

16 (1) If the originator is obligated to pay its payment
17 order as stated in subsection (c), the originator has the
18 right to recover.

19 (2) If the originator is not a bank and is not
20 obligated to pay its payment order, the originator's bank
21 has the right to recover.

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

23 (810 ILCS 5/4A-208) (from Ch. 26, par. 4A-208)

24 Sec. 4A-208. Misdescription of intermediary bank or
25 beneficiary's bank.

1 (a) This subsection applies to a payment order identifying
2 an intermediary bank or the beneficiary's bank only by an
3 identifying number.

4 (1) The receiving bank may rely on the number as the
5 proper identification of the intermediary or beneficiary's
6 bank and need not determine whether the number identifies
7 a bank.

8 (2) The sender is obliged to compensate the receiving
9 bank for any loss and expenses incurred by the receiving
10 bank as a result of its reliance on the number in executing
11 or attempting to execute the order.

12 (b) This subsection applies to a payment order identifying
13 an intermediary bank or the beneficiary's bank both by name
14 and an identifying number if the name and number identify
15 different persons.

16 (1) If the sender is a bank, the receiving bank may
17 rely on the number as the proper identification of the
18 intermediary or beneficiary's bank if the receiving bank,
19 when it executes the sender's order, does not know that
20 the name and number identify different persons. The
21 receiving bank need not determine whether the name and
22 number refer to the same person or whether the number
23 refers to a bank. The sender is obliged to compensate the
24 receiving bank for any loss and expenses incurred by the
25 receiving bank as a result of its reliance on the number in
26 executing or attempting to execute the order.

1 (2) If the sender is not a bank and the receiving bank
2 proves that the sender, before the payment order was
3 accepted, had notice that the receiving bank might rely on
4 the number as the proper identification of the
5 intermediary or beneficiary's bank even if it identifies a
6 person different from the bank identified by name, the
7 rights and obligations of the sender and the receiving
8 bank are governed by subsection (b)(1), as though the
9 sender were a bank. Proof of notice may be made by any
10 admissible evidence. The receiving bank satisfies the
11 burden of proof if it proves that the sender, before the
12 payment order was accepted, signed a record ~~writing~~
13 stating the information to which the notice relates.

14 (3) Regardless of whether the sender is a bank, the
15 receiving bank may rely on the name as the proper
16 identification of the intermediary or beneficiary's bank
17 if the receiving bank, at the time it executes the
18 sender's order, does not know that the name and number
19 identify different persons. The receiving bank need not
20 determine whether the name and number refer to the same
21 person.

22 (4) If the receiving bank knows that the name and
23 number identify different persons, reliance on either the
24 name or the number in executing the sender's payment order
25 is a breach of the obligation stated in Section
26 4A-302(a)(1).

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

2 (810 ILCS 5/4A-210) (from Ch. 26, par. 4A-210)

3 Sec. 4A-210. Rejection of payment order.

4 (a) A payment order is rejected by the receiving bank by a
5 notice of rejection transmitted to the sender orally~~7~~
6 ~~electronically~~, or in a record writing. A notice of rejection
7 need not use any particular words and is sufficient if it
8 indicates that the receiving bank is rejecting the order or
9 will not execute or pay the order. Rejection is effective when
10 the notice is given if transmission is by a means that is
11 reasonable in the circumstances. If notice of rejection is
12 given by a means that is not reasonable, rejection is
13 effective when the notice is received. If an agreement of the
14 sender and receiving bank establishes the means to be used to
15 reject a payment order, (i) any means complying with the
16 agreement is reasonable and (ii) any means not complying is
17 not reasonable unless no significant delay in receipt of the
18 notice resulted from the use of the noncomplying means.

19 (b) This subsection applies if a receiving bank other than
20 the beneficiary's bank fails to execute a payment order
21 despite the existence on the execution date of a withdrawable
22 credit balance in an authorized account of the sender
23 sufficient to cover the order. If the sender does not receive
24 notice of rejection of the order on the execution date and the
25 authorized account of the sender does not bear interest, the

1 bank is obliged to pay interest to the sender on the amount of
2 the order for the number of days elapsing after the execution
3 date to the earlier of the day the order is canceled pursuant
4 to Section 4A-211(d) or the day the sender receives notice or
5 learns that the order was not executed, counting the final day
6 of the period as an elapsed day. If the withdrawable credit
7 balance during that period falls below the amount of the
8 order, the amount of interest is reduced accordingly.

9 (c) If a receiving bank suspends payments, all unaccepted
10 payment orders issued to it are deemed rejected at the time the
11 bank suspends payments.

12 (d) Acceptance of a payment order precludes a later
13 rejection of the order. Rejection of a payment order precludes
14 a later acceptance of the order.

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

16 (810 ILCS 5/4A-211) (from Ch. 26, par. 4A-211)

17 Sec. 4A-211. Cancellation and amendment of payment order.

18 (a) A communication of the sender of a payment order
19 cancelling or amending the order may be transmitted to the
20 receiving bank orally, ~~electronically,~~ or in a record writing.
21 If a security procedure is in effect between the sender and the
22 receiving bank, the communication is not effective to cancel
23 or amend the order unless the communication is verified
24 pursuant to the security procedure or the bank agrees to the
25 cancellation or amendment.

1 (b) Subject to subsection (a), a communication by the
2 sender cancelling or amending a payment order is effective to
3 cancel or amend the order if notice of the communication is
4 received at a time and in a manner affording the receiving bank
5 a reasonable opportunity to act on the communication before
6 the bank accepts the payment order.

7 (c) After a payment order has been accepted, cancellation
8 or amendment of the order is not effective unless the
9 receiving bank agrees or a funds transfer system rule allows
10 cancellation or amendment without agreement of the bank.

11 (1) With respect to a payment order accepted by a
12 receiving bank other than the beneficiary's bank,
13 cancellation or amendment is not effective unless a
14 conforming cancellation or amendment of the payment order
15 issued by the receiving bank is also made.

16 (2) With respect to a payment order accepted by the
17 beneficiary's bank, cancellation or amendment is not
18 effective unless the order was issued in execution of an
19 unauthorized payment order, or because of a mistake by a
20 sender in the funds transfer which resulted in the
21 issuance of a payment order (i) that is a duplicate of a
22 payment order previously issued by the sender, (ii) that
23 orders payment to a beneficiary not entitled to receive
24 payment from the originator, or (iii) that orders payment
25 in an amount greater than the amount the beneficiary was
26 entitled to receive from the originator. If the payment

1 order is canceled or amended, the beneficiary's bank is
2 entitled to recover from the beneficiary any amount paid
3 to the beneficiary to the extent allowed by the law
4 governing mistake and restitution.

5 (d) An unaccepted payment order is canceled by operation
6 of law at the close of the fifth funds transfer business day of
7 the receiving bank after the execution date or payment date of
8 the order.

9 (e) A canceled payment order cannot be accepted. If an
10 accepted payment order is canceled, the acceptance is
11 nullified and no person has any right or obligation based on
12 the acceptance. Amendment of a payment order is deemed to be
13 cancellation of the original order at the time of amendment
14 and issue of a new payment order in the amended form at the
15 same time.

16 (f) Unless otherwise provided in an agreement of the
17 parties or in a funds transfer system rule, if the receiving
18 bank, after accepting a payment order, agrees to cancellation
19 or amendment of the order by the sender or is bound by a funds
20 transfer system rule allowing cancellation or amendment
21 without the bank's agreement, the sender, whether or not
22 cancellation or amendment is effective, is liable to the bank
23 for any loss and expenses, including reasonable attorney's
24 fees, incurred by the bank as a result of the cancellation or
25 amendment or attempted cancellation or amendment.

26 (g) A payment order is not revoked by the death or legal

1 incapacity of the sender unless the receiving bank knows of
2 the death or of an adjudication of incapacity by a court of
3 competent jurisdiction and has reasonable opportunity to act
4 before acceptance of the order.

5 (h) A funds transfer system rule is not effective to the
6 extent it conflicts with subsection (c) (2).

7 (Source: P.A. 97-813, eff. 7-13-12.)

8 (810 ILCS 5/4A-305) (from Ch. 26, par. 4A-305)

9 Sec. 4A-305. Liability for late or improper execution or
10 failure to execute payment order.

11 (a) If a funds transfer is completed but execution of a
12 payment order by the receiving bank in breach of Section
13 4A-302 results in delay in payment to the beneficiary, the
14 bank is obliged to pay interest to either the originator or the
15 beneficiary of the funds transfer for the period of delay
16 caused by the improper execution. Except as provided in
17 subsection (c), additional damages are not recoverable.

18 (b) If execution of a payment order by a receiving bank in
19 breach of Section 4A-302 results in (i) noncompletion of the
20 funds transfer, (ii) failure to use an intermediary bank
21 designated by the originator, or (iii) issuance of a payment
22 order that does not comply with the terms of the payment order
23 of the originator, the bank is liable to the originator for its
24 expenses in the funds transfer and for incidental expenses and
25 interest losses, to the extent not covered by subsection (a),

1 resulting from the improper execution. Except as provided in
2 subsection (c), additional damages are not recoverable.

3 (c) In addition to the amounts payable under subsections
4 (a) and (b), damages, including consequential damages, are
5 recoverable to the extent provided in an express ~~written~~
6 agreement of the receiving bank, evidenced by a record.

7 (d) If a receiving bank fails to execute a payment order it
8 was obliged by express agreement to execute, the receiving
9 bank is liable to the sender for its expenses in the
10 transaction and for incidental expenses and interest losses
11 resulting from the failure to execute. Additional damages,
12 including consequential damages, are recoverable to the extent
13 provided in an express ~~written~~ agreement of the receiving
14 bank, evidenced by a record, but are not otherwise
15 recoverable.

16 (e) Reasonable attorney's fees are recoverable if demand
17 for compensation under subsection (a) or (b) is made and
18 refused before an action is brought on the claim. If a claim is
19 made for breach of an agreement under subsection (d) and the
20 agreement does not provide for damages, reasonable attorney's
21 fees are recoverable if demand for compensation under
22 subsection (d) is made and refused before an action is brought
23 on the claim.

24 (f) Except as stated in this Section, the liability of a
25 receiving bank under subsections (a) and (b) may not be varied
26 by agreement.

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

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

3 Sec. 5-104. Formal requirements. A letter of credit,
4 confirmation, advice, transfer, amendment, or cancellation may
5 be issued in any form that is a signed record ~~and is~~
6 ~~authenticated (i) by a signature or (ii) in accordance with~~
7 ~~the agreement of the parties or the standard practice referred~~
8 ~~to in Section 5-108(e).~~

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

10 (810 ILCS 5/5-116) (from Ch. 26, par. 5-116)

11 Sec. 5-116. Choice of law and forum.

12 (a) The liability of an issuer, nominated person, or
13 adviser for action or omission is governed by the law of the
14 jurisdiction chosen by an agreement in the form of a record
15 signed ~~or otherwise authenticated~~ by the affected parties ~~in~~
16 ~~the manner provided in Section 5-104~~ or by a provision in the
17 person's letter of credit, confirmation, or other undertaking.
18 The jurisdiction whose law is chosen need not bear any
19 relation to the transaction.

20 (b) Unless subsection (a) applies, the liability of an
21 issuer, nominated person, or adviser for action or omission is
22 governed by the law of the jurisdiction in which the person is
23 located. The person is considered to be located at the address
24 indicated in the person's undertaking. If more than one

1 address is indicated, the person is considered to be located
2 at the address from which the person's undertaking was issued.

3 (c) For the purpose of jurisdiction, choice of law, and
4 recognition of interbranch letters of credit, but not
5 enforcement of a judgment, all branches of a bank are
6 considered separate juridical entities and a bank is
7 considered to be located at the place where its relevant
8 branch is considered to be located under ~~this~~ subsection (d).

9 (d) A branch of a bank is considered to be located at the
10 address indicated in the branch's undertaking. If more than
11 one address is indicated, the branch is considered to be
12 located at the address from which the undertaking was issued.

13 (e) ~~(e)~~ Except as otherwise provided in this subsection,
14 the liability of an issuer, nominated person, or adviser is
15 governed by any rules of custom or practice, such as the
16 Uniform Customs and Practice for Documentary Credits, to which
17 the letter of credit, confirmation, or other undertaking is
18 expressly made subject. If (i) this Article would govern the
19 liability of an issuer, nominated person, or adviser under
20 subsection (a) or (b), (ii) the relevant undertaking
21 incorporates rules of custom or practice, and (iii) there is
22 conflict between this Article and those rules as applied to
23 that undertaking, those rules govern except to the extent of
24 any conflict with the nonvariable provisions specified in
25 Section 5-103(c).

26 (f) ~~(d)~~ If there is conflict between this Article and

1 Article 3, 4, 4A, or 9, this Article governs.

2 (g) ~~(e)~~ The forum for settling disputes arising out of an
3 undertaking within this Article may be chosen in the manner
4 and with the binding effect that governing law may be chosen in
5 accordance with subsection (a).

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

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

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

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

11 (1) "Bailee" means a person that by a warehouse
12 receipt, bill of lading, or other document of title
13 acknowledges possession of goods and contracts to deliver
14 them.

15 (2) "Carrier" means a person that issues a bill of
16 lading.

17 (3) "Consignee" means a person named in a bill of
18 lading to which or to whose order the bill promises
19 delivery.

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

23 (5) "Delivery order" means a record that contains an
24 order to deliver goods directed to a warehouse, carrier,
25 or other person that in the ordinary course of business

1 issues warehouse receipts or bills of lading.

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

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

8 (8) "Issuer" means a bailee that issues a document of
9 title or, in the case of an unaccepted delivery order, the
10 person that orders the possessor of goods to deliver. The
11 term includes a person for which an agent or employee
12 purports to act in issuing a document if the agent or
13 employee has real or apparent authority to issue
14 documents, even if the issuer did not receive any goods,
15 the goods were misdescribed, or in any other respect the
16 agent or employee violated the issuer's instructions.

17 (9) "Person entitled under the document" means the
18 holder, in the case of a negotiable document of title, or
19 the person to which delivery of the goods is to be made by
20 the terms of, or pursuant to instructions in a record
21 under, a nonnegotiable document of title.

22 (10) (Reserved). ~~"Record" means information that is~~
23 ~~inscribed on a tangible medium or that is stored in an~~
24 ~~electronic or other medium and is retrievable in~~
25 ~~perceivable form.~~

26 (11) (Reserved). ~~"Sign" means, with present intent to~~

1 ~~authenticate or adopt a record:~~

2 ~~(A) to execute or adopt a tangible symbol; or~~

3 ~~(B) to attach to or logically associate with the~~
4 ~~record an electronic sound, symbol, or process.~~

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

7 (13) "Warehouse" means a person engaged in the
8 business of storing goods for hire. The owner of a
9 self-service storage facility as defined in the
10 Self-Service Storage Facility Act is not a warehouse for
11 the purposes of this Article.

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

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

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

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

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

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

22 (810 ILCS 5/7-106)

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

24 (a) A person has control of an electronic document of
25 title if a system employed for evidencing the transfer of

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

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

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

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

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

14 or

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

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

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

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

1 authoritative copy; and

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

4 (c) A system satisfies subsection (a), and a person has
5 control of an electronic document of title, if an
6 authoritative electronic copy of the document, a record
7 attached to or logically associated with the electronic copy,
8 or a system in which the electronic copy is recorded:

9 (1) enables the person readily to identify each
10 electronic copy as either an authoritative copy or a
11 nonauthoritative copy;

12 (2) enables the person readily to identify itself in
13 any way, including by name, identifying number,
14 cryptographic key, office, or account number, as the
15 person to which each authoritative electronic copy was
16 issued or transferred; and

17 (3) gives the person exclusive power, subject to
18 subsection (d), to:

19 (A) prevent others from adding or changing the
20 person to which each authoritative electronic copy has
21 been issued or transferred; and

22 (B) transfer control of each authoritative
23 electronic copy.

24 (d) Subject to subsection (e), a power is exclusive under
25 subsection (c) (3) (A) and (B) even if:

26 (1) the authoritative electronic copy, a record

1 attached to or logically associated with the authoritative
2 electronic copy, or a system in which the authoritative
3 electronic copy is recorded limits the use of the document
4 of title or has a protocol that is programmed to cause a
5 change, including a transfer or loss of control; or

6 (2) the power is shared with another person.

7 (e) A power of a person is not shared with another person
8 under subsection (d)(2) and the person's power is not
9 exclusive if:

10 (1) the person can exercise the power only if the
11 power also is exercised by the other person; and

12 (2) the other person:

13 (A) can exercise the power without exercise of the
14 power by the person; or

15 (B) is the transferor to the person of an interest
16 in the document of title.

17 (f) If a person has the powers specified in subsection
18 (c)(3)(A) and (B), the powers are presumed to be exclusive.

19 (g) A person has control of an electronic document of
20 title if another person, other than the transferor to the
21 person of an interest in the document:

22 (1) has control of the document and acknowledges that
23 it has control on behalf of the person; or

24 (2) obtains control of the document after having
25 acknowledged that it will obtain control of the document
26 on behalf of the person.

1 (h) A person that has control under this Section is not
2 required to acknowledge that it has control on behalf of
3 another person.

4 (i) If a person acknowledges that it has or will obtain
5 control on behalf of another person, unless the person
6 otherwise agrees or law other than this Article or Article 9
7 otherwise provides, the person does not owe any duty to the
8 other person and is not required to confirm the acknowledgment
9 to any other person.

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

11 (810 ILCS 5/8-102) (from Ch. 26, par. 8-102)

12 Sec. 8-102. Definitions.

13 (a) In this Article:

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

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

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

25 (4) "Certificated security" means a security that is

1 represented by a certificate.

2 (5) "Clearing corporation" means:

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

5 (ii) a federal reserve bank; or

6 (iii) any other person that provides clearance or
7 settlement services with respect to financial assets
8 that would require it to register as a clearing agency
9 under the federal securities laws but for an exclusion
10 or exemption from the registration requirement, if its
11 activities as a clearing corporation, including
12 promulgation of rules, are subject to regulation by a
13 federal or state governmental authority.

14 (6) "Communicate" means to:

15 (i) send a signed record ~~writing~~; or

16 (ii) transmit information by any mechanism agreed
17 upon by the persons transmitting and receiving the
18 information.

19 (7) "Entitlement holder" means a person identified in
20 the records of a securities intermediary as the person
21 having a security entitlement against the securities
22 intermediary. If a person acquires a security entitlement
23 by virtue of Section 8-501(b)(2) or (3), that person is
24 the entitlement holder.

25 (8) "Entitlement order" means a notification
26 communicated to a securities intermediary directing

1 transfer or redemption of a financial asset to which the
2 entitlement holder has a security entitlement.

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

5 (i) a security;

6 (ii) an obligation of a person or a share,
7 participation, or other interest in a person or in
8 property or an enterprise of a person, which is, or is
9 of a type, dealt in or traded on financial markets, or
10 which is recognized in any area in which it is issued
11 or dealt in as a medium for investment; or

12 (iii) any property that is held by a securities
13 intermediary for another person in a securities
14 account if the securities intermediary has expressly
15 agreed with the other person that the property is to be
16 treated as a financial asset under this Article. As
17 context requires, the term means either the interest
18 itself or the means by which a person's claim to it is
19 evidenced, including a certificated or uncertificated
20 security, a security certificate, or a security
21 entitlement.

22 (10) "Good faith," for purposes of the obligation of
23 good faith in the performance or enforcement of contracts
24 or duties within this Article, means honesty in fact and
25 the observance of reasonable commercial standards of fair
26 dealing.

1 (11) "Indorsement" means a signature that alone or
2 accompanied by other words is made on a security
3 certificate in registered form or on a separate document
4 for the purpose of assigning, transferring, or redeeming
5 the security or granting a power to assign, transfer, or
6 redeem it.

7 (12) "Instruction" means a notification communicated
8 to the issuer of an uncertificated security which directs
9 that the transfer of the security be registered or that
10 the security be redeemed.

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

13 (i) the security certificate specifies a person
14 entitled to the security; and

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

18 (14) "Securities intermediary" means:

19 (i) a clearing corporation; or

20 (ii) a person, including a bank or broker, that in
21 the ordinary course of its business maintains
22 securities accounts for others and is acting in that
23 capacity.

24 (15) "Security," except as otherwise provided in
25 Section 8-103, means an obligation of an issuer or a
26 share, participation, or other interest in an issuer or in

1 property or an enterprise of an issuer:

2 (i) which is represented by a security certificate
3 in bearer or registered form, or the transfer of which
4 may be registered upon books maintained for that
5 purpose by or on behalf of the issuer;

6 (ii) which is one of a class or series or by its
7 terms is divisible into a class or series of shares,
8 participations, interests, or obligations; and

9 (iii) which:

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

12 (B) is a medium for investment and by its
13 terms expressly provides that it is a security
14 governed by this Article.

15 (16) "Security certificate" means a certificate
16 representing a security.

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

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

22 (b) The following other definitions in applying to this
23 Article and other Articles apply to this Article ~~the Sections~~
24 ~~in which they appear are:~~

25 Appropriate person

Section 8-107

1	Control	Section 8-106
2	<u>Controllable account</u>	<u>Section 9-102</u>
3	<u>Controllable electronic</u>	
4	<u>record</u>	<u>Section 12-102</u>
5	<u>Controllable payment</u>	
6	<u>intangible</u>	<u>Section 9-102</u>
7	Delivery	Section 8-301
8	Investment company security	Section 8-103
9	Issuer	Section 8-201
10	Overissue	Section 8-210
11	Protected purchaser	Section 8-303
12	Securities account	Section 8-501

13 (c) In addition, Article 1 contains general definitions
14 and principles of construction and interpretation applicable
15 throughout this Article.

16 (d) The characterization of a person, business, or
17 transaction for purposes of this Article does not determine
18 the characterization of the person, business, or transaction
19 for purposes of any other law, regulation, or rule.

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

21 (810 ILCS 5/8-103) (from Ch. 26, par. 8-103)

22 Sec. 8-103. Rules for determining whether certain
23 obligations and interests are securities or financial assets.

24 (a) A share or similar equity interest issued by a

1 corporation, business trust, joint stock company, or similar
2 entity is a security.

3 (b) An "investment company security" is a security.
4 "Investment company security" means a share or similar equity
5 interest issued by an entity that is registered as an
6 investment company under the federal investment company laws,
7 an interest in a unit investment trust that is so registered,
8 or a face-amount certificate issued by a face-amount
9 certificate company that is so registered. Investment company
10 security does not include an insurance policy or endowment
11 policy or annuity contract issued by an insurance company.

12 (c) An interest in a partnership or limited liability
13 company is not a security unless it is dealt in or traded on
14 securities exchanges or in securities markets, its terms
15 expressly provide that it is a security governed by this
16 Article, or it is an investment company security. However, an
17 interest in a partnership or limited liability company is a
18 financial asset if it is held in a securities account.

19 (d) A writing that is a security certificate is governed
20 by this Article and not by Article 3, even though it also meets
21 the requirements of that Article. However, a negotiable
22 instrument governed by Article 3 is a financial asset if it is
23 held in a securities account.

24 (e) An option or similar obligation issued by a clearing
25 corporation to its participants is not a security, but is a
26 financial asset.

1 (f) A commodity contract, as defined in Section
2 9-102(a)(15), is not a security or a financial asset.

3 (g) A document of title is not a financial asset unless
4 Section 8-102(a)(9)(iii) applies.

5 (h) A controllable account, controllable electronic
6 record, or controllable payment intangible is not a financial
7 asset unless Section 8-102(a)(9)(iii) applies.

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

9 (810 ILCS 5/8-106) (from Ch. 26, par. 8-106)

10 Sec. 8-106. Control.

11 (a) A purchaser has "control" of a certificated security
12 in bearer form if the certificated security is delivered to
13 the purchaser.

14 (b) A purchaser has "control" of a certificated security
15 in registered form if the certificated security is delivered
16 to the purchaser, and:

17 (1) the certificate is indorsed to the purchaser or in
18 blank by an effective indorsement; or

19 (2) the certificate is registered in the name of the
20 purchaser, upon original issue or registration of transfer
21 by the issuer.

22 (c) A purchaser has "control" of an uncertificated
23 security if:

24 (1) the uncertificated security is delivered to the
25 purchaser; or

1 (2) the issuer has agreed that it will comply with
2 instructions originated by the purchaser without further
3 consent by the registered owner.

4 (d) A purchaser has "control" of a security entitlement
5 if:

6 (1) the purchaser becomes the entitlement holder;

7 (2) the securities intermediary has agreed that it
8 will comply with entitlement orders originated by the
9 purchaser without further consent by the entitlement
10 holder; or

11 (3) another person, other than the transferor to the
12 purchaser of an interest in the security entitlement: has
13 control of the security entitlement on behalf of the
14 purchaser or, having previously acquired control of the
15 security entitlement, acknowledges that it has control on
16 behalf of the purchaser.

17 (A) has control of the security entitlement and
18 acknowledges that it has control on behalf of the
19 purchaser; or

20 (B) obtains control of the security entitlement
21 after having acknowledged that it will obtain control
22 of the security entitlement on behalf of the
23 purchaser.

24 (e) If an interest in a security entitlement is granted by
25 the entitlement holder to the entitlement holder's own
26 securities intermediary, the securities intermediary has

1 control.

2 (f) A purchaser who has satisfied the requirements of
3 subsection (c) or (d) has control even if the registered owner
4 in the case of subsection (c) or the entitlement holder in the
5 case of subsection (d) retains the right to make substitutions
6 for the uncertificated security or security entitlement, to
7 originate instructions or entitlement orders to the issuer or
8 securities intermediary, or otherwise to deal with the
9 uncertificated security or security entitlement.

10 (g) An issuer or a securities intermediary may not enter
11 into an agreement of the kind described in subsection (c)(2)
12 or (d)(2) without the consent of the registered owner or
13 entitlement holder, but an issuer or a securities intermediary
14 is not required to enter into such an agreement even though the
15 registered owner or entitlement holder so directs. An issuer
16 or securities intermediary that has entered into such an
17 agreement is not required to confirm the existence of the
18 agreement to another party unless requested to do so by the
19 registered owner or entitlement holder.

20 (h) A person that has control under this Section is not
21 required to acknowledge that it has control on behalf of a
22 purchaser.

23 (i) If a person acknowledges that it has or will obtain
24 control on behalf of a purchaser, unless the person otherwise
25 agrees or law other than this Article or Article 9 otherwise
26 provides, the person does not owe any duty to the purchaser and

1 is not required to confirm the acknowledgment to any other
2 person.

3 (Source: P.A. 95-331, eff. 8-21-07.)

4 (810 ILCS 5/8-110)

5 Sec. 8-110. Applicability; choice of law.

6 (a) The local law of the issuer's jurisdiction, as
7 specified in subsection (d), governs:

8 (1) the validity of a security;

9 (2) the rights and duties of the issuer with respect
10 to registration of transfer;

11 (3) the effectiveness of registration of transfer by
12 the issuer;

13 (4) whether the issuer owes any duties to an adverse
14 claimant to a security; and

15 (5) whether an adverse claim can be asserted against a
16 person to whom transfer of a certificated or
17 uncertificated security is registered or a person who
18 obtains control of an uncertificated security.

19 (b) The local law of the securities intermediary's
20 jurisdiction, as specified in subsection (e), governs:

21 (1) acquisition of a security entitlement from the
22 securities intermediary;

23 (2) the rights and duties of the securities
24 intermediary and entitlement holder arising out of a
25 security entitlement;

1 (3) whether the securities intermediary owes any
2 duties to an adverse claimant to a security entitlement;
3 and

4 (4) whether an adverse claim can be asserted against a
5 person who acquires a security entitlement from the
6 securities intermediary or a person who purchases a
7 security entitlement or interest therein from an
8 entitlement holder.

9 (c) The local law of the jurisdiction in which a security
10 certificate is located at the time of delivery governs whether
11 an adverse claim can be asserted against a person to whom the
12 security certificate is delivered.

13 (d) "Issuer's jurisdiction" means the jurisdiction under
14 which the issuer of the security is organized or, if permitted
15 by the law of that jurisdiction, the law of another
16 jurisdiction specified by the issuer. An issuer organized
17 under the law of this State may specify the law of another
18 jurisdiction as the law governing the matters specified in
19 subsection (a) (2) through (5).

20 (e) The following rules determine a "securities
21 intermediary's jurisdiction" for purposes of this Section:

22 (1) If an agreement between the securities
23 intermediary and its entitlement holder governing the
24 securities account expressly provides that a particular
25 jurisdiction is the securities intermediary's jurisdiction
26 for purposes of this Part, this Article, or this Act, that

1 jurisdiction is the securities intermediary's
2 jurisdiction.

3 (2) If paragraph (1) does not apply and an agreement
4 between the securities intermediary and its entitlement
5 holder governing the securities account expressly provides
6 that the agreement is governed by the law of a particular
7 jurisdiction, that jurisdiction is the securities
8 intermediary's jurisdiction.

9 (3) If neither paragraph (1) nor paragraph (2) applies
10 and an agreement between the securities intermediary and
11 its entitlement holder governing the securities account
12 expressly provides that the securities account is
13 maintained at an office in a particular jurisdiction, that
14 jurisdiction is the securities intermediary's
15 jurisdiction.

16 (4) If none of the preceding paragraphs applies, the
17 securities intermediary's jurisdiction is the jurisdiction
18 in which the office identified in an account statement as
19 the office serving the entitlement holder's account is
20 located.

21 (5) If none of the preceding paragraphs applies, the
22 securities intermediary's jurisdiction is the jurisdiction
23 in which the chief executive office of the securities
24 intermediary is located.

25 (f) A securities intermediary's jurisdiction is not
26 determined by the physical location of certificates

1 representing financial assets, or by the jurisdiction in which
2 is organized the issuer of the financial asset with respect to
3 which an entitlement holder has a security entitlement, or by
4 the location of facilities for data processing or other record
5 keeping concerning the account.

6 (g) The local law of the issuer's jurisdiction or the
7 securities intermediary's jurisdiction governs a matter or
8 transaction specified in subsection (a) or (b) even if the
9 matter or transaction does not bear any relation to the
10 jurisdiction.

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

12 (810 ILCS 5/8-303) (from Ch. 26, par. 8-303)

13 Sec. 8-303. Protected purchaser.

14 (a) "Protected purchaser" means a purchaser of a
15 certificated or uncertificated security, or of an interest
16 therein, who:

17 (1) gives value;

18 (2) does not have notice of any adverse claim to the
19 security; and

20 (3) obtains control of the certificated or
21 uncertificated security.

22 (b) ~~A In addition to acquiring the rights of a purchaser, a~~
23 protected purchaser also acquires its interest in the security
24 free of any adverse claim.

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

1 (810 ILCS 5/9-102) (from Ch. 26, par. 9-102)

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

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

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

7 (2) "Account", except as used in "account for",
8 "account statement", "account to", "commodity account" in
9 paragraph (14), "customer's account", "deposit account" in
10 paragraph (29), "on account of", and "statement of
11 account", means a right to payment of a monetary
12 obligation, whether or not earned by performance, (i) for
13 property that has been or is to be sold, leased, licensed,
14 assigned, or otherwise disposed of, (ii) for services
15 rendered or to be rendered, (iii) for a policy of
16 insurance issued or to be issued, (iv) for a secondary
17 obligation incurred or to be incurred, (v) for energy
18 provided or to be provided, (vi) for the use or hire of a
19 vessel under a charter or other contract, (vii) arising
20 out of the use of a credit or charge card or information
21 contained on or for use with the card, or (viii) as
22 winnings in a lottery or other game of chance operated or
23 sponsored by a State, governmental unit of a State, or
24 person licensed or authorized to operate the game by a
25 State or governmental unit of a State. The term includes

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

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 negotiable instrument evidences
15 ~~constitutes part of~~ chattel paper.

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

18 (A) signed ~~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
25 a 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
11 to 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) (Reserved). ~~"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.~~

23 (7A) "Assignee", except as used in "assignee for
24 benefit of creditors", means a person (i) in whose favor a
25 security interest that secures an obligation is created or
26 provided for under a security agreement, whether or not

1 the obligation is outstanding or (ii) to which an account,
2 chattel paper, payment intangible, or promissory note has
3 been sold. The term includes a person to which a security
4 interest has been transferred by a secured party.

5 (7B) "Assignor" means a person that (i) under a
6 security agreement creates or provides for a security
7 interest that secures an obligation or (ii) sells an
8 account, chattel paper, payment intangible, or promissory
9 note. The term includes a secured party that has
10 transferred a security interest to another person.

11 (8) "Bank" means an organization that is engaged in
12 the business of banking. The term includes savings banks,
13 savings and loan associations, credit unions, and trust
14 companies.

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

17 (10) "Certificate of title" means a certificate of
18 title with respect to which a statute provides for the
19 security interest in question to be indicated on the
20 certificate as a condition or result of the security
21 interest's obtaining priority over the rights of a lien
22 creditor with respect to the collateral. The term includes
23 another record maintained as an alternative to a
24 certificate of title by the governmental unit that issues
25 certificates of title if a statute permits the security
26 interest in question to be indicated on the record as a

1 condition or result of the security interest's obtaining
2 priority over the rights of a lien creditor with respect
3 to the collateral.

4 (11) "Chattel paper" means:

5 (A) a right to payment of a monetary obligation
6 secured by specific goods, if the right to payment and
7 security agreement are evidenced by a record; or

8 (B) a right to payment of a monetary obligation
9 owed by a lessee under a lease agreement with respect
10 to specific goods and a monetary obligation owed by
11 the lessee in connection with the transaction giving
12 rise to the lease, if:

13 (i) the right to payment and lease agreement
14 are evidenced by a record; and

15 (ii) the predominant purpose of the
16 transaction giving rise to the lease was to give
17 the lessee the right to possession and use of the
18 goods.

19 The term does not include a right to payment arising out of a
20 charter or other contract involving the use or hire of a
21 vessel or a right to payment arising out of the use of a
22 credit or charge card or information contained on or for
23 use with the card.

24 ~~a record or records that evidence both a monetary obligation~~
25 ~~and a security interest in specific goods, a security~~
26 ~~interest in specific goods and software used in the goods,~~

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

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

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

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

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

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

24 (A) the claimant is an organization; or

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

26 (i) arose in the course of the claimant's

1 business or profession; and

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

4 (14) "Commodity account" means an account maintained
5 by a commodity intermediary in which a commodity contract
6 is carried for a commodity customer.

7 (15) "Commodity contract" means a commodity futures
8 contract, an option on a commodity futures contract, a
9 commodity option, or another contract if the contract or
10 option is:

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

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

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

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

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

24 (B) in the ordinary course of its business
25 provides clearance or settlement services for a board
26 of trade that has been designated as a contract market

1 pursuant to federal commodities law.

2 (18) "Communicate" means:

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

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

6 (C) in the case of transmission of a record to or
7 by a filing office, to transmit a record by any means
8 prescribed by filing-office rule.

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

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

14 (A) the merchant:

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

17 (ii) is not an auctioneer; and

18 (iii) is not generally known by its creditors
19 to be substantially engaged in selling the goods
20 of others;

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

24 (C) the goods are not consumer goods immediately
25 before delivery; and

26 (D) the transaction does not create a security

1 interest that secures an obligation.

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

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

6 (23) "Consumer goods" means goods that are used or
7 bought for use primarily for personal, family, or
8 household purposes.

9 (24) "Consumer-goods transaction" means a consumer
10 transaction in which:

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

13 (B) a security interest in consumer goods secures
14 the obligation.

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

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

26 (27) "Continuation statement" means an amendment of a

1 financing statement which:

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

4 (B) indicates that it is a continuation statement
5 for, or that it is filed to continue the effectiveness
6 of, the identified financing statement.

7 (27A) "Controllable account" means an account
8 evidenced by a controllable electronic record that
9 provides that the account debtor undertakes to pay the
10 person that has control under Section 12-105 of the
11 controllable electronic record.

12 (27B) "Controllable payment intangible" means a
13 payment intangible evidenced by a controllable electronic
14 record that provides that the account debtor undertakes to
15 pay the person that has control under Section 12-105 of
16 the controllable electronic record.

17 (28) "Debtor" means:

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

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

23 (C) a consignee.

24 (29) "Deposit account" means a demand, time, savings,
25 passbook, nonnegotiable certificates of deposit,
26 uncertificated certificates of deposit, nontransferable

1 ~~nontransferrable~~ certificates of deposit, or similar
2 account maintained with a bank. The term does not include
3 investment property or accounts evidenced by an
4 instrument.

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

7 (31) (Reserved). ~~"Electronic chattel paper" means~~
8 ~~chattel paper evidenced by a record or records consisting~~
9 ~~of information stored in an electronic medium.~~

10 (31A) "Electronic money" means money in an electronic
11 form.

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

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

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

20 (A) crops grown, growing, or to be grown,
21 including:

22 (i) crops produced on trees, vines, and
23 bushes; and

24 (ii) aquatic goods produced in aquacultural
25 operations;

26 (B) livestock, born or unborn, including aquatic

1 goods produced in aquacultural operations;

2 (C) supplies used or produced in a farming
3 operation; or

4 (D) products of crops or livestock in their
5 unmanufactured states.

6 (35) "Farming operation" means raising, cultivating,
7 propagating, fattening, grazing, or any other farming,
8 livestock, or aquacultural operation.

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

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

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

15 (39) "Financing statement" means a record or records
16 composed of an initial financing statement and any filed
17 record relating to the initial financing statement.

18 (40) "Fixture filing" means the filing of a financing
19 statement covering goods that are or are to become
20 fixtures and satisfying Section 9-502(a) and (b). The term
21 includes the filing of a financing statement covering
22 goods of a transmitting utility which are or are to become
23 fixtures.

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

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

9 (43) "Good faith" means honesty in fact and the
10 observance of reasonable commercial standards of fair
11 dealing.

12 (44) "Goods" means all things that are movable when a
13 security interest attaches. The term includes (i)
14 fixtures, (ii) standing timber that is to be cut and
15 removed under a conveyance or contract for sale, (iii) the
16 unborn young of animals, (iv) crops grown, growing, or to
17 be grown, even if the crops are produced on trees, vines,
18 or bushes, and (v) manufactured homes. The term also
19 includes a computer program embedded in goods and any
20 supporting information provided in connection with a
21 transaction relating to the program if (i) the program is
22 associated with the goods in such a manner that it
23 customarily is considered part of the goods, or (ii) by
24 becoming the owner of the goods, a person acquires a right
25 to use the program in connection with the goods. The term
26 does not include a computer program embedded in goods that

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

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

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

18 (47) "Instrument" means a negotiable instrument or any
19 other writing that evidences a right to the payment of a
20 monetary obligation, is not itself a security agreement or
21 lease, and is of a type that in ordinary course of business
22 is transferred by delivery with any necessary indorsement
23 or assignment. The term does not include (i) investment
24 property, (ii) letters of credit, (iii) nonnegotiable
25 certificates of deposit, (iv) uncertificated certificates
26 of deposit, (v) nontransferable ~~nontransferrable~~

1 certificates of deposit, ~~or~~ (vi) writings that evidence a
2 right to payment arising out of the use of a credit or
3 charge card or information contained on or for use with
4 the card, or (vii) writings that evidence chattel paper.

5 (48) "Inventory" means goods, other than farm
6 products, which:

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

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

10 (C) are furnished by a person under a contract of
11 service; or

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

14 (49) "Investment property" means a security, whether
15 certificated or uncertificated, security entitlement,
16 securities account, commodity contract, or commodity
17 account.

18 (50) "Jurisdiction of organization", with respect to a
19 registered organization, means the jurisdiction under
20 whose law the organization is formed or organized.

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

1 (52) "Lien creditor" means:

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

4 (B) an assignee for benefit of creditors from the
5 time of assignment;

6 (C) a trustee in bankruptcy from the date of the
7 filing of the petition; or

8 (D) a receiver in equity from the time of
9 appointment.

10 (53) "Manufactured home" means a structure,
11 transportable in one or more sections, which, in the
12 traveling mode, is eight body feet or more in width or 40
13 body feet or more in length, or, when erected on site, is
14 320 or more square feet, and which is built on a permanent
15 chassis and designed to be used as a dwelling with or
16 without a permanent foundation when connected to the
17 required utilities, and includes the plumbing, heating,
18 air-conditioning, and electrical systems contained
19 therein. The term includes any structure that meets all of
20 the requirements of this paragraph except the size
21 requirements and with respect to which the manufacturer
22 voluntarily files a certification required by the United
23 States Secretary of Housing and Urban Development and
24 complies with the standards established under Title 42 of
25 the United States Code. The term "manufactured home" does
26 not include campers and recreational vehicles.

1 (54) "Manufactured-home transaction" means a secured
2 transaction:

3 (A) that creates a purchase-money security
4 interest in a manufactured home, other than a
5 manufactured home held as inventory; or

6 (B) in which a manufactured home, other than a
7 manufactured home held as inventory, is the primary
8 collateral.

9 (54A) "Money" has the meaning in Section 1-201(b)(24),
10 but does not include (i) a deposit account or (ii) money in
11 an electronic form that cannot be subjected to control
12 under Section 9-105A.

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

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

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

24 (58) "Noncash proceeds" means proceeds other than cash
25 proceeds.

26 (59) "Obligor" means a person that, with respect to an

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

9 (60) "Original debtor", except as used in Section
10 9-310(c), means a person that, as debtor, entered into a
11 security agreement to which a new debtor has become bound
12 under Section 9-203(d).

13 (61) "Payment intangible" means a general intangible
14 under which the account debtor's principal obligation is a
15 monetary obligation. The term includes a controllable
16 payment intangible.

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

19 (A) the spouse of the individual;

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

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

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

1 (63) "Person related to", with respect to an
2 organization, means:

3 (A) a person directly or indirectly controlling,
4 controlled by, or under common control with the
5 organization;

6 (B) an officer or director of, or a person
7 performing similar functions with respect to, the
8 organization;

9 (C) an officer or director of, or a person
10 performing similar functions with respect to, a person
11 described in subparagraph (A);

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

14 (E) an individual who is related by blood or
15 marriage to an individual described in subparagraph
16 (A), (B), (C), or (D) and shares the same home with the
17 individual.

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

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

22 (B) whatever is collected on, or distributed on
23 account of, collateral;

24 (C) rights arising out of collateral;

25 (D) to the extent of the value of collateral,
26 claims arising out of the loss, nonconformity, or

1 interference with the use of, defects or infringement
2 of rights in, or damage to, the collateral; or

3 (E) to the extent of the value of collateral and to
4 the extent payable to the debtor or the secured party,
5 insurance payable by reason of the loss or
6 nonconformity of, defects or infringement of rights
7 in, or damage to, the collateral.

8 (65) "Promissory note" means an instrument that
9 evidences a promise to pay a monetary obligation, does not
10 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 signed ~~authenticated~~ by
14 a 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 pursuant
17 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 have
22 an initial stated maturity of at least 20 years; and

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

1 or a governmental unit of a State.

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

4 (A) a record consisting of the record initially
5 filed with or issued by a State or the United States to
6 form or organize an organization and any record filed
7 with or issued by the State or the United States which
8 amends or restates the initial record;

9 (B) an organic record of a business trust
10 consisting of the record initially filed with a State
11 and any record filed with the State which amends or
12 restates the initial record, if a statute of the State
13 governing business trusts requires that the record be
14 filed with the State; or

15 (C) a record consisting of legislation enacted by
16 the legislature of a State or the Congress of the
17 United States which forms or organizes an
18 organization, any record amending the legislation, and
19 any record filed with or issued by the State or the
20 United States which amends or restates the name of the
21 organization.

22 (69) "Pursuant to commitment", with respect to an
23 advance made or other value given by a secured party,
24 means pursuant to the secured party's obligation, whether
25 or not a subsequent event of default or other event not
26 within the secured party's control has relieved or may

1 relieve the secured party from its obligation.

2 (70) "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 is
6 retrievable in perceivable form.

7 (71) "Registered organization" means an organization
8 formed or organized solely under the law of a single State
9 or the United States by the filing of a public organic
10 record with, the issuance of a public organic record by,
11 or the enactment of legislation by the State or the United
12 States. The term includes a business trust that is formed
13 or organized under the law of a single State if a statute
14 of the State governing business trusts requires that the
15 business trust's organic record be filed with the State.

16 (72) "Secondary obligor" means an obligor to the
17 extent that:

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

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

22 (73) "Secured party" means:

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

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

2 (C) a consignor;

3 (D) a person to which accounts, chattel paper,
4 payment intangibles, or promissory notes have been
5 sold;

6 (E) a trustee, indenture trustee, agent,
7 collateral agent, or other representative in whose
8 favor a security interest or agricultural lien is
9 created or provided for; or

10 (F) a person that holds a security interest
11 arising under Section 2-401, 2-505, 2-711(3),
12 2A-508(5), 4-210, or 5-118.

13 (74) "Security agreement" means an agreement that
14 creates or provides for a security interest.

15 (75) (Reserved). ~~"Send", in connection with a record~~
16 ~~or notification, means:~~

17 ~~(A) to deposit in the mail, deliver for~~
18 ~~transmission, or transmit by any other usual means of~~
19 ~~communication, with postage or cost of transmission~~
20 ~~provided for, addressed to any address reasonable~~
21 ~~under the circumstances; or~~

22 ~~(B) to cause the record or notification to be~~
23 ~~received within the time that it would have been~~
24 ~~received if properly sent under subparagraph (A).~~

25 (76) "Software" means a computer program and any
26 supporting information provided in connection with a

1 transaction relating to the program. The term does not
2 include a computer program that is included in the
3 definition of goods.

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

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

12 (79) (Reserved). ~~"Tangible chattel paper" means~~
13 ~~chattel paper evidenced by a record or records consisting~~
14 ~~of information that is inscribed on a tangible medium.~~

15 (79A) "Tangible money" means money in a tangible form.

16 (80) "Termination statement" means an amendment of a
17 financing statement which:

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

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

23 (81) "Transmitting utility" means a person primarily
24 engaged in the business of:

25 (A) operating a railroad, subway, street railway,
26 or trolley bus;

1 (B) transmitting communications electrically,
2 electromagnetically, or by light;

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

4 (D) transmitting or producing and transmitting
5 electricity, steam, gas, or water.

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

9 "Applicant". Section 5-102.

10 "Beneficiary". Section 5-102.

11 "Broker". Section 8-102.

12 "Certificated security". Section 8-102.

13 "Check". Section 3-104.

14 "Clearing corporation". Section 8-102.

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

16 "Controllable electronic record". Section 12-102.

17 "Customer". Section 4-104.

18 "Entitlement holder". Section 8-102.

19 "Financial asset". Section 8-102.

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

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

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

24 "Issuer" (with respect to documents of title). Section
25 7-102.

26 "Lease". Section 2A-103.

1 "Lease agreement". Section 2A-103.
2 "Lease contract". Section 2A-103.
3 "Leasehold interest". Section 2A-103.
4 "Lessee". Section 2A-103.
5 "Lessee in ordinary course of business". Section 2A-103.
6 "Lessor". Section 2A-103.
7 "Lessor's residual interest". Section 2A-103.
8 "Letter of credit". Section 5-102.
9 "Merchant". Section 2-104.
10 "Negotiable instrument". Section 3-104.
11 "Nominated person". Section 5-102.
12 "Note". Section 3-104.
13 "Proceeds of a letter of credit". Section 5-114.
14 "Protected purchaser". Section 8-303.
15 "Prove". Section 3-103.
16 "Qualifying purchaser". Section 12-102.
17 "Sale". Section 2-106.
18 "Securities account". Section 8-501.
19 "Securities intermediary". Section 8-102.
20 "Security". Section 8-102.
21 "Security certificate". Section 8-102.
22 "Security entitlement". Section 8-102.
23 "Uncertificated security". Section 8-102.
24 (c) Article 1 definitions and principles. Article 1
25 contains general definitions and principles of construction
26 and interpretation applicable throughout this Article.

1 (Source: P.A. 97-1034, eff. 7-1-13; 98-749, eff. 7-16-14.)

2 (810 ILCS 5/9-104) (from Ch. 26, par. 9-104)

3 Sec. 9-104. Control of deposit account.

4 (a) Requirements for control. A secured party has control
5 of a deposit account if:

6 (1) the secured party is the bank with which the
7 deposit account is maintained;

8 (2) the debtor, secured party, and bank have agreed in
9 a signed ~~an authenticated~~ record that the bank will comply
10 with instructions originated by the secured party
11 directing disposition of the funds in the deposit account
12 without further consent by the debtor; ~~or~~

13 (3) the secured party becomes the bank's customer with
14 respect to the deposit account; or

15 (4) another person, other than the debtor:

16 (A) has control of the deposit account and
17 acknowledges that it has control on behalf of the
18 secured party; or

19 (B) obtains control of the deposit account after
20 having acknowledged that it will obtain control of the
21 deposit account on behalf of the secured party.

22 (b) Debtor's right to direct disposition. A secured party
23 that has satisfied subsection (a) has control, even if the
24 debtor retains the right to direct the disposition of funds
25 from the deposit account.

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

2 (810 ILCS 5/9-105) (from Ch. 26, par. 9-105)

3 Sec. 9-105. Control of electronic copy of record
4 evidencing chattel paper.

5 (a) General rule: control of electronic copy of record
6 evidencing chattel paper. A purchaser has control of an
7 authoritative electronic copy of a record evidencing chattel
8 paper if a system employed for evidencing the assignment of
9 interests in the chattel paper reliably establishes the
10 purchaser as the person to which the authoritative electronic
11 copy was assigned.

12 (b) Single authoritative copy. A system satisfies
13 subsection (a) if the record or records evidencing the chattel
14 paper are created, stored, and assigned in a manner that:

15 (1) a single authoritative copy of the record or
16 records exists which is unique, identifiable, and, except
17 as otherwise provided in paragraphs (4), (5), and (6),
18 unalterable;

19 (2) the authoritative copy identifies the purchaser as
20 the assignee of the record or records;

21 (3) the authoritative copy is communicated to and
22 maintained by the purchaser or its designated custodian;

23 (4) copies or amendments that add or change an
24 identified assignee of the authoritative copy can be made
25 only with the consent of the purchaser;

1 (5) each copy of the authoritative copy and any copy
2 of a copy is readily identifiable as a copy that is not the
3 authoritative copy; and

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

6 (c) One or more authoritative copies. A system satisfies
7 subsection (a), and a purchaser has control of an
8 authoritative electronic copy of a record evidencing chattel
9 paper, if the electronic copy, a record attached to or
10 logically associated with the electronic copy, or a system in
11 which the electronic copy is recorded:

12 (1) enables the purchaser readily to identify each
13 electronic copy as either an authoritative copy or a
14 nonauthoritative copy;

15 (2) enables the purchaser readily to identify itself
16 in any way, including by name, identifying number,
17 cryptographic key, office, or account number, as the
18 assignee of the authoritative electronic copy; and

19 (3) gives the purchaser exclusive power, subject to
20 subsection (d), to:

21 (A) prevent others from adding or changing an
22 identified assignee of the authoritative electronic
23 copy; and

24 (B) transfer control of the authoritative
25 electronic copy.

26 (d) Meaning of exclusive. Subject to subsection (e), a

1 power is exclusive under subsection (c) (3) (A) and (B) even if:

2 (1) the authoritative electronic copy, a record
3 attached to or logically associated with the authoritative
4 electronic copy, or a system in which the authoritative
5 electronic copy is recorded limits the use of the
6 authoritative electronic copy or has a protocol programmed
7 to cause a change, including a transfer or loss of
8 control; or

9 (2) the power is shared with another person.

10 (e) When power not shared with another person. A power of a
11 purchaser is not shared with another person under subsection
12 (d) (2) and the purchaser's power is not exclusive if:

13 (1) the purchaser can exercise the power only if the
14 power also is exercised by the other person; and

15 (2) the other person:

16 (A) can exercise the power without exercise of the
17 power by the purchaser; or

18 (B) is the transferor to the purchaser of an
19 interest in the chattel paper.

20 (f) Presumption of exclusivity of certain powers. If a
21 purchaser has the powers specified in subsection (c) (3) (A) and
22 (B), the powers are presumed to be exclusive.

23 (g) Obtaining control through another person. A purchaser
24 has control of an authoritative electronic copy of a record
25 evidencing chattel paper if another person, other than the
26 transferor to the purchaser of an interest in the chattel

1 paper:

2 (1) has control of the authoritative electronic copy
3 and acknowledges that it has control on behalf of the
4 purchaser; or

5 (2) obtains control of the authoritative electronic
6 copy after having acknowledged that it will obtain control
7 of the electronic copy on behalf of the purchaser.

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

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

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

20 ~~(2) the authoritative copy identifies the secured~~
21 ~~party as the assignee of the record or records;~~

22 ~~(3) the authoritative copy is communicated to and~~
23 ~~maintained by the secured party or its designated~~
24 ~~custodian;~~

25 ~~(4) copies or amendments that add or change an~~
26 ~~identified assignee of the authoritative copy can be made~~

1 ~~only with the consent of the secured party;~~

2 ~~(5) each copy of the authoritative copy and any copy~~
3 ~~of a copy is readily identifiable as a copy that is not the~~
4 ~~authoritative copy; and~~

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

7 (Source: P.A. 97-1034, eff. 7-1-13.)

8 (810 ILCS 5/9-105A new)

9 Sec. 9-105A. Control of electronic money.

10 (a) General rule: control of electronic money. A person
11 has control of electronic money if:

12 (1) the electronic money, a record attached to or
13 logically associated with the electronic money, or a
14 system in which the electronic money is recorded gives the
15 person:

16 (A) power to avail itself of substantially all the
17 benefit from the electronic money; and

18 (B) exclusive power, subject to subsection (b),
19 to:

20 (i) prevent others from availing themselves of
21 substantially all the benefit from the electronic
22 money; and

23 (ii) transfer control of the electronic money
24 to another person or cause another person to
25 obtain control of other electronic money as a

1 result of the transfer of the electronic money;

2 and

3 (2) the electronic money, a record attached to or
4 logically associated with the electronic money, or a
5 system in which the electronic money is recorded enables
6 the person readily to identify itself in any way,
7 including by name, identifying number, cryptographic key,
8 office, or account number, as having the powers under
9 paragraph (1).

10 (b) Meaning of exclusive. Subject to subsection (c), a
11 power is exclusive under subsection (a) (1) (B) (i) and (ii) even
12 if:

13 (1) the electronic money, a record attached to or
14 logically associated with the electronic money, or a
15 system in which the electronic money is recorded limits
16 the use of the electronic money or has a protocol
17 programmed to cause a change, including a transfer or loss
18 of control; or

19 (2) the power is shared with another person.

20 (c) When power not shared with another person. A power of a
21 person is not shared with another person under subsection
22 (b) (2) and the person's power is not exclusive if:

23 (1) the person can exercise the power only if the
24 power also is exercised by the other person; and

25 (2) the other person:

26 (A) can exercise the power without exercise of the

1 power by the person; or

2 (B) is the transferor to the person of an interest
3 in the electronic money.

4 (d) Presumption of exclusivity of certain powers. If a
5 person has the powers specified in subsection (a) (1) (B) (i) and
6 (ii), the powers are presumed to be exclusive.

7 (e) Control through another person. A person has control
8 of electronic money if another person, other than the
9 transferor to the person of an interest in the electronic
10 money:

11 (1) has control of the electronic money and
12 acknowledges that it has control on behalf of the person;
13 or

14 (2) obtains control of the electronic money after
15 having acknowledged that it will obtain control of the
16 electronic money on behalf of the person.

17 (810 ILCS 5/9-107A new)

18 Sec. 9-107A. Control of controllable electronic record,
19 controllable account, or controllable payment intangible.

20 (a) Control under Section 12-105. A secured party has
21 control of a controllable electronic record as provided in
22 Section 12-105.

23 (b) Control of controllable account and controllable
24 payment intangible. A secured party has control of a
25 controllable account or controllable payment intangible if the

1 secured party has control of the controllable electronic
2 record that evidences the controllable account or controllable
3 payment intangible.

4 (810 ILCS 5/9-107B new)

5 Sec. 9-107B. No requirement to acknowledge or confirm; no
6 duties.

7 (a) No requirement to acknowledge. A person that has
8 control under Section 9-104, 9-105, or 9-105A is not required
9 to acknowledge that it has control on behalf of another
10 person.

11 (b) No duties or confirmation. If a person acknowledges
12 that it has or will obtain control on behalf of another person,
13 unless the person otherwise agrees or law other than this
14 Article otherwise provides, the person does not owe any duty
15 to the other person and is not required to confirm the
16 acknowledgment to any other person.

17 (810 ILCS 5/9-203) (from Ch. 26, par. 9-203)

18 Sec. 9-203. Attachment and enforceability of security
19 interest; proceeds; supporting obligations; formal requisites.

20 (a) Attachment. A security interest attaches to collateral
21 when it becomes enforceable against the debtor with respect to
22 the collateral, unless an agreement expressly postpones the
23 time of attachment.

24 (b) Enforceability. Except as otherwise provided in

1 subsections (c) through (i), a security interest is
2 enforceable against the debtor and third parties with respect
3 to the collateral only if:

4 (1) value has been given;

5 (2) the debtor has rights in the collateral or the
6 power to transfer rights in the collateral to a secured
7 party; and

8 (3) one of the following conditions is met:

9 (A) the debtor has signed ~~authenticated~~ a security
10 agreement that provides a description of the
11 collateral and, if the security interest covers timber
12 to be cut, a description of the land concerned;

13 (B) the collateral is not a certificated security
14 and is in the possession of the secured party under
15 Section 9-313 pursuant to the debtor's security
16 agreement;

17 (C) the collateral is a certificated security in
18 registered form and the security certificate has been
19 delivered to the secured party under Section 8-301
20 pursuant to the debtor's security agreement; ~~or~~

21 (D) the collateral is controllable accounts,
22 controllable electronic records, controllable payment
23 intangibles, deposit accounts, electronic documents,
24 electronic money, ~~electronic chattel paper,~~ investment
25 property, or letter-of-credit rights, ~~or electronic~~
26 ~~documents,~~ and the secured party has control under

1 Section 7-106, 9-104, 9-105A, ~~9-105~~, 9-106, ~~or~~ 9-107,
2 or 9-107A pursuant to the debtor's security agreement;
3 or.

4 (E) the collateral is chattel paper and the
5 secured party has possession and control under Section
6 9-314A pursuant to the debtor's security agreement.

7 (c) Other UCC provisions. Subsection (b) is subject to
8 Section 4-210 on the security interest of a collecting bank,
9 Section 5-118 on the security interest of a letter-of-credit
10 issuer or nominated person, Section 9-110 on a security
11 interest arising under Article 2 or 2A, and Section 9-206 on
12 security interests in investment property.

13 (d) When person becomes bound by another person's security
14 agreement. A person becomes bound as debtor by a security
15 agreement entered into by another person if, by operation of
16 law other than this Article or by contract:

17 (1) the security agreement becomes effective to create
18 a security interest in the person's property; or

19 (2) the person becomes generally obligated for the
20 obligations of the other person, including the obligation
21 secured under the security agreement, and acquires or
22 succeeds to all or substantially all of the assets of the
23 other person.

24 (e) Effect of new debtor becoming bound. If a new debtor
25 becomes bound as debtor by a security agreement entered into
26 by another person:

1 (1) the agreement satisfies subsection (b)(3) with
2 respect to existing or after-acquired property of the new
3 debtor to the extent the property is described in the
4 agreement; and

5 (2) another agreement is not necessary to make a
6 security interest in the property enforceable.

7 (f) Proceeds and supporting obligations. The attachment of
8 a security interest in collateral gives the secured party the
9 rights to proceeds provided by Section 9-315 and is also
10 attachment of a security interest in a supporting obligation
11 for the collateral.

12 (g) Lien securing right to payment. The attachment of a
13 security interest in a right to payment or performance secured
14 by a security interest or other lien on personal or real
15 property is also attachment of a security interest in the
16 security interest, mortgage, or other lien.

17 (h) Security entitlement carried in securities account.
18 The attachment of a security interest in a securities account
19 is also attachment of a security interest in the security
20 entitlements carried in the securities account.

21 (i) Commodity contracts carried in commodity account. The
22 attachment of a security interest in a commodity account is
23 also attachment of a security interest in the commodity
24 contracts carried in the commodity account.

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

1 (810 ILCS 5/9-204) (from Ch. 26, par. 9-204)

2 Sec. 9-204. After-acquired property; future advances.

3 (a) After-acquired collateral. Except as otherwise
4 provided in subsection (b), a security agreement may create or
5 provide for a security interest in after-acquired collateral.

6 (b) When after-acquired property clause not effective.
7 Subject to subsection (b.1), a ~~A~~ security interest does not
8 attach under a term constituting an after-acquired property
9 clause to:

10 (1) consumer goods, other than an accession when given
11 as additional security, unless the debtor acquires rights
12 in them within 10 days after the secured party gives
13 value; or

14 (2) a commercial tort claim.

15 (b.1) Limitation on subsection (b). Subsection (b) does
16 not prevent a security interest from attaching:

17 (1) to consumer goods as proceeds under Section
18 9-315(a) or commingled goods under Section 9-336(c);

19 (2) to a commercial tort claim as proceeds under
20 Section 9-315(a); or

21 (3) under an after-acquired property clause to
22 property that is proceeds of consumer goods or a
23 commercial tort claim.

24 (c) Future advances and other value. A security agreement
25 may provide that collateral secures, or that accounts, chattel
26 paper, payment intangibles, or promissory notes are sold in

1 connection with, future advances or other value, whether or
2 not the advances or value are given pursuant to commitment.

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

4 (810 ILCS 5/9-207) (from Ch. 26, par. 9-207)

5 Sec. 9-207. Rights and duties of secured party having
6 possession or control of collateral.

7 (a) Duty of care when secured party in possession. Except
8 as otherwise provided in subsection (d), a secured party shall
9 use reasonable care in the custody and preservation of
10 collateral in the secured party's possession. In the case of
11 chattel paper or an instrument, reasonable care includes
12 taking necessary steps to preserve rights against prior
13 parties unless otherwise agreed.

14 (b) Expenses, risks, duties, and rights when secured party
15 in possession. Except as otherwise provided in subsection (d),
16 if a secured party has possession of collateral:

17 (1) reasonable expenses, including the cost of
18 insurance and payment of taxes or other charges, incurred
19 in the custody, preservation, use, or operation of the
20 collateral are chargeable to the debtor and are secured by
21 the collateral;

22 (2) the risk of accidental loss or damage is on the
23 debtor to the extent of a deficiency in any effective
24 insurance coverage;

25 (3) the secured party shall keep the collateral

1 identifiable, but fungible collateral may be commingled;
2 and

3 (4) the secured party may use or operate the
4 collateral:

5 (A) for the purpose of preserving the collateral
6 or its value;

7 (B) as permitted by an order of a court having
8 competent jurisdiction; or

9 (C) except in the case of consumer goods, in the
10 manner and to the extent agreed by the debtor.

11 (c) Duties and rights when secured party in possession or
12 control. Except as otherwise provided in subsection (d), a
13 secured party having possession of collateral or control of
14 collateral under Section 7-106, 9-104, 9-105, 9-105A, 9-106,
15 ~~or~~ 9-107, or 9-107A:

16 (1) may hold as additional security any proceeds,
17 except money or funds, received from the collateral;

18 (2) shall apply money or funds received from the
19 collateral to reduce the secured obligation, unless
20 remitted to the debtor; and

21 (3) may create a security interest in the collateral.

22 (d) Buyer of certain rights to payment. If the secured
23 party is a buyer of accounts, chattel paper, payment
24 intangibles, or promissory notes or a consignor:

25 (1) subsection (a) does not apply unless the secured
26 party is entitled under an agreement:

1 (A) to charge back uncollected collateral; or
2 (B) otherwise to full or limited recourse against
3 the debtor or a secondary obligor based on the
4 nonpayment or other default of an account debtor or
5 other obligor on the collateral; and

6 (2) subsections (b) and (c) do not apply.

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

8 (810 ILCS 5/9-208) (from Ch. 26, par. 9-208)

9 Sec. 9-208. Additional duties of secured party having
10 control of collateral.

11 (a) Applicability of Section. This Section applies to
12 cases in which there is no outstanding secured obligation and
13 the secured party is not committed to make advances, incur
14 obligations, or otherwise give value.

15 (b) Duties of secured party after receiving demand from
16 debtor. Within 10 days after receiving a signed ~~an~~
17 ~~authenticated~~ demand by the debtor:

18 (1) a secured party having control of a deposit
19 account under Section 9-104(a)(2) shall send to the bank
20 with which the deposit account is maintained a signed
21 record ~~an authenticated statement~~ that releases the bank
22 from any further obligation to comply with instructions
23 originated by the secured party;

24 (2) a secured party having control of a deposit
25 account under Section 9-104(a)(3) shall:

1 (A) pay the debtor the balance on deposit in the
2 deposit account; or

3 (B) transfer the balance on deposit into a deposit
4 account in the debtor's name;

5 (3) a secured party, other than a buyer, having
6 control under Section 9-105 of an authoritative electronic
7 copy of a record evidencing chattel paper shall transfer
8 control of the electronic copy to the debtor or a person
9 designated by the debtor; ~~a secured party, other than a~~
10 ~~buyer, having control of electronic chattel paper under~~
11 ~~Section 9-105 shall:~~

12 ~~(A) communicate the authoritative copy of the~~
13 ~~electronic chattel paper to the debtor or its~~
14 ~~designated custodian;~~

15 ~~(B) if the debtor designates a custodian that is~~
16 ~~the designated custodian with which the authoritative~~
17 ~~copy of the electronic chattel paper is maintained for~~
18 ~~the secured party, communicate to the custodian an~~
19 ~~authenticated record releasing the designated~~
20 ~~custodian from any further obligation to comply with~~
21 ~~instructions originated by the secured party and~~
22 ~~instructing the custodian to comply with instructions~~
23 ~~originated by the debtor; and~~

24 ~~(C) take appropriate action to enable the debtor~~
25 ~~or its designated custodian to make copies of or~~
26 ~~revisions to the authoritative copy which add or~~

1 ~~change an identified assignee of the authoritative~~
2 ~~copy without the consent of the secured party;~~

3 (4) a secured party having control of investment
4 property under Section 8-106(d) (2) or 9-106(b) shall send
5 to the securities intermediary or commodity intermediary
6 with which the security entitlement or commodity contract
7 is maintained a signed ~~an authenticated~~ record that
8 releases the securities intermediary or commodity
9 intermediary from any further obligation to comply with
10 entitlement orders or directions originated by the secured
11 party;

12 (5) a secured party having control of a
13 letter-of-credit right under Section 9-107 shall send to
14 each person having an unfulfilled obligation to pay or
15 deliver proceeds of the letter of credit to the secured
16 party a signed ~~an authenticated~~ release from any further
17 obligation to pay or deliver proceeds of the letter of
18 credit to the secured party; ~~and~~

19 (6) a secured party having control under Section 7-106
20 of an authoritative electronic copy of an electronic
21 document of title shall transfer control of the electronic
22 copy to the debtor or a person designated by the debtor; ~~a~~
23 ~~secured party having control of an electronic document~~
24 ~~shall:~~

25 (7) a secured party having control under Section
26 9-105A of electronic money shall transfer control of the

1 electronic money to the debtor or a person designated by
2 the debtor; and

3 (8) a secured party having control under Section
4 12-105 of a controllable electronic record, other than a
5 buyer of a controllable account or controllable payment
6 intangible evidenced by the controllable electronic
7 record, shall transfer control of the controllable
8 electronic record to the debtor or a person designated by
9 the debtor.

10 ~~(A) give control of the electronic document to the~~
11 ~~debtor or its designated custodian;~~

12 ~~(B) if the debtor designates a custodian that is~~
13 ~~the designated custodian with which the authoritative~~
14 ~~copy of the electronic document is maintained for the~~
15 ~~secured party, communicate to the custodian an~~
16 ~~authenticated record releasing the designated~~
17 ~~custodian from any further obligation to comply with~~
18 ~~instructions originated by the secured party and~~
19 ~~instructing the custodian to comply with instructions~~
20 ~~originated by the debtor; and~~

21 ~~(C) take appropriate action to enable the debtor~~
22 ~~or its designated custodian to make copies of or~~
23 ~~revisions to the authoritative copy which add or~~
24 ~~change an identified assignee of the authoritative~~
25 ~~copy without the consent of the secured party.~~

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

1 (810 ILCS 5/9-209)

2 Sec. 9-209. Duties of secured party if account debtor has
3 been notified of assignment.

4 (a) Applicability of Section. Except as otherwise provided
5 in subsection (c), this Section applies if:

6 (1) there is no outstanding secured obligation; and

7 (2) the secured party is not committed to make
8 advances, incur obligations, or otherwise give value.

9 (b) Duties of secured party after receiving demand from
10 debtor. Within 10 days after receiving a signed ~~an~~
11 ~~authenticated~~ demand by the debtor, a secured party shall send
12 to an account debtor that has received notification under
13 Section 9-406(a) or 12-106(b) of an assignment to the secured
14 party as assignee a signed ~~under Section 9-406(a)~~ ~~an~~
15 ~~authenticated~~ record that releases the account debtor from any
16 further obligation to the secured party.

17 (c) Inapplicability to sales. This Section does not apply
18 to an assignment constituting the sale of an account, chattel
19 paper, or payment intangible.

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

21 (810 ILCS 5/9-210)

22 Sec. 9-210. Request for accounting; request regarding list
23 of collateral or statement of account.

24 (a) Definitions. In this Section:

1 (1) "Request" means a record of a type described in
2 paragraph (2), (3), or (4).

3 (2) "Request for an accounting" means a record signed
4 ~~authenticated~~ by a debtor requesting that the recipient
5 provide an accounting of the unpaid obligations secured by
6 collateral and reasonably identifying the transaction or
7 relationship that is the subject of the request.

8 (3) "Request regarding a list of collateral" means a
9 record signed ~~authenticated~~ by a debtor requesting that
10 the recipient approve or correct a list of what the debtor
11 believes to be the collateral securing an obligation and
12 reasonably identifying the transaction or relationship
13 that is the subject of the request.

14 (4) "Request regarding a statement of account" means a
15 record signed ~~authenticated~~ by a debtor requesting that
16 the recipient approve or correct a statement indicating
17 what the debtor believes to be the aggregate amount of
18 unpaid obligations secured by collateral as of a specified
19 date and reasonably identifying the transaction or
20 relationship that is the subject of the request.

21 (b) Duty to respond to requests. Subject to subsections
22 (c), (d), (e), and (f), a secured party, other than a buyer of
23 accounts, chattel paper, payment intangibles, or promissory
24 notes or a consignor, shall comply with a request within 14
25 days after receipt:

26 (1) in the case of a request for an accounting, by

1 signing ~~authenticating~~ and sending to the debtor an
2 accounting; and

3 (2) in the case of a request regarding a list of
4 collateral or a request regarding a statement of account,
5 by signing ~~authenticating~~ and sending to the debtor an
6 approval or correction.

7 (c) Request regarding list of collateral; statement
8 concerning type of collateral. A secured party that claims a
9 security interest in all of a particular type of collateral
10 owned by the debtor may comply with a request regarding a list
11 of collateral by sending to the debtor a signed ~~an~~
12 ~~authenticated~~ record including a statement to that effect
13 within 14 days after receipt.

14 (d) Request regarding list of collateral; no interest
15 claimed. A person that receives a request regarding a list of
16 collateral, claims no interest in the collateral when it
17 receives the request, and claimed an interest in the
18 collateral at an earlier time shall comply with the request
19 within 14 days after receipt by sending to the debtor a signed
20 ~~an authenticated~~ record:

21 (1) disclaiming any interest in the collateral; and

22 (2) if known to the recipient, providing the name and
23 mailing address of any assignee of or successor to the
24 recipient's interest in the collateral.

25 (e) Request for accounting or regarding statement of
26 account; no interest in obligation claimed. A person that

1 receives a request for an accounting or a request regarding a
2 statement of account, claims no interest in the obligations
3 when it receives the request, and claimed an interest in the
4 obligations at an earlier time shall comply with the request
5 within 14 days after receipt by sending to the debtor a signed
6 ~~an authenticated~~ record:

7 (1) disclaiming any interest in the obligations; and

8 (2) if known to the recipient, providing the name and
9 mailing address of any assignee of or successor to the
10 recipient's interest in the obligations.

11 (f) Charges for responses. A debtor is entitled without
12 charge to one response to a request under this Section during
13 any six-month period. The secured party may require payment of
14 a charge not exceeding \$25 for each additional response.

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

16 (810 ILCS 5/9-301) (from Ch. 26, par. 9-301)

17 Sec. 9-301. Law governing perfection and priority of
18 security interests. Except as otherwise provided in Sections
19 9-303 through 9-306B ~~9-306.1~~, the following rules determine
20 the law governing perfection, the effect of perfection or
21 nonperfection, and the priority of a security interest in
22 collateral:

23 (1) Except as otherwise provided in this Section,
24 while a debtor is located in a jurisdiction, the local law
25 of that jurisdiction governs perfection, the effect of

1 perfection or nonperfection, and the priority of a
2 security interest in collateral.

3 (2) While collateral is located in a jurisdiction, the
4 local law of that jurisdiction governs perfection, the
5 effect of perfection or nonperfection, and the priority of
6 a possessory security interest in that collateral.

7 (3) Except as otherwise provided in paragraph (4),
8 while tangible negotiable documents, goods, instruments,
9 or tangible money, ~~or tangible chattel paper~~ is located in
10 a jurisdiction, the local law of that jurisdiction
11 governs:

12 (A) perfection of a security interest in the goods
13 by filing a fixture filing;

14 (B) perfection of a security interest in timber to
15 be cut; and

16 (C) the effect of perfection or nonperfection and
17 the priority of a nonpossessory security interest in
18 the collateral.

19 (4) The local law of the jurisdiction in which the
20 wellhead or minehead is located governs perfection, the
21 effect of perfection or nonperfection, and the priority of
22 a security interest in as-extracted collateral.

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

24 (810 ILCS 5/9-304) (from Ch. 26, par. 9-304)

25 Sec. 9-304. Law governing perfection and priority of

1 security interests in deposit accounts.

2 (a) Law of bank's jurisdiction governs. The local law of a
3 bank's jurisdiction governs perfection, the effect of
4 perfection or nonperfection, and the priority of a security
5 interest in a deposit account maintained with that bank even
6 if the transaction does not bear any relation to the bank's
7 jurisdiction.

8 (b) Bank's jurisdiction. The following rules determine a
9 bank's jurisdiction for purposes of this Part:

10 (1) If an agreement between the bank and the debtor
11 governing the deposit account expressly provides that a
12 particular jurisdiction is the bank's jurisdiction for
13 purposes of this Part, this Article, or the Uniform
14 Commercial Code, that jurisdiction is the bank's
15 jurisdiction.

16 (2) If paragraph (1) does not apply and an agreement
17 between the bank and its customer governing the deposit
18 account expressly provides that the agreement is governed
19 by the law of a particular jurisdiction, that jurisdiction
20 is the bank's jurisdiction.

21 (3) If neither paragraph (1) nor paragraph (2) applies
22 and an agreement between the bank and its customer
23 governing the deposit account expressly provides that the
24 deposit account is maintained at an office in a particular
25 jurisdiction, that jurisdiction is the bank's
26 jurisdiction.

1 (4) If none of the preceding paragraphs applies, the
2 bank's jurisdiction is the jurisdiction in which the
3 office identified in an account statement as the office
4 serving the customer's account is located.

5 (5) If none of the preceding paragraphs applies, the
6 bank's jurisdiction is the jurisdiction in which the chief
7 executive office of the bank is located.

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

9 (810 ILCS 5/9-305) (from Ch. 26, par. 9-305)

10 Sec. 9-305. Law governing perfection and priority of
11 security interests in investment property.

12 (a) Governing law: general rules. Except as otherwise
13 provided in subsection (c), the following rules apply:

14 (1) While a security certificate is located in a
15 jurisdiction, the local law of that jurisdiction governs
16 perfection, the effect of perfection or nonperfection, and
17 the priority of a security interest in the certificated
18 security represented thereby.

19 (2) The local law of the issuer's jurisdiction as
20 specified in Section 8-110(d) governs perfection, the
21 effect of perfection or nonperfection, and the priority of
22 a security interest in an uncertificated security.

23 (3) The local law of the securities intermediary's
24 jurisdiction as specified in Section 8-110(e) governs
25 perfection, the effect of perfection or nonperfection, and

1 the priority of a security interest in a security
2 entitlement or securities account.

3 (4) The local law of the commodity intermediary's
4 jurisdiction governs perfection, the effect of perfection
5 or nonperfection, and the priority of a security interest
6 in a commodity contract or commodity account.

7 (5) Paragraphs (2), (3), and (4) apply even if the
8 transaction does not bear any relation to the
9 jurisdiction.

10 (b) Commodity intermediary's jurisdiction. The following
11 rules determine a commodity intermediary's jurisdiction for
12 purposes of this Part:

13 (1) If an agreement between the commodity intermediary
14 and commodity customer governing the commodity account
15 expressly provides that a particular jurisdiction is the
16 commodity intermediary's jurisdiction for purposes of this
17 Part, this Article, or the Uniform Commercial Code, that
18 jurisdiction is the commodity intermediary's jurisdiction.

19 (2) If paragraph (1) does not apply and an agreement
20 between the commodity intermediary and commodity customer
21 governing the commodity account expressly provides that
22 the agreement is governed by the law of a particular
23 jurisdiction, that jurisdiction is the commodity
24 intermediary's jurisdiction.

25 (3) If neither paragraph (1) nor paragraph (2) applies
26 and an agreement between the commodity intermediary and

1 commodity customer governing the commodity account
2 expressly provides that the commodity account is
3 maintained at an office in a particular jurisdiction, that
4 jurisdiction is the commodity intermediary's jurisdiction.

5 (4) If none of the preceding paragraphs applies, the
6 commodity intermediary's jurisdiction is the jurisdiction
7 in which the office identified in an account statement as
8 the office serving the commodity customer's account is
9 located.

10 (5) If none of the preceding paragraphs applies, the
11 commodity intermediary's jurisdiction is the jurisdiction
12 in which the chief executive office of the commodity
13 intermediary is located.

14 (c) When perfection governed by law of jurisdiction where
15 debtor located. The local law of the jurisdiction in which the
16 debtor is located governs:

17 (1) perfection of a security interest in investment
18 property by filing;

19 (2) automatic perfection of a security interest in
20 investment property created by a broker or securities
21 intermediary; and

22 (3) automatic perfection of a security interest in a
23 commodity contract or commodity account created by a
24 commodity intermediary.

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

1 (810 ILCS 5/9-306A new)

2 Sec. 9-306A. Law governing perfection and priority of
3 security interests in chattel paper.

4 (a) Chattel paper evidenced by authoritative electronic
5 copy. Except as provided in subsection (d), if chattel paper
6 is evidenced only by an authoritative electronic copy of the
7 chattel paper or is evidenced by an authoritative electronic
8 copy and an authoritative tangible copy, the local law of the
9 chattel paper's jurisdiction governs perfection, the effect of
10 perfection or nonperfection, and the priority of a security
11 interest in the chattel paper, even if the transaction does
12 not bear any relation to the chattel paper's jurisdiction.

13 (b) Chattel paper's jurisdiction. The following rules
14 determine the chattel paper's jurisdiction under this Section:

15 (1) If the authoritative electronic copy of the record
16 evidencing chattel paper, or a record attached to or
17 logically associated with the electronic copy and readily
18 available for review, expressly provides that a particular
19 jurisdiction is the chattel paper's jurisdiction for
20 purposes of this part, this Article, or the Uniform
21 Commercial Code, that jurisdiction is the chattel paper's
22 jurisdiction.

23 (2) If paragraph (1) does not apply and the rules of
24 the system in which the authoritative electronic copy is
25 recorded are readily available for review and expressly
26 provide that a particular jurisdiction is the chattel

1 paper's jurisdiction for purposes of this part, this
2 Article, or the Uniform Commercial Code, that jurisdiction
3 is the chattel paper's jurisdiction.

4 (3) If paragraphs (1) and (2) do not apply and the
5 authoritative electronic copy, or a record attached to or
6 logically associated with the electronic copy and readily
7 available for review, expressly provides that the chattel
8 paper is governed by the law of a particular jurisdiction,
9 that jurisdiction is the chattel paper's jurisdiction.

10 (4) If paragraphs (1), (2), and (3) do not apply and
11 the rules of the system in which the authoritative
12 electronic copy is recorded are readily available for
13 review and expressly provide that the chattel paper or the
14 system is governed by the law of a particular
15 jurisdiction, that jurisdiction is the chattel paper's
16 jurisdiction.

17 (5) If paragraphs (1) through (4) do not apply, the
18 chattel paper's jurisdiction is the jurisdiction in which
19 the debtor is located.

20 (c) Chattel paper evidenced by authoritative tangible
21 copy. If an authoritative tangible copy of a record evidences
22 chattel paper and the chattel paper is not evidenced by an
23 authoritative electronic copy, while the authoritative
24 tangible copy of the record evidencing chattel paper is
25 located in a jurisdiction, the local law of that jurisdiction
26 governs:

1 (1) perfection of a security interest in the chattel
2 paper by possession under Section 9-314A; and

3 (2) the effect of perfection or nonperfection and the
4 priority of a security interest in the chattel paper.

5 (d) When perfection governed by law of jurisdiction where
6 debtor located. The local law of the jurisdiction in which the
7 debtor is located governs perfection of a security interest in
8 chattel paper by filing.

9 (810 ILCS 5/9-306B new)

10 Sec. 9-306B. Law governing perfection and priority of
11 security interests in controllable accounts, controllable
12 electronic records, and controllable payment intangibles.

13 (a) Governing law: general rules. Except as provided in
14 subsection (b), the local law of the controllable electronic
15 record's jurisdiction specified in Section 12-107(c) and (d)
16 governs perfection, the effect of perfection or nonperfection,
17 and the priority of a security interest in a controllable
18 electronic record and a security interest in a controllable
19 account or controllable payment intangible evidenced by the
20 controllable electronic record.

21 (b) When perfection governed by law of jurisdiction where
22 debtor located. The local law of the jurisdiction in which the
23 debtor is located governs:

24 (1) perfection of a security interest in a
25 controllable account, controllable electronic record, or

1 controllable payment intangible by filing; and
2 (2) automatic perfection of a security interest in a
3 controllable payment intangible created by a sale of the
4 controllable payment intangible.

5 (810 ILCS 5/9-310) (from Ch. 26, par. 9-310)

6 Sec. 9-310. When filing required to perfect security
7 interest or agricultural lien; security interests and
8 agricultural liens to which filing provisions do not apply.

9 (a) General rule: perfection by filing. Except as
10 otherwise provided in subsection (b) and Section 9-312(b), a
11 financing statement must be filed to perfect all security
12 interests and agricultural liens.

13 (b) Exceptions: filing not necessary. The filing of a
14 financing statement is not necessary to perfect a security
15 interest:

16 (1) that is perfected under Section 9-308(d), (e),
17 (f), or (g);

18 (2) that is perfected under Section 9-309 when it
19 attaches;

20 (3) in property subject to a statute, regulation, or
21 treaty described in Section 9-311(a);

22 (4) in goods in possession of a bailee which is
23 perfected under Section 9-312(d)(1) or (2);

24 (5) in certificated securities, documents, goods, or
25 instruments which is perfected without filing, control, or

1 possession under Section 9-312(e), (f), or (g);

2 (6) in collateral in the secured party's possession
3 under Section 9-313;

4 (7) in a certificated security which is perfected by
5 delivery of the security certificate to the secured party
6 under Section 9-313;

7 (8) in controllable accounts, controllable electronic
8 records, controllable payment intangibles, deposit
9 accounts, ~~electronic chattel paper,~~ electronic documents,
10 investment property, letter-of-credit rights, or
11 beneficial interests in Illinois land trusts which is
12 perfected by control under Section 9-314;

13 (8.1) in chattel paper that is perfected by possession
14 and control under Section 9-314A;

15 (9) in proceeds which is perfected under Section
16 9-315; or

17 (10) that is perfected under Section 9-316.

18 (c) Assignment of perfected security interest. If a
19 secured party assigns a perfected security interest or
20 agricultural lien, a filing under this Article is not required
21 to continue the perfected status of the security interest
22 against creditors of and transferees from the original debtor.

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

24 (810 ILCS 5/9-312) (from Ch. 26, par. 9-312)

25 Sec. 9-312. Perfection of security interests in chattel

1 paper, controllable accounts, controllable electronic records,
2 controllable payment intangibles, deposit accounts, negotiable
3 documents, goods covered by documents, instruments, investment
4 property, letter-of-credit rights, and money; perfection by
5 permissive filing; temporary perfection without filing or
6 transfer of possession.

7 (a) Perfection by filing permitted. A security interest in
8 chattel paper, controllable accounts, controllable electronic
9 records, controllable payment intangibles, ~~negotiable~~
10 ~~documents,~~ instruments, beneficial interests in Illinois land
11 trusts, ~~or~~ investment property, or negotiable documents may be
12 perfected by filing.

13 (b) Control or possession of certain collateral. Except as
14 otherwise provided in Section 9-315(c) and (d) for proceeds:

15 (1) a security interest in a deposit account may be
16 perfected only by control under Section 9-314;

17 (2) and except as otherwise provided in Section
18 9-308(d), a security interest in a letter-of-credit right
19 may be perfected only by control under Section 9-314; ~~and~~

20 (3) a security interest in tangible money may be
21 perfected only by the secured party's taking possession
22 under Section 9-313; and-

23 (4) a security interest in electronic money may be
24 perfected only by control under Section 9-314.

25 (c) Goods covered by negotiable document. While goods are
26 in the possession of a bailee that has issued a negotiable

1 document covering the goods:

2 (1) a security interest in the goods may be perfected
3 by perfecting a security interest in the document; and

4 (2) a security interest perfected in the document has
5 priority over any security interest that becomes perfected
6 in the goods by another method during that time.

7 (d) Goods covered by nonnegotiable document. While goods
8 are in the possession of a bailee that has issued a
9 nonnegotiable document covering the goods, a security interest
10 in the goods may be perfected by:

11 (1) issuance of a document in the name of the secured
12 party;

13 (2) the bailee's receipt of notification of the
14 secured party's interest; or

15 (3) filing as to the goods.

16 (e) Temporary perfection: new value. A security interest
17 in certificated securities, negotiable documents, or
18 instruments is perfected without filing or the taking of
19 possession or control for a period of 20 days from the time it
20 attaches to the extent that it arises for new value given under
21 a signed ~~an authenticated~~ security agreement.

22 (f) Temporary perfection: goods or documents made
23 available to debtor. A perfected security interest in a
24 negotiable document or goods in possession of a bailee, other
25 than one that has issued a negotiable document for the goods,
26 remains perfected for 20 days without filing if the secured

1 party makes available to the debtor the goods or documents
2 representing the goods for the purpose of:

- 3 (1) ultimate sale or exchange; or
4 (2) loading, unloading, storing, shipping,
5 transshipping, manufacturing, processing, or otherwise
6 dealing with them in a manner preliminary to their sale or
7 exchange.

8 (g) Temporary perfection: delivery of security certificate
9 or instrument to debtor. A perfected security interest in a
10 certificated security or instrument remains perfected for 20
11 days without filing if the secured party delivers the security
12 certificate or instrument to the debtor for the purpose of:

- 13 (1) ultimate sale or exchange; or
14 (2) presentation, collection, enforcement, renewal, or
15 registration of transfer.

16 (h) Expiration of temporary perfection. After the 20-day
17 period specified in subsection (e), (f), or (g) expires,
18 perfection depends upon compliance with this Article.

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

20 (810 ILCS 5/9-313) (from Ch. 26, par. 9-313)

21 Sec. 9-313. When possession by or delivery to secured
22 party perfects security interest without filing.

23 (a) Perfection by possession or delivery. Except as
24 otherwise provided in subsection (b), a secured party may
25 perfect a security interest in ~~tangible negotiable documents,~~

1 goods, instruments, negotiable tangible documents, or tangible
2 ~~money, or tangible chattel paper~~ by taking possession of the
3 collateral. A secured party may perfect a security interest in
4 certificated securities by taking delivery of the certificated
5 securities under Section 8-301.

6 (b) Goods covered by certificate of title. With respect to
7 goods covered by a certificate of title issued by this State, a
8 secured party may perfect a security interest in the goods by
9 taking possession of the goods only in the circumstances
10 described in Section 9-316(d).

11 (c) Collateral in possession of person other than debtor.
12 With respect to collateral other than certificated securities
13 and goods covered by a document, a secured party takes
14 possession of collateral in the possession of a person other
15 than the debtor, the secured party, or a lessee of the
16 collateral from the debtor in the ordinary course of the
17 debtor's business, when:

18 (1) the person in possession signs ~~authenticates~~ a
19 record acknowledging that it holds possession of the
20 collateral for the secured party's benefit; or

21 (2) the person takes possession of the collateral
22 after having signed ~~authenticated~~ a record acknowledging
23 that it will hold possession of the collateral for the
24 secured party's benefit.

25 (d) Time of perfection by possession; continuation of
26 perfection. If perfection of a security interest depends upon

1 possession of the collateral by a secured party, perfection
2 occurs not ~~no~~ earlier than the time the secured party takes
3 possession and continues only while the secured party retains
4 possession.

5 (e) Time of perfection by delivery; continuation of
6 perfection. A security interest in a certificated security in
7 registered form is perfected by delivery when delivery of the
8 certificated security occurs under Section 8-301 and remains
9 perfected by delivery until the debtor obtains possession of
10 the security certificate.

11 (f) Acknowledgment not required. A person in possession of
12 collateral is not required to acknowledge that it holds
13 possession for a secured party's benefit.

14 (g) Effectiveness of acknowledgment; no duties or
15 confirmation. If a person acknowledges that it holds
16 possession for the secured party's benefit:

17 (1) the acknowledgment is effective under subsection
18 (c) or Section 8-301(a), even if the acknowledgment
19 violates the rights of a debtor; and

20 (2) unless the person otherwise agrees or law other
21 than this Article otherwise provides, the person does not
22 owe any duty to the secured party and is not required to
23 confirm the acknowledgment to another person.

24 (h) Secured party's delivery to person other than debtor.
25 A secured party having possession of collateral does not
26 relinquish possession by delivering the collateral to a person

1 other than the debtor or a lessee of the collateral from the
2 debtor in the ordinary course of the debtor's business if the
3 person was instructed before the delivery or is instructed
4 contemporaneously with the delivery:

5 (1) to hold possession of the collateral for the
6 secured party's benefit; or

7 (2) to redeliver the collateral to the secured party.

8 (i) Effect of delivery under subsection (h); no duties or
9 confirmation. A secured party does not relinquish possession,
10 even if a delivery under subsection (h) violates the rights of
11 a debtor. A person to which collateral is delivered under
12 subsection (h) does not owe any duty to the secured party and
13 is not required to confirm the delivery to another person
14 unless the person otherwise agrees or law other than this
15 Article otherwise provides.

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

17 (810 ILCS 5/9-314) (from Ch. 26, par. 9-314)

18 Sec. 9-314. Perfection by control.

19 (a) Perfection by control. A security interest in
20 controllable accounts, controllable electronic records,
21 controllable payment intangibles, deposit accounts, electronic
22 documents, electronic money, investment property, or
23 letter-of-credit rights ~~investment property, deposit accounts,~~
24 ~~electronic chattel paper, letter-of-credit rights, electronic~~
25 ~~documents, or beneficial interests in Illinois land trusts~~ may

1 be perfected by control of the collateral under Section 7-106,
2 9-104, 9-105A ~~9-105~~, 9-106, 9-107, ~~or~~ 9-107.1, or 9-107A.

3 (b) Specified collateral: time of perfection by control;
4 continuation of perfection. A security interest in
5 controllable accounts, controllable electronic records,
6 controllable payment intangibles, deposit accounts, electronic
7 documents, electronic money, or letter-of-credit rights
8 ~~deposit accounts, electronic chattel paper, letter of credit~~
9 ~~rights, electronic documents, or beneficial interests in~~
10 ~~Illinois land trusts~~ is perfected by control under Section
11 7-106, 9-104, 9-105A, ~~9-105~~, 9-107, ~~or~~ 9-107.1, or 9-107A not
12 earlier than the time ~~when~~ the secured party obtains control
13 and remains perfected by control only while the secured party
14 retains control.

15 (c) Investment property: time of perfection by control;
16 continuation of perfection. A security interest in investment
17 property is perfected by control under Section 9-106 not
18 earlier than ~~from~~ the time the secured party obtains control
19 and remains perfected by control until:

20 (1) the secured party does not have control; and

21 (2) one of the following occurs:

22 (A) if the collateral is a certificated security,
23 the debtor has or acquires possession of the security
24 certificate;

25 (B) if the collateral is an uncertificated
26 security, the issuer has registered or registers the

1 debtor as the registered owner; or

2 (C) if the collateral is a security entitlement,
3 the debtor is or becomes the entitlement holder.

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

5 (810 ILCS 5/9-314A new)

6 Sec. 9-314A. Perfection by possession and control of
7 chattel paper.

8 (a) Perfection by possession and control. A secured party
9 may perfect a security interest in chattel paper by taking
10 possession of each authoritative tangible copy of the record
11 evidencing the chattel paper and obtaining control of each
12 authoritative electronic copy of the electronic record
13 evidencing the chattel paper.

14 (b) Time of perfection; continuation of perfection. A
15 security interest is perfected under subsection (a) not
16 earlier than the time the secured party takes possession and
17 obtains control and remains perfected under subsection (a)
18 only while the secured party retains possession and control.

19 (c) Application of Section 9-313 to perfection by
20 possession of chattel paper. Section 9-313(c) and (f) through
21 (i) applies to perfection by possession of an authoritative
22 tangible copy of a record evidencing chattel paper.

23 (810 ILCS 5/9-316) (from Ch. 26, par. 9-316)

24 Sec. 9-316. Effect of change in governing law.

1 (a) General rule: effect on perfection of change in
2 governing law. A security interest perfected pursuant to the
3 law of the jurisdiction designated in Section 9-301(1), ~~or~~
4 9-305(c), 9-306A(d), or 9-306B(b) remains perfected until the
5 earliest of:

6 (1) the time perfection would have ceased under the
7 law of that jurisdiction;

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

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

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

22 (c) Possessory security interest in collateral moved to
23 new jurisdiction. A possessory security interest in
24 collateral, other than goods covered by a certificate of title
25 and as-extracted collateral consisting of goods, remains
26 continuously perfected if:

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

4 (2) thereafter the collateral is brought into another
5 jurisdiction; and

6 (3) upon entry into the other jurisdiction, the
7 security interest is perfected under the law of the other
8 jurisdiction.

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

17 (e) When subsection (d) security interest becomes
18 unperfected against purchasers. A security interest described
19 in subsection (d) becomes unperfected as against a purchaser
20 of the goods for value and is deemed never to have been
21 perfected as against a purchaser of the goods for value if the
22 applicable requirements for perfection under Section 9-311(b)
23 or 9-313 are not satisfied before the earlier of:

24 (1) the time the security interest would have become
25 unperfected under the law of the other jurisdiction had
26 the goods not become covered by a certificate of title

1 from this State; or

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

4 (f) Change in jurisdiction of chattel paper, controllable
5 electronic record, bank, issuer, nominated person, securities
6 intermediary, or commodity intermediary. A security interest
7 in chattel paper, controllable accounts, controllable
8 electronic records, controllable payment intangibles, deposit
9 accounts, letter-of-credit rights, or investment property
10 which is perfected under the law of the chattel paper's
11 jurisdiction, the controllable electronic record's
12 jurisdiction, the bank's jurisdiction, the issuer's
13 jurisdiction, a nominated person's jurisdiction, the
14 securities intermediary's jurisdiction, or the commodity
15 intermediary's jurisdiction, as applicable, remains perfected
16 until the earlier of:

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

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

21 (g) Subsection (f) security interest perfected or
22 unperfected under law of new jurisdiction. If a security
23 interest described in subsection (f) becomes perfected under
24 the law of the other jurisdiction before the earlier of the
25 time or the end of the period described in that subsection, it
26 remains perfected thereafter. If the security interest does

1 not become perfected under the law of the other jurisdiction
2 before the earlier of that time or the end of that period, it
3 becomes unperfected and is deemed never to have been perfected
4 as against a purchaser of the collateral for value.

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

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

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

1 of the collateral for value.

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

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

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

1 (Source: P.A. 97-1034, eff. 7-1-13.)

2 (810 ILCS 5/9-317) (from Ch. 26, par. 9-317)

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

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

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

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

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

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

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

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

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

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

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

1 (ii) a security interest is granted by the bank to secure a
2 deposit of public funds with the bank or a repurchase
3 agreement with the bank pursuant to the Government Securities
4 Act of 1986, as amended.

5 (g) Buyers of chattel paper. A buyer, other than a secured
6 party, of chattel paper takes free of a security interest if,
7 without knowledge of the security interest and before it is
8 perfected, the buyer gives value and:

9 (1) receives delivery of each authoritative tangible
10 copy of the record evidencing the chattel paper; and

11 (2) if each authoritative electronic copy of the
12 record evidencing the chattel paper can be subjected to
13 control under Section 9-105, obtains control of each
14 authoritative electronic copy.

15 (h) Buyers of electronic documents. A buyer of an
16 electronic document takes free of a security interest if,
17 without knowledge of the security interest and before it is
18 perfected, the buyer gives value and, if each authoritative
19 electronic copy of the document can be subjected to control
20 under Section 7-106, obtains control of each authoritative
21 electronic copy.

22 (i) Buyers of controllable electronic records. A buyer of
23 a controllable electronic record takes free of a security
24 interest if, without knowledge of the security interest and
25 before it is perfected, the buyer gives value and obtains
26 control of the controllable electronic record.

1 (j) Buyers of controllable accounts and controllable
2 payment intangibles. A buyer, other than a secured party, of a
3 controllable account or a controllable payment intangible
4 takes free of a security interest if, without knowledge of the
5 security interest and before it is perfected, the buyer gives
6 value and obtains control of the controllable account or
7 controllable payment intangible.

8 (Source: P.A. 97-1034, eff. 7-1-13.)

9 (810 ILCS 5/9-323)

10 Sec. 9-323. Future advances.

11 (a) When priority based on time of advance. Except as
12 otherwise provided in subsection (c), for purposes of
13 determining the priority of a perfected security interest
14 under Section 9-322(a)(1), perfection of the security interest
15 dates from the time an advance is made to the extent that the
16 security interest secures an advance that:

17 (1) is made while the security interest is perfected
18 only:

19 (A) under Section 9-309 when it attaches; or

20 (B) temporarily under Section 9-312(e), (f), or

21 (g); and

22 (2) is not made pursuant to a commitment entered into
23 before or while the security interest is perfected by a
24 method other than under Section 9-309 or 9-312(e), (f), or
25 (g).

1 (b) Lien creditor. Except as otherwise provided in
2 subsection (c), a security interest is subordinate to the
3 rights of a person that becomes a lien creditor to the extent
4 that the security interest secures an advance made more than
5 45 days after the person becomes a lien creditor unless the
6 advance is made:

7 (1) without knowledge of the lien; or

8 (2) pursuant to a commitment entered into without
9 knowledge of the lien.

10 (c) Buyer of receivables. Subsections (a) and (b) do not
11 apply to a security interest held by a secured party that is a
12 buyer of accounts, chattel paper, payment intangibles, or
13 promissory notes or a consignor.

14 (d) Buyer of goods. Except as otherwise provided in
15 subsection (e), a buyer of goods ~~other than a buyer in ordinary~~
16 ~~course of business~~ takes free of a security interest to the
17 extent that it secures advances made after the earlier of:

18 (1) the time the secured party acquires knowledge of
19 the buyer's purchase; or

20 (2) 45 days after the purchase.

21 (e) Advances made pursuant to commitment: priority of
22 buyer of goods. Subsection (d) does not apply if the advance is
23 made pursuant to a commitment entered into without knowledge
24 of the buyer's purchase and before the expiration of the
25 45-day period.

26 (f) Lessee of goods. Except as otherwise provided in

1 subsection (g), a lessee of goods, ~~other than a lessee in~~
2 ~~ordinary course of business~~, takes the leasehold interest free
3 of a security interest to the extent that it secures advances
4 made after the earlier of:

5 (1) the time the secured party acquires knowledge of
6 the lease; or

7 (2) 45 days after the lease contract becomes
8 enforceable.

9 (g) Advances made pursuant to commitment: priority of
10 lessee of goods. Subsection (f) does not apply if the advance
11 is made pursuant to a commitment entered into without
12 knowledge of the lease and before the expiration of the 45-day
13 period.

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

15 (810 ILCS 5/9-324)

16 Sec. 9-324. Priority of purchase-money security interests.

17 (a) General rule: purchase-money priority. Except as
18 otherwise provided in subsection (g), a perfected
19 purchase-money security interest in goods other than inventory
20 or livestock has priority over a conflicting security interest
21 in the same goods, and, except as otherwise provided in
22 Section 9-327, a perfected security interest in its
23 identifiable proceeds also has priority, if the purchase-money
24 security interest is perfected when the debtor receives
25 possession of the collateral or within 20 days thereafter.

1 (b) Inventory purchase-money priority. Subject to
2 subsection (c) and except as otherwise provided in subsection
3 (g), a perfected purchase-money security interest in inventory
4 has priority over a conflicting security interest in the same
5 inventory, has priority over a conflicting security interest
6 in chattel paper or an instrument constituting proceeds of the
7 inventory and in proceeds of the chattel paper, if so provided
8 in Section 9-330, and, except as otherwise provided in Section
9 9-327, also has priority in identifiable cash proceeds of the
10 inventory to the extent the identifiable cash proceeds are
11 received on or before the delivery of the inventory to a buyer,
12 if:

13 (1) the purchase-money security interest is perfected
14 when the debtor receives possession of the inventory;

15 (2) the purchase-money secured party sends a signed ~~an~~
16 ~~authenticated~~ notification to the holder of the
17 conflicting security interest;

18 (3) the holder of the conflicting security interest
19 receives the notification within five years before the
20 debtor receives possession of the inventory; and

21 (4) the notification states that the person sending
22 the notification has or expects to acquire a
23 purchase-money security interest in inventory of the
24 debtor and describes the inventory.

25 (c) Holders of conflicting inventory security interests to
26 be notified. Subsections (b)(2) through (4) apply only if the

1 holder of the conflicting security interest had filed a
2 financing statement covering the same types of inventory:

3 (1) if the purchase-money security interest is
4 perfected by filing, before the date of the filing; or

5 (2) if the purchase-money security interest is
6 temporarily perfected without filing or possession under
7 Section 9-312(f), before the beginning of the 20-day
8 period thereunder.

9 (d) Livestock purchase-money priority. Subject to
10 subsection (e) and except as otherwise provided in subsection
11 (g), a perfected purchase-money security interest in livestock
12 that are farm products has priority over a conflicting
13 security interest in the same livestock, and, except as
14 otherwise provided in Section 9-327, a perfected security
15 interest in their identifiable proceeds and identifiable
16 products in their unmanufactured states also has priority, if:

17 (1) the purchase-money security interest is perfected
18 when the debtor receives possession of the livestock;

19 (2) the purchase-money secured party sends a signed ~~an~~
20 ~~authenticated~~ notification to the holder of the
21 conflicting security interest;

22 (3) the holder of the conflicting security interest
23 receives the notification within six months before the
24 debtor receives possession of the livestock; and

25 (4) the notification states that the person sending
26 the notification has or expects to acquire a

1 purchase-money security interest in livestock of the
2 debtor and describes the livestock.

3 (e) Holders of conflicting livestock security interests to
4 be notified. Subsections (d)(2) through (4) apply only if the
5 holder of the conflicting security interest had filed a
6 financing statement covering the same types of livestock:

7 (1) if the purchase-money security interest is
8 perfected by filing, before the date of the filing; or

9 (2) if the purchase-money security interest is
10 temporarily perfected without filing or possession under
11 Section 9-312(f), before the beginning of the 20-day
12 period thereunder.

13 (f) Software purchase-money priority. Except as otherwise
14 provided in subsection (g), a perfected purchase-money
15 security interest in software has priority over a conflicting
16 security interest in the same collateral, and, except as
17 otherwise provided in Section 9-327, a perfected security
18 interest in its identifiable proceeds also has priority, to
19 the extent that the purchase-money security interest in the
20 goods in which the software was acquired for use has priority
21 in the goods and proceeds of the goods under this Section.

22 (g) Conflicting purchase-money security interests. If more
23 than one security interest qualifies for priority in the same
24 collateral under subsection (a), (b), (d), or (f):

25 (1) a security interest securing an obligation
26 incurred as all or part of the price of the collateral has

1 priority over a security interest securing an obligation
2 incurred for value given to enable the debtor to acquire
3 rights in or the use of collateral; and

4 (2) in all other cases, Section 9-322(a) applies to
5 the qualifying security interests.

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

7 (810 ILCS 5/9-326A new)

8 Sec. 9-326A. Priority of security interest in controllable
9 account, controllable electronic record, and controllable
10 payment intangible. A security interest in a controllable
11 account, controllable electronic record, or controllable
12 payment intangible held by a secured party having control of
13 the account, electronic record, or payment intangible has
14 priority over a conflicting security interest held by a
15 secured party that does not have control.

16 (810 ILCS 5/9-330)

17 Sec. 9-330. Priority of purchaser of chattel paper or
18 instrument.

19 (a) Purchaser's priority: security interest claimed merely
20 as proceeds. A purchaser of chattel paper has priority over a
21 security interest in the chattel paper which is claimed merely
22 as proceeds of inventory subject to a security interest if:

23 (1) in good faith and in the ordinary course of the
24 purchaser's business, the purchaser gives new value, ~~and~~

1 takes possession of each authoritative tangible copy of
2 the record evidencing the chattel paper, and ~~or~~ obtains
3 control under Section 9-105 of each authoritative
4 electronic copy of the record evidencing ~~of~~ the chattel
5 paper ~~under Section 9-105~~; and

6 (2) the authoritative copies of the record evidencing
7 the chattel paper do ~~chattel paper does~~ not indicate that
8 the chattel paper ~~it~~ has been assigned to an identified
9 assignee other than the purchaser.

10 (b) Purchaser's priority: other security interests. A
11 purchaser of chattel paper has priority over a security
12 interest in the chattel paper which is claimed other than
13 merely as proceeds of inventory subject to a security interest
14 if the purchaser gives new value, and takes possession of each
15 authoritative tangible copy of the record evidencing the
16 chattel paper, and ~~or~~ obtains control under Section 9-105 of
17 each authoritative electronic copy of the record evidencing ~~of~~
18 the chattel paper ~~under Section 9-105~~ in good faith, in the
19 ordinary course of the purchaser's business, and without
20 knowledge that the purchase violates the rights of the secured
21 party.

22 (c) Chattel paper purchaser's priority in proceeds. Except
23 as otherwise provided in Section 9-327, a purchaser having
24 priority in chattel paper under subsection (a) or (b) also has
25 priority in proceeds of the chattel paper to the extent that:

26 (1) Section 9-322 provides for priority in the

1 proceeds; or

2 (2) the proceeds consist of the specific goods covered
3 by the chattel paper or cash proceeds of the specific
4 goods, even if the purchaser's security interest in the
5 proceeds is unperfected.

6 (d) Instrument purchaser's priority. Except as otherwise
7 provided in Section 9-331(a), a purchaser of an instrument has
8 priority over a security interest in the instrument perfected
9 by a method other than possession if the purchaser gives value
10 and takes possession of the instrument in good faith and
11 without knowledge that the purchase violates the rights of the
12 secured party.

13 (e) Holder of purchase-money security interest gives new
14 value. For purposes of subsections (a) and (b), the holder of a
15 purchase-money security interest in inventory gives new value
16 for chattel paper constituting proceeds of the inventory.

17 (f) Indication of assignment gives knowledge. For purposes
18 of subsections (b) and (d), if the authoritative copies of the
19 record evidencing chattel paper or an instrument indicate
20 ~~indicates~~ that the chattel paper or instrument ~~it~~ has been
21 assigned to an identified secured party other than the
22 purchaser, a purchaser of the chattel paper or instrument has
23 knowledge that the purchase violates the rights of the secured
24 party.

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

1 (810 ILCS 5/9-331)

2 Sec. 9-331. Priority of rights of purchasers of
3 controllable accounts, controllable electronic records,
4 controllable payment intangibles, ~~instruments,~~ documents,
5 instruments, and securities under other Articles; priority of
6 interests in financial assets and security entitlements and
7 protection against assertion of claim under Articles ~~Article~~ 8
8 and 12.

9 (a) Rights under Articles 3, 7, ~~and 8,~~ and 12 not limited.
10 This Article does not limit the rights of a holder in due
11 course of a negotiable instrument, a holder to which a
12 negotiable document of title has been duly negotiated, ~~or~~ a
13 protected purchaser of a security, or a qualifying purchaser
14 of a controllable account, controllable electronic record, or
15 controllable payment intangible. These holders or purchasers
16 take priority over an earlier security interest, even if
17 perfected, to the extent provided in Articles 3, 7, ~~and 8,~~ and
18 12.

19 (b) Protection under Articles ~~Article~~ 8 and 12. This
20 Article does not limit the rights of or impose liability on a
21 person to the extent that the person is protected against the
22 assertion of a claim under Article 8 or 12.

23 (c) Filing not notice. Filing under this Article does not
24 constitute notice of a claim or defense to the holders, or
25 purchasers, or persons described in subsections (a) and (b).

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

1 (810 ILCS 5/9-332)

2 Sec. 9-332. Transfer of tangible money; transfer of funds
3 from deposit account.

4 (a) Transferee of tangible money. A transferee of tangible
5 money takes the money free of a security interest if the
6 transferee receives possession of the money without acting
7 ~~unless the transferee acts~~ in collusion with the debtor in
8 violating the rights of the secured party.

9 (b) Transferee of funds from deposit account. A transferee
10 of funds from a deposit account takes the funds free of a
11 security interest in the deposit account if the transferee
12 receives the funds without acting ~~unless the transferee acts~~
13 in collusion with the debtor in violating the rights of the
14 secured party.

15 (c) Transferee of electronic money. A transferee of
16 electronic money takes the money free of a security interest
17 if the transferee obtains control of the money without acting
18 in collusion with the debtor in violating the rights of the
19 secured party.

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

21 (810 ILCS 5/9-334)

22 Sec. 9-334. Priority of security interests in fixtures and
23 crops.

24 (a) Security interest in fixtures under this Article. A

1 security interest under this Article may be created in goods
2 that are fixtures or may continue in goods that become
3 fixtures. A security interest does not exist under this
4 Article in ordinary building materials incorporated into an
5 improvement on land.

6 (b) Security interest in fixtures under real-property law.
7 This Article does not prevent creation of an encumbrance upon
8 fixtures under real property law.

9 (c) General rule: subordination of security interest in
10 fixtures. In cases not governed by subsections (d) through
11 (h), a security interest in fixtures is subordinate to a
12 conflicting interest of an encumbrancer or owner of the
13 related real property other than the debtor.

14 (d) Fixtures purchase-money priority. Except as otherwise
15 provided in subsection (h), a perfected security interest in
16 fixtures has priority over a conflicting interest of an
17 encumbrancer or owner of the real property if the debtor has an
18 interest of record in or is in possession of the real property
19 and:

20 (1) the security interest is a purchase-money security
21 interest;

22 (2) the interest of the encumbrancer or owner arises
23 before the goods become fixtures; and

24 (3) the security interest is perfected by a fixture
25 filing before the goods become fixtures or within 20 days
26 thereafter.

1 (e) Priority of security interest in fixtures over
2 interests in real property. A perfected security interest in
3 fixtures has priority over a conflicting interest of an
4 encumbrancer or owner of the real property if:

5 (1) the debtor has an interest of record in the real
6 property or is in possession of the real property and the
7 security interest:

8 (A) is perfected by a fixture filing before the
9 interest of the encumbrancer or owner is of record;
10 and

11 (B) has priority over any conflicting interest of
12 a predecessor in title of the encumbrancer or owner;

13 (2) before the goods become fixtures, the security
14 interest is perfected by any method permitted by this
15 Article and the fixtures are readily removable:

16 (A) factory or office machines;

17 (B) equipment that is not primarily used or leased
18 for use in the operation of the real property; or

19 (C) replacements of domestic appliances that are
20 consumer goods;

21 (3) the conflicting interest is a lien on the real
22 property obtained by legal or equitable proceedings after
23 the security interest was perfected by any method
24 permitted by this Article; or

25 (4) the security interest is:

26 (A) created in a manufactured home in a

1 manufactured-home transaction; and

2 (B) perfected pursuant to a statute described in
3 Section 9-311(a)(2).

4 (f) Priority based on consent, disclaimer, or right to
5 remove. A security interest in fixtures, whether or not
6 perfected, has priority over a conflicting interest of an
7 encumbrancer or owner of the real property if:

8 (1) the encumbrancer or owner has, in a signed ~~an~~
9 ~~authenticated~~ record, consented to the security interest
10 or disclaimed an interest in the goods as fixtures; or

11 (2) the debtor has a right to remove the goods as
12 against the encumbrancer or owner.

13 (g) Continuation of subsection (f)(2) priority. The
14 priority of the security interest under subsection (f)(2)
15 continues for a reasonable time if the debtor's right to
16 remove the goods as against the encumbrancer or owner
17 terminates.

18 (h) Priority of construction mortgage. A mortgage is a
19 construction mortgage to the extent that it secures an
20 obligation incurred for the construction of an improvement on
21 land, including the acquisition cost of the land, if a
22 recorded record of the mortgage so indicates. Except as
23 otherwise provided in subsections (e) and (f), a security
24 interest in fixtures is subordinate to a construction mortgage
25 if a record of the mortgage is recorded before the goods become
26 fixtures and the goods become fixtures before the completion

1 of the construction. A mortgage has this priority to the same
2 extent as a construction mortgage to the extent that it is
3 given to refinance a construction mortgage.

4 (i) Priority of security interest in crops.

5 (1) Subject to Section 9-322(g), a perfected security
6 interest in crops growing on real property has priority
7 over:

8 (A) a conflicting interest of an encumbrancer or
9 owner of the real property; and

10 (B) the rights of a holder of an obligation
11 secured by a collateral assignment of beneficial
12 interest in a land trust, including rights by virtue
13 of an equitable lien.

14 (2) For purposes of this subsection:

15 (A) "Collateral assignment of beneficial interest"
16 means any pledge or assignment of the beneficial
17 interest in a land trust to a person to secure a debt
18 to other obligation.

19 (B) "Land trust" means any trust arrangement under
20 which the legal and equitable title to real estate is
21 held by a trustee, the interest of the beneficiary of
22 the trust is personal property, and the beneficiary or
23 any person designated in writing by the beneficiary
24 has (i) the exclusive power to direct or control the
25 trustee in dealing with the title to the trust
26 property, (ii) the exclusive control of the

1 management, operation, renting, and selling of the
2 trust property, and (iii) the exclusive right to the
3 earnings, avails, and proceeds of trust property.

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

5 (810 ILCS 5/9-341)

6 Sec. 9-341. Bank's rights and duties with respect to
7 deposit account. Except as otherwise provided in Section
8 9-340(c), and unless the bank otherwise agrees in a signed ~~an~~
9 ~~authenticated~~ record, a bank's rights and duties with respect
10 to a deposit account maintained with the bank are not
11 terminated, suspended, or modified by:

12 (1) the creation, attachment, or perfection of a
13 security interest in the deposit account;

14 (2) the bank's knowledge of the security interest; or

15 (3) the bank's receipt of instructions from the
16 secured party.

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

18 (810 ILCS 5/9-404) (from Ch. 26, par. 9-404)

19 Sec. 9-404. Rights acquired by assignee; claims and
20 defenses against assignee.

21 (a) Assignee's rights subject to terms, claims, and
22 defenses; exceptions. Unless an account debtor has made an
23 enforceable agreement not to assert defenses or claims, and
24 subject to subsections (b) through (e), the rights of an

1 assignee are subject to:

2 (1) all terms of the agreement between the account
3 debtor and assignor and any defense or claim in recoupment
4 arising from the transaction that gave rise to the
5 contract; and

6 (2) any other defense or claim of the account debtor
7 against the assignor which accrues before the account
8 debtor receives a notification of the assignment signed
9 ~~authenticated~~ by the assignor or the assignee.

10 (b) Account debtor's claim reduces amount owed to
11 assignee. Subject to subsection (c) and except as otherwise
12 provided in subsection (d), the claim of an account debtor
13 against an assignor may be asserted against an assignee under
14 subsection (a) only to reduce the amount the account debtor
15 owes.

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

21 (d) Omission of required statement in consumer
22 transaction. In a consumer transaction, if a record evidences
23 the account debtor's obligation, law other than this Article
24 requires that the record include a statement to the effect
25 that the account debtor's recovery against an assignee with
26 respect to claims and defenses against the assignor may not

1 exceed amounts paid by the account debtor under the record,
2 and the record does not include such a statement, the extent to
3 which a claim of an account debtor against the assignor may be
4 asserted against an assignee is determined as if the record
5 included such a statement.

6 (e) Inapplicability to health-care-insurance receivable.
7 This Section does not apply to an assignment of a
8 health-care-insurance receivable.

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

10 (810 ILCS 5/9-406) (from Ch. 26, par. 9-406)

11 Sec. 9-406. Discharge of account debtor; notification of
12 assignment; identification and proof of assignment;
13 restrictions on assignment of accounts, chattel paper, payment
14 intangibles, and promissory notes ineffective.

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

1 (b) When notification ineffective. Subject to subsections
2 ~~subsection~~ (h) and (1), notification is ineffective under
3 subsection (a):

4 (1) if it does not reasonably identify the rights
5 assigned;

6 (2) to the extent that an agreement between an account
7 debtor and a seller of a payment intangible limits the
8 account debtor's duty to pay a person other than the
9 seller and the limitation is effective under law other
10 than this Article; or

11 (3) at the option of an account debtor, if the
12 notification notifies the account debtor to make less than
13 the full amount of any installment or other periodic
14 payment to the assignee, even if:

15 (A) only a portion of the account, chattel paper,
16 or payment intangible has been assigned to that
17 assignee;

18 (B) a portion has been assigned to another
19 assignee; or

20 (C) the account debtor knows that the assignment
21 to that assignee is limited.

22 (c) Proof of assignment. Subject to subsections ~~subsection~~
23 (h) and (1), if requested by the account debtor, an assignee
24 shall seasonably furnish reasonable proof that the assignment
25 has been made. Unless the assignee complies, the account
26 debtor may discharge its obligation by paying the assignor,

1 even if the account debtor has received a notification under
2 subsection (a).

3 (d) Term restricting assignment generally ineffective. In
4 this subsection, "promissory note" includes a negotiable
5 instrument that evidences chattel paper. Except as otherwise
6 provided in subsection (e) and Sections 2A-303 and 9-407, and
7 subject to subsection (h), a term in an agreement between an
8 account debtor and an assignor or in a promissory note is
9 ineffective to the extent that it:

10 (1) prohibits, restricts, or requires the consent of
11 the account debtor or person obligated on the promissory
12 note to the assignment or transfer of, or the creation,
13 attachment, perfection, or enforcement of a security
14 interest in, the account, chattel paper, payment
15 intangible, or promissory note; or

16 (2) provides that the assignment or transfer or the
17 creation, attachment, perfection, or enforcement of the
18 security interest may give rise to a default, breach,
19 right of recoupment, claim, defense, termination, right of
20 termination, or remedy under the account, chattel paper,
21 payment intangible, or promissory note.

22 (e) Inapplicability of subsection (d) to certain sales.
23 Subsection (d) does not apply to the sale of a payment
24 intangible or promissory note, other than a sale pursuant to a
25 disposition under Section 9-610 or an acceptance of collateral
26 under Section 9-620.

1 (f) Legal restrictions on assignment generally
2 ineffective. Except as otherwise provided in Sections 2A-303
3 and 9-407 and subject to subsections (h) and (i), a rule of
4 law, statute, or regulation that prohibits, restricts, or
5 requires the consent of a government, governmental body or
6 official, or account debtor to the assignment or transfer of,
7 or creation of a security interest in, an account or chattel
8 paper is ineffective to the extent that the rule of law,
9 statute, or regulation:

10 (1) prohibits, restricts, or requires the consent of
11 the government, governmental body or official, or account
12 debtor to the assignment or transfer of, or the creation,
13 attachment, perfection, or enforcement of a security
14 interest in the account or chattel paper; or

15 (2) provides that the assignment or transfer or the
16 creation, attachment, perfection, or enforcement of the
17 security interest may give rise to a default, breach,
18 right of recoupment, claim, defense, termination, right of
19 termination, or remedy under the account or chattel paper.

20 (g) Subsection (b) (3) not waivable. Subject to subsections
21 ~~subsection~~ (h) and (1), an account debtor may not waive or vary
22 its option under subsection (b) (3).

23 (h) Rule for individual under other law. This Section is
24 subject to law other than this Article which establishes a
25 different rule for an account debtor who is an individual and
26 who incurred the obligation primarily for personal, family, or

1 household purposes.

2 (i) Inapplicability to health-care-insurance receivable.
3 This Section does not apply to an assignment of a
4 health-care-insurance receivable.

5 (j) (Reserved).

6 (k) (Reserved).

7 (l) Inapplicability of certain subsections. Subsections
8 (a), (b), (c), and (g) do not apply to a controllable account
9 or controllable payment intangible.

10 (Source: P.A. 97-1034, eff. 7-1-13.)

11 (810 ILCS 5/9-408) (from Ch. 26, par. 9-408)

12 Sec. 9-408. Restrictions on assignment of promissory
13 notes, health-care-insurance receivables, and certain general
14 intangibles ineffective.

15 (a) Term restricting assignment generally ineffective.
16 Except as otherwise provided in subsection (b), a term in a
17 promissory note or in an agreement between an account debtor
18 and a debtor which relates to a health-care-insurance
19 receivable or a general intangible, including a contract,
20 permit, license, or franchise, and which term prohibits,
21 restricts, or requires the consent of the person obligated on
22 the promissory note or the account debtor to, the assignment
23 or transfer of, or creation, attachment, or perfection of a
24 security interest in, the promissory note,
25 health-care-insurance receivable, or general intangible, is

1 ineffective to the extent that the term:

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

4 (2) provides that the assignment or transfer or the
5 creation, attachment, or perfection of the security
6 interest may give rise to a default, breach, right of
7 recoupment, claim, defense, termination, right of
8 termination, or remedy under the promissory note,
9 health-care-insurance receivable, or general intangible.

10 (b) Applicability of subsection (a) to sales of certain
11 rights to payment. Subsection (a) applies to a security
12 interest in a payment intangible or promissory note only if
13 the security interest arises out of a sale of the 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 (c) Legal restrictions on assignment generally
18 ineffective. A rule of law, statute, or regulation that
19 prohibits, restricts, or requires the consent of a government,
20 governmental body or official, person obligated on a
21 promissory note, or account debtor to the assignment or
22 transfer of, or creation of a security interest in, a
23 promissory note, health-care-insurance receivable, or general
24 intangible, including a contract, permit, license, or
25 franchise between an account debtor and a debtor, is
26 ineffective to the extent that the rule of law, statute, or

1 regulation:

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

4 (2) provides that the assignment or transfer or the
5 creation, attachment, or perfection of the security
6 interest may give rise to a default, breach, right of
7 recoupment, claim, defense, termination, right of
8 termination, or remedy under the promissory note,
9 health-care-insurance receivable, or general intangible.

10 (d) Limitation on ineffectiveness under subsections (a)
11 and (c). To the extent that a term in a promissory note or in
12 an agreement between an account debtor and a debtor which
13 relates to a health-care-insurance receivable or general
14 intangible or a rule of law, statute, or regulation described
15 in subsection (c) would be effective under law other than this
16 Article but is ineffective under subsection (a) or (c), the
17 creation, attachment, or perfection of a security interest in
18 the promissory note, health-care-insurance receivable, or
19 general intangible:

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

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

24 (3) does not require the person obligated on the
25 promissory note or the account debtor to recognize the
26 security interest, pay or render performance to the

1 secured party, or accept payment or performance from the
2 secured party;

3 (4) does not entitle the secured party to use or
4 assign the debtor's rights under the promissory note,
5 health-care-insurance receivable, or general intangible,
6 including any related information or materials furnished
7 to the debtor in the transaction giving rise to the
8 promissory note, health-care-insurance receivable, or
9 general intangible;

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

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

17 (e) "Promissory note". In this Section, "promissory note"
18 includes a negotiable instrument that evidences chattel paper.

19 (Source: P.A. 97-1034, eff. 7-1-13.)

20 (810 ILCS 5/9-509)

21 Sec. 9-509. Persons entitled to file a record.

22 (a) Person entitled to file record. A person may file an
23 initial financing statement, amendment that adds collateral
24 covered by a financing statement, or amendment that adds a
25 debtor to a financing statement only if:

1 (1) the debtor authorizes the filing in a signed ~~an~~
2 ~~authenticated~~ record or pursuant to subsection (b) or (c);
3 or

4 (2) the person holds an agricultural lien that has
5 become effective at the time of filing and the financing
6 statement covers only collateral in which the person holds
7 an agricultural lien.

8 (b) Security agreement as authorization. By signing
9 ~~authenticating~~ or becoming bound as debtor by a security
10 agreement, a debtor or new debtor authorizes the filing of an
11 initial financing statement, and an amendment, covering:

12 (1) the collateral described in the security
13 agreement; and

14 (2) property that becomes collateral under Section
15 9-315(a)(2), whether or not the security agreement
16 expressly covers proceeds.

17 (c) Acquisition of collateral as authorization. By
18 acquiring collateral in which a security interest or
19 agricultural lien continues under Section 9-315(a)(1), a
20 debtor authorizes the filing of an initial financing
21 statement, and an amendment, covering the collateral and
22 property that becomes collateral under Section 9-315(a)(2).

23 (d) Person entitled to file certain amendments. A person
24 may file an amendment other than an amendment that adds
25 collateral covered by a financing statement or an amendment
26 that adds a debtor to a financing statement only if:

1 (1) the secured party of record authorizes the filing;

2 or

3 (2) the amendment is a termination statement for a
4 financing statement as to which the secured party of
5 record has failed to file or send a termination statement
6 as required by Section 9-513(a) or (c), the debtor
7 authorizes the filing, and the termination statement
8 indicates that the debtor authorized it to be filed.

9 (e) Multiple secured parties of record. If there is more
10 than one secured party of record for a financing statement,
11 each secured party of record may authorize the filing of an
12 amendment under subsection (d).

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

14 (810 ILCS 5/9-513)

15 Sec. 9-513. Termination statement.

16 (a) Consumer goods. A secured party shall cause the
17 secured party of record for a financing statement to file a
18 termination statement for the financing statement if the
19 financing statement covers consumer goods and:

20 (1) there is no obligation secured by the collateral
21 covered by the financing statement and no commitment to
22 make an advance, incur an obligation, or otherwise give
23 value; or

24 (2) the debtor did not authorize the filing of the
25 initial financing statement.

1 (b) Time for compliance with subsection (a). To comply
2 with subsection (a), a secured party shall cause the secured
3 party of record to file the termination statement:

4 (1) within one month after there is no obligation
5 secured by the collateral covered by the financing
6 statement and no commitment to make an advance, incur an
7 obligation, or otherwise give value; or

8 (2) if earlier, within 20 days after the secured party
9 receives a signed ~~an authenticated~~ demand from a debtor.

10 (c) Other collateral. In cases not governed by subsection
11 (a), within 20 days after a secured party receives a signed ~~an~~
12 ~~authenticated~~ demand from a debtor, the secured party shall
13 cause the secured party of record for a financing statement to
14 send to the debtor a termination statement for the financing
15 statement or file the termination statement in the filing
16 office if:

17 (1) except in the case of a financing statement
18 covering accounts or chattel paper that has been sold or
19 goods that are the subject of a consignment, there is no
20 obligation secured by the collateral covered by the
21 financing statement and no commitment to make an advance,
22 incur an obligation, or otherwise give value;

23 (2) the financing statement covers accounts or chattel
24 paper that has been sold but as to which the account debtor
25 or other person obligated has discharged its obligation;

26 (3) the financing statement covers goods that were the

1 subject of a consignment to the debtor but are not in the
2 debtor's possession; or

3 (4) the debtor did not authorize the filing of the
4 initial financing statement.

5 (d) Effect of filing termination statement. Except as
6 otherwise provided in Section 9-510, upon the filing of a
7 termination statement with the filing office, the financing
8 statement to which the termination statement relates ceases to
9 be effective. Except as otherwise provided in Section 9-510,
10 for purposes of Sections 9-519(g), 9-522(a), and 9-523(c) the
11 filing with the filing office of a termination statement
12 relating to a financing statement that indicates that the
13 debtor is a transmitting utility also causes the effectiveness
14 of the financing statement to lapse.

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

16 (810 ILCS 5/9-601)

17 Sec. 9-601. Rights after default; judicial enforcement;
18 consignor or buyer of accounts, chattel paper, payment
19 intangibles, or promissory notes.

20 (a) Rights of secured party after default. After default,
21 a secured party has the rights provided in this Part and,
22 except as otherwise provided in Section 9-602, those provided
23 by agreement of the parties. A secured party:

24 (1) may reduce a claim to judgment, foreclose, or
25 otherwise enforce the claim, security interest, or

1 agricultural lien by any available judicial procedure; and

2 (2) if the collateral is documents, may proceed either
3 as to the documents or as to the goods they cover.

4 (b) Rights and duties of secured party in possession or
5 control. A secured party in possession of collateral or
6 control of collateral under Section 7-106, 9-104, 9-105,
7 9-105A, 9-106, ~~or~~ 9-107, or 9-107A has the rights and duties
8 provided in Section 9-207.

9 (c) Rights cumulative; simultaneous exercise. The rights
10 under subsections (a) and (b) are cumulative and may be
11 exercised simultaneously.

12 (d) Rights of debtor and obligor. Except as otherwise
13 provided in subsection (g) and Section 9-605, after default, a
14 debtor and an obligor have the rights provided in this Part and
15 by agreement of the parties.

16 (e) Lien of levy after judgment. If a secured party has
17 reduced its claim to judgment, the lien of any levy that may be
18 made upon the collateral by virtue of a judgment relates back
19 to the earliest of:

20 (1) the date of perfection of the security interest or
21 agricultural lien in the collateral;

22 (2) the date of filing a financing statement covering
23 the collateral; or

24 (3) any date specified in a statute under which the
25 agricultural lien was created.

26 (f) Execution sale. A sale pursuant to a judgment is a

1 foreclosure of the security interest or agricultural lien by
2 judicial procedure within the meaning of this Section. A
3 secured party may purchase at the sale and thereafter hold the
4 collateral free of any other requirements of this Article.

5 (g) Consignor or buyer of certain rights to payment.
6 Except as otherwise provided in Section 9-607(c), this Part
7 imposes no duties upon a secured party that is a consignor or
8 is a buyer of accounts, chattel paper, payment intangibles, or
9 promissory notes.

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

11 (810 ILCS 5/9-605)

12 Sec. 9-605. Unknown debtor or secondary obligor.

13 (a) In general: No duty owed by secured party. Except as
14 provided in subsection (b), a ~~A~~ secured party does not owe a
15 duty based on its status as secured party:

16 (1) to a person that is a debtor or obligor, unless the
17 secured party knows:

18 (A) that the person is a debtor or obligor;

19 (B) the identity of the person; and

20 (C) how to communicate with the person; or

21 (2) to a secured party or lienholder that has filed a
22 financing statement against a person, unless the secured
23 party knows:

24 (A) that the person is a debtor; and

25 (B) the identity of the person.

1 (b) Exception: Secured party owes duty to debtor or
2 obligor. A secured party owes a duty based on its status as a
3 secured party to a person if, at the time the secured party
4 obtains control of collateral that is a controllable account,
5 controllable electronic record, or controllable payment
6 intangible or at the time the security interest attaches to
7 the collateral, whichever is later:

8 (1) the person is a debtor or obligor; and

9 (2) the secured party knows that the information in
10 subsection (a) (1) (A), (B), or (C) relating to the person
11 is not provided by the collateral, a record attached to or
12 logically associated with the collateral, or the system in
13 which the collateral is recorded.

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

15 (810 ILCS 5/9-608)

16 Sec. 9-608. Application of proceeds of collection or
17 enforcement; liability for deficiency and right to surplus.

18 (a) Application of proceeds, surplus, and deficiency if
19 obligation secured. If a security interest or agricultural
20 lien secures payment or performance of an obligation, the
21 following rules apply:

22 (1) A secured party shall apply or pay over for
23 application the cash proceeds of collection or enforcement
24 under Section 9-607 in the following order to:

25 (A) the reasonable expenses of collection and

1 enforcement and, to the extent provided for by
2 agreement and not prohibited by law, reasonable
3 attorney's fees and legal expenses incurred by the
4 secured party;

5 (B) the satisfaction of obligations secured by the
6 security interest or agricultural lien under which the
7 collection or enforcement is made; and

8 (C) the satisfaction of obligations secured by any
9 subordinate security interest in or other lien on the
10 collateral subject to the security interest or
11 agricultural lien under which the collection or
12 enforcement is made if the secured party receives a
13 signed ~~an authenticated~~ demand for proceeds before
14 distribution of the proceeds is completed.

15 (2) If requested by a secured party, a holder of a
16 subordinate security interest or other lien shall furnish
17 reasonable proof of the interest or lien within a
18 reasonable time. Unless the holder complies, the secured
19 party need not comply with the holder's demand under
20 paragraph (1)(C).

21 (3) A secured party need not apply or pay over for
22 application noncash proceeds of collection and enforcement
23 under Section 9-607 unless the failure to do so would be
24 commercially unreasonable. A secured party that applies or
25 pays over for application noncash proceeds shall do so in
26 a commercially reasonable manner.

1 (4) A secured party shall account to and pay a debtor
2 for any surplus, and the obligor is liable for any
3 deficiency.

4 (b) No surplus or deficiency in sales of certain rights to
5 payment. If the underlying transaction is a sale of accounts,
6 chattel paper, payment intangibles, or promissory notes, the
7 debtor is not entitled to any surplus, and the obligor is not
8 liable for any deficiency.

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

10 (810 ILCS 5/9-611)

11 Sec. 9-611. Notification before disposition of collateral.

12 (a) "Notification date". In this Section, "notification
13 date" means the earlier of the date on which:

14 (1) a secured party sends to the debtor and any
15 secondary obligor a signed ~~an authenticated~~ notification
16 of disposition; or

17 (2) the debtor and any secondary obligor waive the
18 right to notification.

19 (b) Notification of disposition required. Except as
20 otherwise provided in subsection (d), a secured party that
21 disposes of collateral under Section 9-610 shall send to the
22 persons specified in subsection (c) a reasonable signed
23 ~~authenticated~~ notification of disposition.

24 (c) Persons to be notified. To comply with subsection (b),
25 the secured party shall send a signed ~~an authenticated~~

1 notification of disposition to:

2 (1) the debtor;

3 (2) any secondary obligor; and

4 (3) if the collateral is other than consumer goods:

5 (A) any other person from which the secured party
6 has received, before the notification date, a signed
7 ~~an authenticated~~ notification of a claim of an
8 interest in the collateral;

9 (B) any other secured party or lienholder that, 10
10 days before the notification date, held a security
11 interest in or other lien on the collateral perfected
12 by the filing of a financing statement that:

13 (i) identified the collateral;

14 (ii) was indexed under the debtor's name as of
15 that date; and

16 (iii) was filed in the office in which to file
17 a financing statement against the debtor covering
18 the collateral as of that date; and

19 (C) any other secured party that, 10 days before
20 the notification date, held a security interest in the
21 collateral perfected by compliance with a statute,
22 regulation, or treaty described in Section 9-311(a).

23 (d) Subsection (b) inapplicable: perishable collateral;
24 recognized market. Subsection (b) does not apply if the
25 collateral is perishable or threatens to decline speedily in
26 value or is of a type customarily sold on a recognized market.

1 (e) Compliance with subsection (c) (3) (B). A secured party
2 complies with the requirement for notification prescribed by
3 subsection (c) (3) (B) if:

4 (1) not later than 20 days or earlier than 30 days
5 before the notification date, the secured party requests,
6 in a commercially reasonable manner, information
7 concerning financing statements indexed under the debtor's
8 name in the office indicated in subsection (c) (3) (B); and

9 (2) before the notification date, the secured party:

10 (A) did not receive a response to the request for
11 information; or

12 (B) received a response to the request for
13 information and sent a signed ~~an authenticated~~
14 notification of disposition to each secured party or
15 other lienholder named in that response whose
16 financing statement covered the collateral.

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

18 (810 ILCS 5/9-613)

19 Sec. 9-613. Contents and form of notification before
20 disposition of collateral: general.

21 (a) Contents and form of notification. Except in a
22 consumer-goods transaction, the following rules apply:

23 (1) The contents of a notification of disposition are
24 sufficient if the notification:

25 (A) describes the debtor and the secured party;

1 (B) describes the collateral that is the subject
2 of the intended disposition;

3 (C) states the method of intended disposition;

4 (D) states that the debtor is entitled to an
5 accounting of the unpaid indebtedness and states the
6 charge, if any, for an accounting; and

7 (E) states the time and place of a public
8 disposition or the time after which any other
9 disposition is to be made.

10 (2) Whether the contents of a notification that lacks
11 any of the information specified in paragraph (1) are
12 nevertheless sufficient is a question of fact.

13 (3) The contents of a notification providing
14 substantially the information specified in paragraph (1)
15 are sufficient, even if the notification is accompanied by
16 or combined other notification or includes:

17 (A) information not specified by that paragraph;
18 or

19 (B) minor errors that are not seriously
20 misleading.

21 (4) A particular phrasing of the notification is not
22 required.

23 (5) The following form of notification and the form
24 appearing in Section 9-614(a)(4) ~~9-614(4)~~, when completed
25 in accordance with the instructions in subsection (b) and
26 Section 9-614(b), each provides sufficient information:

1 NOTIFICATION OF DISPOSITION OF COLLATERAL

2 To: (Name of debtor, obligor, or other person to which the
3 notification is sent)

4 From: (Name, address, and telephone number of secured party)

5 {1} Name of any debtor that is not an addressee: (Name of
6 each debtor)

7 {2} We will sell (describe collateral) (to the highest
8 qualified bidder) at public sale. A sale could include a lease
9 or license. The sale will be held as follows:

10 (Date)

11 (Time)

12 (Place)

13 {3} We will sell (describe collateral) at private sale
14 sometime after (date). A sale could include a lease or
15 license.

16 {4} You are entitled to an accounting of the unpaid
17 indebtedness secured by the property that we intend to sell
18 or, as applicable, lease or license.

19 {5} If you request an accounting you must pay a charge of \$
20 (amount).

21 {6} You may request an accounting by calling us at
22 (telephone number).

23 [End of Form]

24 (b) Instructions for form of notification. The following
25 instructions apply to the form of notification in subsection

26 (a) (5):

1 (1) The instructions in this subsection refer to the
 2 numbers in braces before items in the form of notification
 3 in subsection (a) (5). Do not include the numbers or braces
 4 in the notification. The numbers and braces are used only
 5 for the purpose of these instructions.

6 (2) Include and complete item {1} only if there is a
 7 debtor that is not an addressee of the notification and
 8 list the name or names.

9 (3) Include and complete either item {2}, if the
 10 notification relates to a public disposition of the
 11 collateral, or item {3}, if the notification relates to a
 12 private disposition of the collateral. If item {2} is
 13 included, include the words "to the highest qualified
 14 bidder" only if applicable.

15 (4) Include and complete items {4} and {6}.

16 (5) Include and complete item {5} only if the sender
 17 will charge the recipient for an accounting.

18 ~~NOTIFICATION OF DISPOSITION OF COLLATERAL~~

19 ~~To: (Name of~~
 20 ~~debtor, obligor, or other person to which the notification~~
 21 ~~is sent)~~

22 ~~From: (Name,~~
 23 ~~address, and telephone number of secured party)~~

24 ~~Name of Debtor(s): (Include only~~
 25 ~~if debtor(s) are not an addressee)~~

1 ~~For a public disposition:~~
2 ~~We will sell or lease or license, as applicable, the~~
3 ~~..... (describe collateral) to the~~
4 ~~highest qualified bidder in public as follows:~~
5 ~~Day and Date:~~
6 ~~Time:~~
7 ~~Place:~~

8 ~~For a private disposition:~~
9 ~~We will sell (or lease or license, as applicable) the~~
10 ~~..... (describe collateral)~~
11 ~~privately sometime after (day and date).~~
12 ~~You are entitled to an accounting of the unpaid~~
13 ~~indebtedness secured by the property that we intend to~~
14 ~~sell or lease or license, as applicable for a charge of~~
15 ~~\$. You may request an accounting by~~
16 ~~calling us at (telephone number).~~

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

18 (810 ILCS 5/9-614)
19 Sec. 9-614. Contents and form of notification before
20 disposition of collateral: consumer-goods transaction.
21 (a) Contents and form of notification. In a consumer-goods
22 transaction, the following rules apply:
23 (1) A notification of disposition must provide the
24 following information:

1 (A) the information specified in Section
2 9-613(a)(1) ~~9-613(1)~~;

3 (B) a description of any liability for a
4 deficiency of the person to which the notification is
5 sent;

6 (C) a telephone number from which the amount that
7 must be paid to the secured party to redeem the
8 collateral under Section 9-623 is available; and

9 (D) a telephone number or mailing address from
10 which additional information concerning the
11 disposition and the obligation secured is available.

12 (2) A particular phrasing of the notification is not
13 required.

14 (3) The contents of a notification providing
15 substantially the information specified in paragraph (1)
16 are sufficient, even if the notification:

17 (A) is accompanied by or combined with other
18 notifications;

19 (B) includes information not specified by that
20 paragraph; or

21 (C) includes minor errors that are not seriously
22 misleading.

23 (4) The following form of notification, when completed
24 in accordance with the instructions in subsection (b),
25 provides sufficient information:

26 NOTICE OF OUR PLAN TO SELL PROPERTY

1 (Name and address of any obligor who is also a debtor)

2 Subject: (Identify transaction)

3 We have your (describe collateral), because you broke
4 promises in our agreement.

5 {1} We will sell (describe collateral) at public sale. A
6 sale could include a lease or license. The sale will be held as
7 follows:

8 (Date)

9 (Time)

10 (Place)

11 You may attend the sale and bring bidders if you want.

12 {2} We will sell (describe collateral) at private sale
13 sometime after (date). A sale could include a lease or
14 license.

15 {3} The money that we get from the sale, after paying our
16 costs, will reduce the amount you owe. If we get less money
17 than you owe, you (will or will not, as applicable) still owe
18 us the difference. If we get more money than you owe, you will
19 get the extra money, unless we must pay it to someone else.

20 {4} You can get the property back at any time before we
21 sell it by paying us the full amount you owe, not just the past
22 due payments, including our expenses. To learn the exact
23 amount you must pay, call us at (telephone number).

24 {5} If you want us to explain to you in (writing) (writing
25 or in (description of electronic record)) (description of
26 electronic record) how we have figured the amount that you owe

1 us, {6} call us at (telephone number) (or) (write us at
2 (secured party's address)) (or contact us by (description of
3 electronic communication method)) {7} and request (a written
4 explanation) (a written explanation or an explanation in
5 (description of electronic record)) (an explanation in
6 (description of electronic record)).

7 {8} We will charge you \$ (amount) for the explanation if we
8 sent you another written explanation of the amount you owe us
9 within the last six months.

10 {9} If you need more information about the sale (call us at
11 (telephone number)) (or) (write us at (secured party's
12 address)) (or contact us by (description of electronic
13 communication method)).

14 {10} We are sending this notice to the following other
15 people who have an interest in (describe collateral) or who
16 owe money under your agreement:

17 (Names of all other debtors and obligors, if any)

18 [End of Form]

19 (b) Instructions for form of notification. The following
20 instructions apply to the form of notification in subsection

21 (a) (3):

22 (1) The instructions in this subsection refer to the
23 numbers in braces before items in the form of notification
24 in subsection (a) (3). Do not include the numbers or braces
25 in the notification. The numbers and braces are used only
26 for the purpose of these instructions.

1 (2) Include and complete either item {1}, if the
2 notification relates to a public disposition of the
3 collateral, or item {2}, if the notification relates to a
4 private disposition of the collateral.

5 (3) Include and complete items {3}, {4}, {5}, {6}, and
6 {7}.

7 (4) In item {5}, include and complete any one of the
8 three alternative methods for the explanation-writing,
9 writing or electronic record, or electronic record.

10 (5) In item {6}, include the telephone number. In
11 addition, the sender may include and complete either or
12 both of the two additional alternative methods of
13 communication-writing or electronic communication-for the
14 recipient of the notification to communicate with the
15 sender. Neither of the two additional methods of
16 communication is required to be included.

17 (6) In item {7}, include and complete the method or
18 methods for the explanation-writing, writing or electronic
19 record, or electronic record-included in item {5}.

20 (7) Include and complete item {8} only if a written
21 explanation is included in item {5} as a method for
22 communicating the explanation and the sender will charge
23 the recipient for another written explanation.

24 (8) In item {9}, include either the telephone number
25 or the address or both the telephone number and the
26 address. In addition, the sender may include and complete

1 the additional method of communication-electronic
 2 communication-for the recipient of the notification to
 3 communicate with the sender. The additional method of
 4 electronic communication is not required to be included.

5 (9) If item {10} does not apply, insert "None" after
 6 "agreement:".

7 ~~..... (Name and address of secured party)~~

8 ~~..... (Date)~~

9 ~~NOTICE OF OUR PLAN TO SELL PROPERTY~~

10 ~~.....~~

11 ~~(Name and address of any obligor who is also a debtor)~~

12 ~~Subject:~~

13 ~~(Identification of Transaction)~~

14 ~~We have your (describe~~
 15 ~~collateral), because you broke promises in our agreement.~~

16 ~~For a public disposition:~~

17 ~~We will sell (describe~~
 18 ~~collateral) at public sale. A sale could include a lease~~
 19 ~~or license. The sale will be held as follows:~~

20 ~~Date:~~

21 ~~Time:~~

22 ~~Place:~~

23 ~~You may attend the sale and bring bidders if you want.~~

24 ~~For a private disposition:~~

1 ~~We will sell~~ (describe
2 ~~collateral) at private sale sometime after~~
3 ~~..... (date). A sale could include a lease~~
4 ~~or license.~~

5 ~~The money that we get from the sale (after paying our~~
6 ~~costs) will reduce the amount you owe. If we get less money~~
7 ~~than you owe, you (will or will not, as~~
8 ~~applicable) still owe us the difference. If we get more~~
9 ~~money than you owe, you will get the extra money, unless we~~
10 ~~must pay it to someone else.~~

11 ~~You can get the property back at any time before we~~
12 ~~sell it by paying us the full amount you owe (not just the~~
13 ~~past due payments), including our expenses. To learn the~~
14 ~~exact amount you must pay, call us at~~
15 ~~(telephone number).~~

16 ~~If you want us to explain to you in writing how we have~~
17 ~~figured the amount that you owe us, you may call us at~~
18 ~~..... (telephone number) or write us at~~
19 ~~..... (secured party's~~
20 ~~address) and request a written explanation. We will charge~~
21 ~~you \$ for the explanation if we sent you~~
22 ~~another written explanation of the amount you owe us~~
23 ~~within the last six months.~~

24 ~~If you need more information about the sale call us at~~
25 ~~..... (telephone number) or write us at~~
26 ~~..... (secured party's address).~~

1 ~~We are sending this notice to the following other~~
2 ~~people who have an interest~~
3 ~~(describe collateral) or who owe money under your~~
4 ~~agreement:~~

5 ~~.....~~

6 ~~(Names of all other debtors and obligors, if any)~~

7 ~~(5) A notification in the form of paragraph (4) is~~
8 ~~sufficient, even if it includes errors in information not~~
9 ~~required by paragraph (1).~~

10 ~~(6) If a notification under this Section is not in the~~
11 ~~form of paragraph (4), law other than this Article~~
12 ~~determines the effect of including information not~~
13 ~~required by paragraph (1).~~

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

15 (810 ILCS 5/9-615)

16 Sec. 9-615. Application of proceeds of disposition;
17 liability for deficiency and right to surplus.

18 (a) Application of proceeds. A secured party shall apply
19 or pay over for application the cash proceeds of disposition
20 in the following order to:

21 (1) the reasonable expenses of retaking, holding,
22 preparing for disposition, processing, and disposing, and,
23 to the extent provided for by agreement and not prohibited
24 by law, reasonable attorney's fees and legal expenses
25 incurred by the secured party;

1 (2) the satisfaction of obligations secured by the
2 security interest or agricultural lien under which the
3 disposition is made;

4 (3) the satisfaction of obligations secured by any
5 subordinate security interest in or other subordinate lien
6 on the collateral if:

7 (A) the secured party receives from the holder of
8 the subordinate security interest or other lien a
9 signed ~~an authenticated~~ demand for proceeds before
10 distribution of the proceeds is completed; and

11 (B) in a case in which a consignor has an interest
12 in the collateral, the subordinate security interest
13 or other lien is senior to the interest of the
14 consignor; and

15 (4) a secured party that is a consignor of the
16 collateral if the secured party receives from the
17 consignor a signed ~~an authenticated~~ demand for proceeds
18 before distribution of the proceeds is completed.

19 (b) Proof of subordinate interest. If requested by a
20 secured party, a holder of a subordinate security interest or
21 other lien shall furnish reasonable proof of the interest or
22 lien within a reasonable time. Unless the holder does so, the
23 secured party need not comply with the holder's demand under
24 subsection (a) (3).

25 (c) Application of noncash proceeds. A secured party need
26 not apply or pay over for application noncash proceeds of

1 disposition under this Section unless the failure to do so
2 would be commercially unreasonable. A secured party that
3 applies or pays over for application noncash proceeds shall do
4 so in a commercially reasonable manner.

5 (d) Surplus or deficiency if obligation secured. If the
6 security interest under which a disposition is made secures
7 payment or performance of an obligation, after making the
8 payments and applications required by subsection (a) and
9 permitted by subsection (c):

10 (1) unless subsection (a)(4) requires the secured
11 party to apply or pay over cash proceeds to a consignor,
12 the secured party shall account to and pay a debtor for any
13 surplus; and

14 (2) the obligor is liable for any deficiency.

15 (e) No surplus or deficiency in sales of certain rights to
16 payment. If the underlying transaction is a sale of accounts,
17 chattel paper, payment intangibles, or promissory notes:

18 (1) the debtor is not entitled to any surplus; and

19 (2) the obligor is not liable for any deficiency.

20 (f) Calculation of surplus or deficiency in disposition to
21 person related to secured party. The surplus or deficiency
22 following a disposition is calculated based on the amount of
23 proceeds that would have been realized in a disposition
24 complying with this Part and described in subsection (f)(2) of
25 this Section to a transferee other than the secured party, a
26 person related to the secured party, or a secondary obligor

1 if:

2 (1) the transferee in the disposition is the secured
3 party, a person related to the secured party, or a
4 secondary obligor; and

5 (2) the amount of proceeds of the disposition is
6 significantly below the range of proceeds that would have
7 been received from a complying disposition by a forced
8 sale without reserve to a willing buyer other than the
9 secured party, a person related to the secured party, or a
10 secondary obligor.

11 (g) Cash proceeds received by junior secured party. A
12 secured party that receives cash proceeds of a disposition in
13 good faith and without knowledge that the receipt violates the
14 rights of the holder of a security interest or other lien that
15 is not subordinate to the security interest or agricultural
16 lien under which the disposition is made:

17 (1) takes the cash proceeds free of the security
18 interest or other lien;

19 (2) is not obligated to apply the proceeds of the
20 disposition to the satisfaction of obligations secured by
21 the security interest or other lien; and

22 (3) is not obligated to account to or pay the holder of
23 the security interest or other lien for any surplus.

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

25 (810 ILCS 5/9-616)

1 Sec. 9-616. Explanation of calculation of surplus or
2 deficiency.

3 (a) Definitions. In this Section:

4 (1) "Explanation" means a record ~~writing~~ that:

5 (A) states whether a surplus or deficiency is owed
6 and the amount of the surplus, if applicable;

7 (B) states, if applicable, that future debits,
8 credits, charges, including additional credit service
9 charges or interest, rebates, and expenses may affect
10 the amount of the surplus or deficiency;

11 (C) provides a telephone number or mailing address
12 from which the debtor or consumer obligor may obtain
13 additional information concerning the transaction and
14 from which such person may request the amount of the
15 deficiency and further information regarding how the
16 secured party calculated the surplus or deficiency;
17 and

18 (D) at the sender's option, the information set
19 forth in subsection (c).

20 (2) "Request" means a record:

21 (A) signed ~~authenticated~~ by a debtor or consumer
22 obligor;

23 (B) requesting that the recipient provide
24 information of how it calculated the surplus or
25 deficiency; and

26 (C) sent after disposition of the collateral under

1 Section 9-610.

2 (b) Explanation of calculation. In a consumer-goods
3 transaction in which the debtor is entitled to a surplus or a
4 consumer obligor is liable for a deficiency under Section
5 9-615, the secured party shall:

6 (1) send an explanation to the debtor or consumer
7 obligor, as applicable, after the disposition and:

8 (A) before or when the secured party accounts to
9 the debtor and pays any surplus or first makes ~~written~~
10 demand in a record on the consumer obligor after the
11 disposition for payment of the deficiency, other than
12 in instances in which such demand is made by a
13 third-party debt collector covered by the Fair Debt
14 Collection Practices Act; and

15 (B) within 14 days after receipt of a request made
16 by the debtor or consumer obligor within one year
17 after the secured party has given an explanation under
18 this Section or notice to such debtor or consumer
19 obligor under Section 9-614 of this Article; or

20 (2) in the case of a consumer obligor who is liable for
21 a deficiency, within 14 days after receipt of a request,
22 send to the consumer obligor a record waiving the secured
23 party's right to a deficiency.

24 (c) Required information ~~for response to request~~. To
25 comply with subsection (a) (1) (B) ~~a request~~, an explanation ~~the~~
26 ~~secured party~~ must provide ~~a response in writing which~~

1 ~~includes~~ the following information in the following order:

2 (1) the aggregate amount of obligations secured by the
3 security interest under which the disposition was made,
4 and, if the amount reflects a rebate of unearned interest
5 or credit service charge, an indication of that fact,
6 calculated as of a specified date:

7 (A) if the secured party takes or receives
8 possession of the collateral after default, not more
9 than 35 days before the secured party takes or
10 receives possession; or

11 (B) if the secured party takes or receives
12 possession of the collateral before default or does
13 not take possession of the collateral, not more than
14 35 days before the disposition;

15 (2) the amount of proceeds of the disposition;

16 (3) the aggregate amount of the obligations after
17 deducting the amount of proceeds;

18 (4) the amount, in the aggregate or by type, and types
19 of expenses, including expenses of retaking, holding,
20 preparing for disposition, processing, and disposing of
21 the collateral, and attorney's fees secured by the
22 collateral which are known to the secured party and relate
23 to the current disposition;

24 (5) the amount, in the aggregate or by type, and types
25 of credits, including rebates of interest or credit
26 service charges, to which the obligor is known to be

1 entitled and which are not reflected in the amount in
2 paragraph (1); and

3 (6) the amount of the surplus or deficiency.

4 (d) Substantial compliance. A particular phrasing of the
5 explanation or response to a request is not required. An
6 explanation or a response to a request complying substantially
7 with the requirements of this Section is sufficient even if it
8 is:

9 (1) accompanied by or combined with other
10 notifications;

11 (2) includes information not specified by this
12 Section;

13 (3) includes minor errors that are not seriously
14 misleading; or

15 (4) includes errors in information not required by
16 this Section.

17 (e) Charges for responses. A debtor or consumer obligor is
18 entitled without charge to one response to a request under
19 this Section during any six-month period in which the secured
20 party did not send to the debtor or consumer obligor an
21 explanation pursuant to subsection (b)(1). The secured party
22 may require payment of a charge not exceeding \$25 for each
23 additional response.

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

25 (810 ILCS 5/9-619)

1 Sec. 9-619. Transfer of record or legal title.

2 (a) "Transfer statement".^u In this Section, "transfer
3 statement" means a record signed ~~authenticated~~ by a secured
4 party stating:

5 (1) that the debtor has defaulted in connection with
6 an obligation secured by specified collateral;

7 (2) that the secured party has exercised its
8 post-default remedies with respect to the collateral;

9 (3) that, by reason of the exercise, a transferee has
10 acquired the rights of the debtor in the collateral; and

11 (4) the name and mailing address of the secured party,
12 debtor, and transferee.

13 (b) Effect of transfer statement. A transfer statement
14 entitles the transferee to the transfer of record of all
15 rights of the debtor in the collateral specified in the
16 statement in any official filing, recording, registration, or
17 certificate-of-title system covering the collateral. If a
18 transfer statement is presented with the applicable fee and
19 request form to the official or office responsible for
20 maintaining the system, the official or office shall:

21 (1) accept the transfer statement;

22 (2) promptly amend its records to reflect the
23 transfer; and

24 (3) if applicable, issue a new appropriate certificate
25 of title in the name of the transferee.

26 (c) Transfer not a disposition; no relief of secured

1 party's duties. A transfer of the record or legal title to
2 collateral to a secured party under subsection (b) or
3 otherwise is not of itself a disposition of collateral under
4 this Article and does not of itself relieve the secured party
5 of its duties under this Article.

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

7 (810 ILCS 5/9-620)

8 Sec. 9-620. Acceptance of collateral in full or partial
9 satisfaction of obligation; compulsory disposition of
10 collateral.

11 (a) Conditions to acceptance in satisfaction. Except as
12 otherwise provided in subsection (g), a secured party may
13 accept collateral in full or partial satisfaction of the
14 obligation it secures only if:

15 (1) the debtor consents to the acceptance under
16 subsection (c);

17 (2) the secured party does not receive, within the
18 time set forth in subsection (d), a notification of
19 objection to the proposal signed ~~authenticated~~ by:

20 (A) a person to which the secured party was
21 required to send a proposal under Section 9-621; or

22 (B) any other person, other than the debtor,
23 holding an interest in the collateral subordinate to
24 the security interest that is the subject of the
25 proposal;

1 (3) if the collateral is consumer goods, the
2 collateral is not in the possession of the debtor when the
3 debtor consents to the acceptance; and

4 (4) subsection (e) does not require the secured party
5 to dispose of the collateral or the debtor waives the
6 requirement pursuant to Section 9-624.

7 (b) Purported acceptance ineffective. A purported or
8 apparent acceptance of collateral under this Section is
9 ineffective unless:

10 (1) the secured party consents to the acceptance in a
11 signed ~~an authenticated~~ record or sends a proposal to the
12 debtor; and

13 (2) the conditions of subsection (a) are met.

14 (c) Debtor's consent. For purposes of this Section:

15 (1) a debtor consents to an acceptance of collateral
16 in partial satisfaction of the obligation it secures only
17 if the debtor agrees to the terms of the acceptance in a
18 record signed ~~authenticated~~ after default; and

19 (2) a debtor consents to an acceptance of collateral
20 in full satisfaction of the obligation it secures only if
21 the debtor agrees to the terms of the acceptance in a
22 record signed ~~authenticated~~ after default or the secured
23 party:

24 (A) sends to the debtor after default a proposal
25 that is unconditional or subject only to a condition
26 that collateral not in the possession of the secured

1 party be preserved or maintained;

2 (B) in the proposal, proposes to accept collateral
3 in full satisfaction of the obligation it secures; and

4 (C) does not receive a notification of objection
5 signed ~~authenticated~~ by the debtor within 20 days
6 after the proposal is sent.

7 (d) Effectiveness of notification. To be effective under
8 subsection (a)(2), a notification of objection must be
9 received by the secured party:

10 (1) in the case of a person to which the proposal was
11 sent pursuant to Section 9-621, within 20 days after
12 notification was sent to that person; and

13 (2) in other cases:

14 (A) within 20 days after the last notification was
15 sent pursuant to Section 9-621; or

16 (B) if a notification was not sent, before the
17 debtor consents to the acceptance under subsection
18 (c).

19 (e) Mandatory disposition of consumer goods. A secured
20 party that has taken possession of collateral shall dispose of
21 the collateral pursuant to Section 9-610 within the time
22 specified in subsection (f) if:

23 (1) 60 percent of the cash price has been paid in the
24 case of a purchase-money security interest in consumer
25 goods; or

26 (2) 60 percent of the principal amount of the

1 obligation secured has been paid in the case of a
2 non-purchase-money security interest in consumer goods.

3 (f) Compliance with mandatory disposition requirement. To
4 comply with subsection (e), the secured party shall dispose of
5 the collateral:

6 (1) within 90 days after taking possession; or

7 (2) within any longer period to which the debtor and
8 all secondary obligors have agreed in an agreement to that
9 effect entered into and signed ~~authenticated~~ after
10 default.

11 (g) No partial satisfaction in consumer transaction. In a
12 consumer transaction, a secured party may not accept
13 collateral in partial satisfaction of the obligation it
14 secures.

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

16 (810 ILCS 5/9-621)

17 Sec. 9-621. Notification of proposal to accept collateral.

18 (a) Persons to which proposal to be sent. A secured party
19 that desires to accept collateral in full or partial
20 satisfaction of the obligation it secures shall send its
21 proposal to:

22 (1) any person from which the secured party has
23 received, before the debtor consented to the acceptance, a
24 signed ~~an authenticated~~ notification of a claim of an
25 interest in the collateral;

1 (2) any other secured party or lienholder that, 10
2 days before the debtor consented to the acceptance, held a
3 security interest in or other lien on the collateral
4 perfected by the filing of a financing statement that:

5 (A) identified the collateral;

6 (B) was indexed under the debtor's name as of that
7 date; and

8 (C) was filed in the office or offices in which to
9 file a financing statement against the debtor covering
10 the collateral as of that date; and

11 (3) any other secured party that, 10 days before the
12 debtor consented to the acceptance, held a security
13 interest in the collateral perfected by compliance with a
14 statute, regulation, or treaty described in Section
15 9-311(a).

16 (b) Proposal to be sent to secondary obligor in partial
17 satisfaction. A secured party that desires to accept
18 collateral in partial satisfaction of the obligation it
19 secures shall send its proposal to any secondary obligor in
20 addition to the persons described in subsection (a).

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

22 (810 ILCS 5/9-624)

23 Sec. 9-624. Waiver.

24 (a) Waiver of disposition notification. A debtor or
25 secondary obligor may waive the right to notification of

1 disposition of collateral under Section 9-611 only by an
2 agreement to that effect entered into and signed ~~authenticated~~
3 after default.

4 (b) Waiver of mandatory disposition. A debtor may waive
5 the right to require disposition of collateral under Section
6 9-620(e) only by an agreement to that effect entered into and
7 signed ~~authenticated~~ after default.

8 (c) Waiver of redemption right. A debtor or secondary
9 obligor may waive the right to redeem collateral under Section
10 9-623 only by an agreement to that effect entered into and
11 signed ~~authenticated~~ after default.

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

13 (810 ILCS 5/9-628)

14 Sec. 9-628. Nonliability and limitation on liability of
15 secured party; liability of secondary obligor.

16 (a) Limitation of liability to debtor or obligor. Subject
17 to subsection (f), unless ~~Unless~~ a secured party knows that a
18 person is a debtor or obligor, knows the identity of the
19 person, and knows how to communicate with the person:

20 (1) the secured party is not liable to the person, or
21 to a secured party or lienholder that has filed a
22 financing statement against the person, for failure to
23 comply with this Article; and

24 (2) the secured party's failure to comply with this
25 Article does not affect the liability of the person for a

1 deficiency.

2 (b) Limitation of liability to debtor, obligor, another
3 secured party, or lienholder. Subject to subsection (f), a ~~A~~
4 secured party is not liable because of its status as secured
5 party:

6 (1) to a person that is a debtor or obligor, unless the
7 secured party knows:

8 (A) that the person is a debtor or obligor;

9 (B) the identity of the person; and

10 (C) how to communicate with the person; or

11 (2) to a secured party or lienholder that has filed a
12 financing statement against a person, unless the secured
13 party knows:

14 (A) that the person is a debtor; and

15 (B) the identity of the person.

16 (c) Limitation of liability if reasonable belief that
17 transaction not a consumer-goods transaction or consumer
18 transaction. A secured party is not liable to any person, and a
19 person's liability for a deficiency is not affected, because
20 of any act or omission arising out of the secured party's
21 reasonable belief that a transaction is not a consumer-goods
22 transaction or a consumer transaction or that goods are not
23 consumer goods, if the secured party's belief is based on its
24 reasonable reliance on:

25 (1) a debtor's representation concerning the purpose
26 for which collateral was to be used, acquired, or held; or

1 (2) an obligor's representation concerning the purpose
2 for which a secured obligation was incurred.

3 (d) Limitation of liability for statutory damages. A
4 secured party is not liable to any person under Section
5 9-625(c) (2) for its failure to comply with Section 9-616.

6 (e) Limitation of multiple liability for statutory
7 damages. A secured party is not liable under Section
8 9-625(c) (2) more than once with respect to any one secured
9 obligation.

10 (f) Exception: Limitation of liability under subsections
11 (a) and (b) does not apply. Subsections (a) and (b) do not
12 apply to limit the liability of a secured party to a person if,
13 at the time the secured party obtains control of collateral
14 that is a controllable account, controllable electronic
15 record, or controllable payment intangible or at the time the
16 security interest attaches to the collateral, whichever is
17 later:

18 (1) the person is a debtor or obligor; and

19 (2) the secured party knows that the information in
20 subsection (b) (1) (A), (B), or (C) relating to the person
21 is not provided by the collateral, a record attached to or
22 logically associated with the collateral, or the system in
23 which the collateral is recorded.

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

25 (810 ILCS 5/Art. 11A heading)

ARTICLE 11A ~~12~~

EFFECTIVE DATE AND TRANSITION

AMENDATORY ACT OF 1987

(810 ILCS 5/11A-101)

Sec. 11A-101 ~~12-101~~. Effective Date. This amendatory Act of 1987 shall take effect on January 1, 1988.

(Source: P.A. 85-997.)

(810 ILCS 5/11A-102)

Sec. 11A-102 ~~12-102~~. Transition to Amendatory Act of 1987.

(1) Transactions validly entered into after July 1, 1962 and before January 1, 1988 and which were subject to the provisions of the "Uniform Commercial Code", approved July 31, 1961, as amended, and which would be subject to this amendatory Act of 1987 if they had been entered into after December 31, 1987 and the rights, duties and interest flowing from such transactions remain valid after the latter date, and may be terminated, completed, consummated or enforced as required or permitted by this amendatory Act of 1987. Security interests arising out of such transactions which are perfected when this amendatory Act of 1987 becomes effective shall remain perfected until they lapse as provided in this amendatory Act of 1987, and may be continued as permitted by this amendatory Act of 1987.

(2) The persons shown on the books of the issuer as the

1 holders of uncertificated securities outstanding when this
2 amendatory Act of 1987 becomes effective shall be deemed to be
3 the registered owners thereof. Prior to the 90th day after
4 this amendatory Act of 1987 takes effect, the issuer of any
5 uncertificated security outstanding when this amendatory Act
6 of 1987 takes effect shall send to the registered owner a
7 written statement containing:

8 (a) A description of the issue of which the uncertificated
9 security is a part;

10 (b) The number of shares or other units owned by the
11 registered owner;

12 (c) The name and address and (if known to the issuer) any
13 taxpayer identification number of the registered owner;

14 (d) A notation of any liens or restrictions of the issuer
15 and any adverse claims (as to which the issuer has a duty under
16 Section 8-403(4)) to which the uncertificated security is or
17 may be subject at the time when the statement is prepared or a
18 statement that there are no such liens, restrictions or
19 adverse claims; and

20 (e) The date the statement was prepared.

21 Statements sent pursuant to this subsection shall be
22 signed by or on behalf of the issuer; shall be identified as
23 "initial transaction statement"; and shall be deemed to be
24 initial transaction statements for the purposes of Article 8
25 as amended by this amendatory Act of 1987.

26 (3) If a security interest in an uncertificated security

1 outstanding prior to January 1, 1988, is perfected or has
2 priority as to all persons or as to certain persons when this
3 amendatory Act of 1987 takes effect by virtue of the previous
4 filing of a financing statement, and if other acts would be
5 required for the perfection or priority of the security
6 interest against those persons under this amendatory Act of
7 1987, the perfection and priority rights of the security
8 interest shall continue and shall lapse on the date provided
9 by the "Uniform Commercial Code", approved July 31, 1961, as
10 amended prior to this amendatory Act of 1987, (whether or not a
11 continuation statement is filed with respect to such security
12 interest) unless the security interest is perfected in
13 accordance with this amendatory Act of 1987.

14 (4) If an issuer's lien or restriction on an
15 uncertificated security outstanding prior to January 1, 1988,
16 or a term of such a security is valid and effective against all
17 persons or against certain persons when this amendatory Act of
18 1987 takes effect, and if the notation of such lien,
19 restriction or term on an initial transaction statement would
20 be required for its validity or effectiveness against those
21 persons under this amendatory Act of 1987, such lien,
22 restriction or term shall remain valid and effective until the
23 earlier of (i) the time when an initial transaction statement
24 is sent by the issuer to the registered owner (after which the
25 validity and effectiveness of the lien, restriction or term
26 shall be governed by this amendatory Act of 1987), or (ii) 3

1 years from the effective date of this amendatory Act of 1987.
2 If an initial transaction statement regarding an
3 uncertificated security outstanding on the effective date of
4 this amendatory Act of 1987 is not sent to the registered owner
5 thereof within 3 years after that date, any issuer's lien
6 required to be noted thereon shall cease to be valid, and any
7 restriction or term required to be noted thereon shall cease
8 to be effective except as to those persons against whom an
9 unnoted restriction or term would be effective under Article 8
10 as amended by this amendatory Act of 1987.
11 (Source: P.A. 85-997.)

12 (810 ILCS 5/Art. 12 heading new)

13 ARTICLE 12

14 CONTROLLABLE ELECTRONIC RECORDS

15 (810 ILCS 5/12-101 new)

16 Sec. 12-101. Title. This Article may be cited as Uniform
17 Commercial Code--Controllable Electronic Records.

18 (810 ILCS 5/12-102 new)

19 Sec. 12-102. Definitions.

20 (a) In this Article:

21 (1) "Controllable electronic record" means a record
22 stored in an electronic medium that can be subjected to
23 control under Section 12-105. The term does not include a

1 controllable account, a controllable payment intangible, a
2 deposit account, an electronic copy of a record evidencing
3 chattel paper, an electronic document of title, electronic
4 money, investment property, or a transferable record.

5 (2) "Qualifying purchaser" means a purchaser of a
6 controllable electronic record or an interest in a
7 controllable electronic record that obtains control of the
8 controllable electronic record for value, in good faith,
9 and without notice of a claim of a property right in the
10 controllable electronic record.

11 (3) "Transferable record" has the meaning provided for
12 that term in:

13 (A) Section 201(a)(1) of the Electronic Signatures
14 in Global and National Commerce Act, 15 U.S.C. Section
15 7021(a)(1), as amended; or

16 (B) Section 16(a) of the Uniform Electronic
17 Transactions Act.

18 (4) "Value" has the meaning provided in Section
19 3-303(a), as if references in that subsection to an
20 "instrument" were references to a controllable account,
21 controllable electronic record, or controllable payment
22 intangible.

23 (b) Definitions in Article 9. The definitions in Article 9
24 of "account debtor", "controllable account", "controllable
25 payment intangible", "chattel paper", "deposit account",
26 "electronic money", and "investment property" apply to this

1 Article.

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

5 (810 ILCS 5/12-103 new)

6 Sec. 12-103. Relation to Article 9 and consumer laws.

7 (a) Article 9 governs in case of conflict. If there is
8 conflict between this Article and Article 9, Article 9
9 governs.

10 (b) Applicable consumer law and other laws. A transaction
11 subject to this Article is subject to any applicable rule of
12 law that establishes a different rule for consumers and the
13 Consumer Installment Loan Act, the Predatory Loan Prevention
14 Act, and the Consumer Fraud and Deceptive Business Practices
15 Act.

16 (810 ILCS 5/12-104 new)

17 Sec. 12-104. Rights in controllable account, controllable
18 electronic record, and controllable payment intangible.

19 (a) Applicability of Section to controllable account and
20 controllable payment intangible. This Section applies to the
21 acquisition and purchase of rights in a controllable account
22 or controllable payment intangible, including the rights and
23 benefits under subsections (c), (d), (e), (g), and (h) of a
24 purchaser and qualifying purchaser, in the same manner this

1 Section applies to a controllable electronic record.

2 (b) Control of controllable account and controllable
3 payment intangible. To determine whether a purchaser of a
4 controllable account or a controllable payment intangible is a
5 qualifying purchaser, the purchaser obtains control of the
6 account or payment intangible if it obtains control of the
7 controllable electronic record that evidences the account or
8 payment intangible.

9 (c) Applicability of other law to acquisition of rights.
10 Except as provided in this Section, law other than this
11 Article determines whether a person acquires a right in a
12 controllable electronic record and the right the person
13 acquires.

14 (d) Shelter principle and purchase of limited interest. A
15 purchaser of a controllable electronic record acquires all
16 rights in the controllable electronic record that the
17 transferor had or had power to transfer, except that a
18 purchaser of a limited interest in a controllable electronic
19 record acquires rights only to the extent of the interest
20 purchased.

21 (e) Rights of qualifying purchaser. A qualifying purchaser
22 acquires its rights in the controllable electronic record free
23 of a claim of a property right in the controllable electronic
24 record.

25 (f) Limitation of rights of qualifying purchaser in other
26 property. Except as provided in subsections (a) and (e) for a

1 controllable account and a controllable payment intangible or
2 law other than this Article, a qualifying purchaser takes a
3 right to payment, right to performance, or other interest in
4 property evidenced by the controllable electronic record
5 subject to a claim of a property right in the right to payment,
6 right to performance, or other interest in property.

7 (g) No-action protection for qualifying purchaser. An
8 action may not be asserted against a qualifying purchaser
9 based on both a purchase by the qualifying purchaser of a
10 controllable electronic record and a claim of a property right
11 in another controllable electronic record, whether the action
12 is framed in conversion, replevin, constructive trust,
13 equitable lien, or other theory.

14 (h) Filing not notice. Filing of a financing statement
15 under Article 9 is not notice of a claim of a property right in
16 a controllable electronic record.

17 (810 ILCS 5/12-105 new)

18 Sec. 12-105. Control of controllable electronic record.

19 (a) General rule: control of controllable electronic
20 record. A person has control of a controllable electronic
21 record if the electronic record, a record attached to or
22 logically associated with the electronic record, or a system
23 in which the electronic record is recorded:

24 (1) gives the person:

25 (A) power to avail itself of substantially all the

1 benefit from the electronic record; and

2 (B) exclusive power, subject to subsection (b),

3 to:

4 (i) prevent others from availing themselves of
5 substantially all the benefit from the electronic
6 record; and

7 (ii) transfer control of the electronic record
8 to another person or cause another person to
9 obtain control of another controllable electronic
10 record as a result of the transfer of the
11 electronic record; and

12 (2) enables the person readily to identify itself in
13 any way, including by name, identifying number,
14 cryptographic key, office, or account number, as having
15 the powers specified in paragraph (1).

16 (b) Meaning of exclusive. Subject to subsection (c), a
17 power is exclusive under subsection (a)(1)(B)(i) and (ii) even
18 if:

19 (1) the controllable electronic record, a record
20 attached to or logically associated with the electronic
21 record, or a system in which the electronic record is
22 recorded limits the use of the electronic record or has a
23 protocol programmed to cause a change, including a
24 transfer or loss of control or a modification of benefits
25 afforded by the electronic record; or

26 (2) the power is shared with another person.

1 (c) When power not shared with another person. A power of a
2 person is not shared with another person under subsection
3 (b) (2) and the person's power is not exclusive if:

4 (1) the person can exercise the power only if the
5 power also is exercised by the other person; and

6 (2) the other person:

7 (A) can exercise the power without exercise of the
8 power by the person; or

9 (B) is the transferor to the person of an interest
10 in the controllable electronic record or a
11 controllable account or controllable payment
12 intangible evidenced by the controllable electronic
13 record.

14 (d) Presumption of exclusivity of certain powers. If a
15 person has the powers specified in subsection (a) (1) (B) (i) and
16 (ii), the powers are presumed to be exclusive.

17 (e) Control through another person. A person has control
18 of a controllable electronic record if another person, other
19 than the transferor to the person of an interest in the
20 controllable electronic record or a controllable account or
21 controllable payment intangible evidenced by the controllable
22 electronic record:

23 (1) has control of the electronic record and
24 acknowledges that it has control on behalf of the person;

25 or

26 (2) obtains control of the electronic record after

1 having acknowledged that it will obtain control of the
2 electronic record on behalf of the person.

3 (f) No requirement to acknowledge. A person that has
4 control under this Section is not required to acknowledge that
5 it has control on behalf of another person.

6 (g) No duties or confirmation. If a person acknowledges
7 that it has or will obtain control on behalf of another person,
8 unless the person otherwise agrees or law other than this
9 Article or Article 9 otherwise provides, the person does not
10 owe any duty to the other person and is not required to confirm
11 the acknowledgment to any other person.

12 (810 ILCS 5/12-106 new)

13 Sec. 12-106. Discharge of account debtor on controllable
14 account or controllable payment intangible.

15 (a) Discharge of account debtor. An account debtor on a
16 controllable account or controllable payment intangible may
17 discharge its obligation by paying:

18 (1) the person having control of the controllable
19 electronic record that evidences the controllable account
20 or controllable payment intangible; or

21 (2) except as provided in subsection (b), a person
22 that formerly had control of the controllable electronic
23 record.

24 (b) Content and effect of notification. Subject to
25 subsection (d), the account debtor may not discharge its

1 obligation by paying a person that formerly had control of the
2 controllable electronic record if the account debtor receives
3 a notification that:

4 (1) is signed by a person that formerly had control or
5 the person to which control was transferred;

6 (2) reasonably identifies the controllable account or
7 controllable payment intangible;

8 (3) notifies the account debtor that control of the
9 controllable electronic record that evidences the
10 controllable account or controllable payment intangible
11 was transferred;

12 (4) identifies the transferee, in any reasonable way,
13 including by name, identifying number, cryptographic key,
14 office, or account number; and

15 (5) provides a commercially reasonable method by which
16 the account debtor is to pay the transferee.

17 (c) Discharge following effective notification. After
18 receipt of a notification that complies with subsection (b),
19 the account debtor may discharge its obligation by paying in
20 accordance with the notification and may not discharge the
21 obligation by paying a person that formerly had control.

22 (d) When notification ineffective. Subject to subsection
23 (h), notification is ineffective under subsection (b):

24 (1) unless, before the notification is sent, the
25 account debtor and the person that, at that time, had
26 control of the controllable electronic record that

1 evidences the controllable account or controllable payment
2 intangible agree in a signed record to a commercially
3 reasonable method by which a person may furnish reasonable
4 proof that control has been transferred;

5 (2) to the extent an agreement between the account
6 debtor and seller of a payment intangible limits the
7 account debtor's duty to pay a person other than the
8 seller and the limitation is effective under law other
9 than this Article; or

10 (3) at the option of the account debtor, if the
11 notification notifies the account debtor to:

12 (A) divide a payment;

13 (B) make less than the full amount of an
14 installment or other periodic payment; or

15 (C) pay any part of a payment by more than one
16 method or to more than one person.

17 (e) Proof of transfer of control. Subject to subsection
18 (h), if requested by the account debtor, the person giving the
19 notification under subsection (b) seasonably shall furnish
20 reasonable proof, using the method in the agreement referred
21 to in subsection (d)(1), that control of the controllable
22 electronic record has been transferred. Unless the person
23 complies with the request, the account debtor may discharge
24 its obligation by paying a person that formerly had control,
25 even if the account debtor has received a notification under
26 subsection (b).

1 (f) What constitutes reasonable proof. A person furnishes
2 reasonable proof under subsection (e) that control has been
3 transferred if the person demonstrates, using the method in
4 the agreement referred to in subsection (d)(1), that the
5 transferee has the power to:

6 (1) avail itself of substantially all the benefit from
7 the controllable electronic record;

8 (2) prevent others from availing themselves of
9 substantially all the benefit from the controllable
10 electronic record; and

11 (3) transfer the powers specified in paragraphs (1)
12 and (2) to another person.

13 (g) Rights not waivable. Subject to subsection (h), an
14 account debtor may not waive or vary its rights under
15 subsections (d)(1) and (e) or its option under subsection
16 (d)(3).

17 (h) Rule for individual under other law. This Section is
18 subject to law other than this Article that establishes a
19 different rule for an account debtor who is an individual and
20 who incurred the obligation primarily for personal, family, or
21 household purposes.

22 (810 ILCS 5/12-107 new)

23 Sec. 12-107. Governing law.

24 (a) Governing law: general rule. Except as provided in
25 subsection (b), the local law of a controllable electronic

1 record's jurisdiction governs a matter covered by this
2 Article.

3 (b) Governing law: Section 12-106. For a controllable
4 electronic record that evidences a controllable account or
5 controllable payment intangible, the local law of the
6 controllable electronic record's jurisdiction governs a matter
7 covered by Section 12-106 unless an effective agreement
8 determines that the local law of another jurisdiction governs.

9 (c) Controllable electronic record's jurisdiction. The
10 following rules determine a controllable electronic record's
11 jurisdiction under this Section:

12 (1) If the controllable electronic record, or a record
13 attached to or logically associated with the controllable
14 electronic record and readily available for review,
15 expressly provides that a particular jurisdiction is the
16 controllable electronic record's jurisdiction for purposes
17 of this Article or the Uniform Commercial Code, that
18 jurisdiction is the controllable electronic record's
19 jurisdiction.

20 (2) If paragraph (1) does not apply and the rules of
21 the system in which the controllable electronic record is
22 recorded are readily available for review and expressly
23 provide that a particular jurisdiction is the controllable
24 electronic record's jurisdiction for purposes of this
25 Article or the Uniform Commercial Code, that jurisdiction
26 is the controllable electronic record's jurisdiction.

1 (3) If paragraphs (1) and (2) do not apply and the
2 controllable electronic record, or a record attached to or
3 logically associated with the controllable electronic
4 record and readily available for review, expressly
5 provides that the controllable electronic record is
6 governed by the law of a particular jurisdiction, that
7 jurisdiction is the controllable electronic record's
8 jurisdiction.

9 (4) If paragraphs (1), (2), and (3) do not apply and
10 the rules of the system in which the controllable
11 electronic record is recorded are readily available for
12 review and expressly provide that the controllable
13 electronic record or the system is governed by the law of a
14 particular jurisdiction, that jurisdiction is the
15 controllable electronic record's jurisdiction.

16 (5) If paragraphs (1) through (4) do not apply, the
17 controllable electronic record's jurisdiction is the
18 District of Columbia.

19 (d) Applicability of Article 12. If subsection (c)(5)
20 applies and Article 12 is not in effect in the District of
21 Columbia without material modification, the governing law for
22 a matter covered by this Article is the law of the District of
23 Columbia as though Article 12 were in effect in the District of
24 Columbia without material modification. In this subsection,
25 "Article 12" means Article 12 of Uniform Commercial Code
26 Amendments (2022).

1 (e) Relation of matter or transaction to controllable
2 electronic record's jurisdiction not necessary. To the extent
3 subsections (a) and (b) provide that the local law of the
4 controllable electronic record's jurisdiction governs a matter
5 covered by this Article, that law governs even if the matter or
6 a transaction to which the matter relates does not bear any
7 relation to the controllable electronic record's jurisdiction.

8 (f) Rights of purchasers determined at time of purchase.
9 The rights acquired under Section 12-104 by a purchaser or
10 qualifying purchaser are governed by the law applicable under
11 this Section at the time of purchase.

12 (810 ILCS 5/Art. 12A heading new)

13 ARTICLE 12A

14 TRANSITIONAL PROVISIONS FOR UNIFORM COMMERCIAL

15 CODE AMENDMENTS OF THE 103RD GENERAL ASSEMBLY

16 (810 ILCS 5/Art. 12A Pt. 1 heading new)

17 PART 1

18 GENERAL PROVISIONS AND DEFINITIONS

19 (810 ILCS 5/12A-101 new)

20 Sec. 12A-101. Title. This Article may be cited as
21 Transitional Provisions for Uniform Commercial Code Amendments
22 of the 103rd General Assembly.

1 (810 ILCS 5/12A-102 new)

2 Sec. 12A-102. Definitions.

3 (a) In this Article:

4 (1) "Adjustment date" means July 1, 2025, or the date
5 that is one year after the effective date of this
6 amendatory Act of the 103rd General Assembly, whichever is
7 later.

8 (2) "Article 12" means Article 12 of the Uniform
9 Commercial Code.

10 (3) "Article 12 property" means a controllable
11 account, controllable electronic record, or controllable
12 payment intangible.

13 (b) Definitions in other Articles. The following
14 definitions in other Articles of the Uniform Commercial Code
15 apply to this Article.

16 "Controllable account". Section 9-102.

17 "Controllable electronic record". Section 12-102.

18 "Controllable payment intangible". Section 9-102.

19 "Electronic money". Section 9-102.

20 "Financing statement". Section 9-102.

21 (c) Article 1 definitions and principles. Article 1
22 contains general definitions and principles of construction
23 and interpretation applicable throughout this Article.

24 (810 ILCS 5/Art. 12A Pt. 2 heading new)

25 PART 2

1 GENERAL TRANSITIONAL PROVISION

2 (810 ILCS 5/12A-201 new)

3 Sec. 12A-201. Saving clause. Except as provided in Part 3,
4 a transaction validly entered into before the effective date
5 of this amendatory Act of the 103rd General Assembly and the
6 rights, duties, and interests flowing from the transaction
7 remain valid thereafter and may be terminated, completed,
8 consummated, or enforced as required or permitted by law other
9 than the Uniform Commercial Code or, if applicable, the
10 Uniform Commercial Code, as though this amendatory Act of the
11 103rd General Assembly had not taken effect.

12 (810 ILCS 5/Art. 12A Pt. 3 heading new)

13 PART 3

14 TRANSITIONAL PROVISIONS FOR ARTICLES 9 AND 12

15 (810 ILCS 5/12A-301 new)

16 Sec. 12A-301. Saving clause.

17 (a) Pre-effective-date transaction, lien, or interest.
18 Except as provided in this Part, Article 9 as amended by this
19 amendatory Act of the 103rd General Assembly and Article 12
20 apply to a transaction, lien, or other interest in property,
21 even if the transaction, lien, or interest was entered into,
22 created, or acquired before the effective date of this
23 amendatory Act of the 103rd General Assembly.

1 (b) Continuing validity. Except as provided in subsection
2 (c) and Sections 12A-302 through 12A-306:

3 (1) a transaction, lien, or interest in property that
4 was validly entered into, created, or transferred before
5 the effective date of this amendatory Act of the 103rd
6 General Assembly and was not governed by the Uniform
7 Commercial Code, but would be subject to Article 9 as
8 amended by this amendatory Act of the 103rd General
9 Assembly or Article 12 if it had been entered into,
10 created, or transferred on or after the effective date of
11 this amendatory Act of the 103rd General Assembly,
12 including the rights, duties, and interests flowing from
13 the transaction, lien, or interest, remains valid on and
14 after the effective date of this amendatory Act of the
15 103rd General Assembly; and

16 (2) the transaction, lien, or interest may be
17 terminated, completed, consummated, and enforced as
18 required or permitted by this amendatory Act of the 103rd
19 General Assembly or by the law that would apply if this
20 amendatory Act of the 103rd General Assembly had not taken
21 effect.

22 (c) Pre-effective-date proceeding. This amendatory Act of
23 the 103rd General Assembly does not affect an action, case, or
24 proceeding commenced before the effective date of this
25 amendatory Act of the 103rd General Assembly.

1 (810 ILCS 5/12A-302 new)

2 Sec. 12A-302. Security interest perfected before effective
3 date.

4 (a) Continuing perfection: perfection requirements
5 satisfied. A security interest that is enforceable and
6 perfected immediately before the effective date of this
7 amendatory Act of the 103rd General Assembly is a perfected
8 security interest under this amendatory Act of the 103rd
9 General Assembly if, on the effective date of this amendatory
10 Act of the 103rd General Assembly, the requirements for
11 enforceability and perfection under this amendatory Act of the
12 103rd General Assembly are satisfied without further action.

13 (b) Continuing perfection: enforceability or perfection
14 requirements not satisfied. If a security interest is
15 enforceable and perfected immediately before the effective
16 date of this amendatory Act of the 103rd General Assembly, but
17 the requirements for enforceability or perfection under this
18 amendatory Act of the 103rd General Assembly are not satisfied
19 on the effective date of this amendatory Act of the 103rd
20 General Assembly, the security interest:

21 (1) is a perfected security interest until the earlier
22 of the time perfection would have ceased under the law in
23 effect immediately before the effective date of this
24 amendatory Act of the 103rd General Assembly or the
25 adjustment date;

26 (2) remains enforceable thereafter only if the

1 security interest satisfies the requirements for
2 enforceability under Section 9-203, as amended by this
3 amendatory Act of the 103rd General Assembly, before the
4 adjustment date; and

5 (3) remains perfected thereafter only if the
6 requirements for perfection under this amendatory Act of
7 the 103rd General Assembly are satisfied before the time
8 specified in paragraph (1).

9 (810 ILCS 5/12A-303 new)

10 Sec. 12A-303. Security interest unperfected before
11 effective date. A security interest that is enforceable
12 immediately before the effective date of this amendatory Act
13 of the 103rd General Assembly but is unperfected at that time:

14 (1) remains an enforceable security interest until the
15 adjustment date;

16 (2) remains enforceable thereafter if the security
17 interest becomes enforceable under Section 9-203, as
18 amended by this amendatory Act of the 103rd General
19 Assembly, on the effective date of this amendatory Act of
20 the 103rd General Assembly or before the adjustment date;
21 and

22 (3) becomes perfected:

23 (A) without further action, on the effective date
24 of this amendatory Act of the 103rd General Assembly
25 if the requirements for perfection under this

1 amendatory Act of the 103rd General Assembly are
2 satisfied before or at that time; or

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

6 (810 ILCS 5/12A-304 new)

7 Sec. 12A-304. Effectiveness of actions taken before
8 effective date.

9 (a) Pre-effective-date action; attachment and perfection
10 before adjustment date. If action, other than the filing of a
11 financing statement, is taken before the effective date of
12 this amendatory Act of the 103rd General Assembly and the
13 action would have resulted in perfection of the security
14 interest had the security interest become enforceable before
15 the effective date of this amendatory Act of the 103rd General
16 Assembly, the action is effective to perfect a security
17 interest that attaches under this amendatory Act of the 103rd
18 General Assembly before the adjustment date. An attached
19 security interest becomes unperfected on the adjustment date
20 unless the security interest becomes a perfected security
21 interest under this amendatory Act of the 103rd General
22 Assembly before the adjustment date.

23 (b) Pre-effective-date filing. The filing of a financing
24 statement before the effective date of this amendatory Act of
25 the 103rd General Assembly is effective to perfect a security

1 interest on the effective date of this amendatory Act of the
2 103rd General Assembly to the extent the filing would satisfy
3 the requirements for perfection under this amendatory Act of
4 the 103rd General Assembly.

5 (c) Pre-effective-date enforceability action. The taking
6 of an action before the effective date of this amendatory Act
7 of the 103rd General Assembly is sufficient for the
8 enforceability of a security interest on the effective date of
9 this amendatory Act of the 103rd General Assembly if the
10 action would satisfy the requirements for enforceability under
11 this amendatory Act of the 103rd General Assembly.

12 (810 ILCS 5/12A-305 new)

13 Sec. 12A-305. Priority.

14 (a) Determination of priority. Subject to subsections (b)
15 and (c), this amendatory Act of the 103rd General Assembly
16 determines the priority of conflicting claims to collateral.

17 (b) Established priorities. Subject to subsection (c), if
18 the priorities of claims to collateral were established before
19 the effective date of this amendatory Act of the 103rd General
20 Assembly, Article 9 as in effect before the effective date of
21 this amendatory Act of the 103rd General Assembly determines
22 priority.

23 (c) Determination of certain priorities on adjustment
24 date. On the adjustment date, to the extent the priorities
25 determined by Article 9 as amended by this amendatory Act of

1 the 103rd General Assembly modify the priorities established
2 before the effective date of this amendatory Act of the 103rd
3 General Assembly, the priorities of claims to Article 12
4 property and electronic money established before the effective
5 date of this amendatory Act of the 103rd General Assembly
6 cease to apply.

7 (810 ILCS 5/12A-306 new)

8 Sec. 12A-306. Priority of claims when priority rules of
9 Article 9 do not apply.

10 (a) Determination of priority. Subject to subsections (b)
11 and (c), Article 12 determines the priority of conflicting
12 claims to Article 12 property when the priority rules of
13 Article 9 as amended by this amendatory Act of the 103rd
14 General Assembly do not apply.

15 (b) Established priorities. Subject to subsection (c),
16 when the priority rules of Article 9 as amended by this
17 amendatory Act of the 103rd General Assembly do not apply and
18 the priorities of claims to Article 12 property were
19 established before the effective date of this amendatory Act
20 of the 103rd General Assembly, law other than Article 12
21 determines priority.

22 (c) Determination of certain priorities on adjustment
23 date. When the priority rules of Article 9 as amended by this
24 amendatory Act of the 103rd General Assembly do not apply, to
25 the extent the priorities determined by this amendatory Act of

1 the 103rd General Assembly modify the priorities established
2 before the effective date of this amendatory Act of the 103rd
3 General Assembly, the priorities of claims to Article 12
4 property established before the effective date of this
5 amendatory Act of the 103rd General Assembly cease to apply on
6 the adjustment date.

7 Section 99. Effective date. This Act takes effect January
8 1, 2025.

1

INDEX

2

Statutes amended in order of appearance

3

205 ILCS 657/5

4

810 ILCS 5/1-201

from Ch. 26, par. 1-201

5

810 ILCS 5/1-204

from Ch. 26, par. 1-204

6

810 ILCS 5/1-301

7

810 ILCS 5/1-306

8

810 ILCS 5/2-102

from Ch. 26, par. 2-102

9

810 ILCS 5/2-106

from Ch. 26, par. 2-106

10

810 ILCS 5/2-201

from Ch. 26, par. 2-201

11

810 ILCS 5/2-202

from Ch. 26, par. 2-202

12

810 ILCS 5/2-203

from Ch. 26, par. 2-203

13

810 ILCS 5/2-205

from Ch. 26, par. 2-205

14

810 ILCS 5/2-209

from Ch. 26, par. 2-209

15

810 ILCS 5/2A-102

from Ch. 26, par. 2A-102

16

810 ILCS 5/2A-103

from Ch. 26, par. 2A-103

17

810 ILCS 5/2A-107

from Ch. 26, par. 2A-107

18

810 ILCS 5/2A-201

from Ch. 26, par. 2A-201

19

810 ILCS 5/2A-202

from Ch. 26, par. 2A-202

20

810 ILCS 5/2A-203

from Ch. 26, par. 2A-203

21

810 ILCS 5/2A-205

from Ch. 26, par. 2A-205

22

810 ILCS 5/2A-208

from Ch. 26, par. 2A-208

23

810 ILCS 5/3-104

from Ch. 26, par. 3-104

24

810 ILCS 5/3-105

from Ch. 26, par. 3-105

25

810 ILCS 5/3-401

from Ch. 26, par. 3-401

1	810 ILCS 5/3-604	from Ch. 26, par. 3-604
2	810 ILCS 5/4A-103	from Ch. 26, par. 4A-103
3	810 ILCS 5/4A-201	from Ch. 26, par. 4A-201
4	810 ILCS 5/4A-202	from Ch. 26, par. 4A-202
5	810 ILCS 5/4A-203	from Ch. 26, par. 4A-203
6	810 ILCS 5/4A-207	from Ch. 26, par. 4A-207
7	810 ILCS 5/4A-208	from Ch. 26, par. 4A-208
8	810 ILCS 5/4A-210	from Ch. 26, par. 4A-210
9	810 ILCS 5/4A-211	from Ch. 26, par. 4A-211
10	810 ILCS 5/4A-305	from Ch. 26, par. 4A-305
11	810 ILCS 5/5-104	from Ch. 26, par. 5-104
12	810 ILCS 5/5-116	from Ch. 26, par. 5-116
13	810 ILCS 5/7-102	from Ch. 26, par. 7-102
14	810 ILCS 5/7-106	
15	810 ILCS 5/8-102	from Ch. 26, par. 8-102
16	810 ILCS 5/8-103	from Ch. 26, par. 8-103
17	810 ILCS 5/8-106	from Ch. 26, par. 8-106
18	810 ILCS 5/8-110	
19	810 ILCS 5/8-303	from Ch. 26, par. 8-303
20	810 ILCS 5/9-102	from Ch. 26, par. 9-102
21	810 ILCS 5/9-104	from Ch. 26, par. 9-104
22	810 ILCS 5/9-105	from Ch. 26, par. 9-105
23	810 ILCS 5/9-105A new	
24	810 ILCS 5/9-107A new	
25	810 ILCS 5/9-107B new	
26	810 ILCS 5/9-203	from Ch. 26, par. 9-203

1	810 ILCS 5/9-204	from Ch. 26, par. 9-204
2	810 ILCS 5/9-207	from Ch. 26, par. 9-207
3	810 ILCS 5/9-208	from Ch. 26, par. 9-208
4	810 ILCS 5/9-209	
5	810 ILCS 5/9-210	
6	810 ILCS 5/9-301	from Ch. 26, par. 9-301
7	810 ILCS 5/9-304	from Ch. 26, par. 9-304
8	810 ILCS 5/9-305	from Ch. 26, par. 9-305
9	810 ILCS 5/9-306A new	
10	810 ILCS 5/9-306B new	
11	810 ILCS 5/9-310	from Ch. 26, par. 9-310
12	810 ILCS 5/9-312	from Ch. 26, par. 9-312
13	810 ILCS 5/9-313	from Ch. 26, par. 9-313
14	810 ILCS 5/9-314	from Ch. 26, par. 9-314
15	810 ILCS 5/9-314A new	
16	810 ILCS 5/9-316	from Ch. 26, par. 9-316
17	810 ILCS 5/9-317	from Ch. 26, par. 9-317
18	810 ILCS 5/9-323	
19	810 ILCS 5/9-324	
20	810 ILCS 5/9-326A new	
21	810 ILCS 5/9-330	
22	810 ILCS 5/9-331	
23	810 ILCS 5/9-332	
24	810 ILCS 5/9-334	
25	810 ILCS 5/9-341	
26	810 ILCS 5/9-404	from Ch. 26, par. 9-404

1 810 ILCS 5/9-406 from Ch. 26, par. 9-406
2 810 ILCS 5/9-408 from Ch. 26, par. 9-408
3 810 ILCS 5/9-509
4 810 ILCS 5/9-513
5 810 ILCS 5/9-601
6 810 ILCS 5/9-605
7 810 ILCS 5/9-608
8 810 ILCS 5/9-611
9 810 ILCS 5/9-613
10 810 ILCS 5/9-614
11 810 ILCS 5/9-615
12 810 ILCS 5/9-616
13 810 ILCS 5/9-619
14 810 ILCS 5/9-620
15 810 ILCS 5/9-621
16 810 ILCS 5/9-624
17 810 ILCS 5/9-628
18 810 ILCS 5/Art. 11A
19 heading
20 810 ILCS 5/11A-101
21 810 ILCS 5/11A-102
22 810 ILCS 5/Art. 12 heading
23 new
24 810 ILCS 5/12-101 new
25 810 ILCS 5/12-102 new
26 810 ILCS 5/12-103 new

1 810 ILCS 5/12-104 new
2 810 ILCS 5/12-105 new
3 810 ILCS 5/12-106 new
4 810 ILCS 5/12-107 new
5 810 ILCS 5/Art. 12A
6 heading new
7 810 ILCS 5/Art. 12A Pt. 1
8 heading new
9 810 ILCS 5/12A-101 new
10 810 ILCS 5/12A-102 new
11 810 ILCS 5/Art. 12A Pt. 2
12 heading new
13 810 ILCS 5/12A-201 new
14 810 ILCS 5/Art. 12A Pt. 3
15 heading new
16 810 ILCS 5/12A-301 new
17 810 ILCS 5/12A-302 new
18 810 ILCS 5/12A-303 new
19 810 ILCS 5/12A-304 new
20 810 ILCS 5/12A-305 new
21 810 ILCS 5/12A-306 new