

1 AN ACT concerning liens.

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

4 Section 5. The Code of Civil Procedure is amended by
5 changing Section 9-316 as follows:

6 (735 ILCS 5/9-316) (from Ch. 110, par. 9-316)

7 Sec. 9-316. Lien upon crops. Every landlord shall have a
8 lien upon the crops grown or growing upon the demised
9 premises for the rent thereof, whether the same is payable
10 wholly or in part in money or specific articles of property
11 or products of the premises, or labor, and also for the
12 faithful performance of the terms of the lease. Such lien
13 shall continue for the period of 6 months after the
14 expiration of the term for which the premises are demised,
15 and may be enforced by distraint as provided in Part 3 of
16 Article IX of this Act.

17 A good faith purchaser shall, however, take such crops
18 free of any landlord's lien unless, within 6 months prior to
19 the purchase, the landlord provides written notice of his
20 lien to the purchaser by registered or certified mail. Such
21 notice shall contain the names and addresses of the landlord
22 and tenant, and clearly identify the leased property.

23 A landlord may require that, prior to his tenant's
24 selling any crops grown on the demised premises, the tenant
25 disclose the name of the person to whom the tenant intends to
26 sell those crops. Where such a requirement has been imposed,
27 the tenant shall not sell the crops to any person other than
28 a person who has been disclosed to the landlord as a
29 potential buyer of the crops.

30 A lien arising under this Section and ~~duly-perfected~~
31 ~~under Article 9 of the Uniform Commercial Code~~ shall have

1 priority over any ~~other~~ agricultural lien as defined in, and
2 over any security interest arising under, provisions of
3 Article 9 of the Uniform Commercial Code.

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

5 Section 10. The Uniform Commercial Code is amended by
6 changing Sections 9-102 and 9-109 as follows:

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

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

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

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

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

1 letter-of-credit rights or letters of credit, or (vi)
 2 rights to payment for money or funds advanced or sold,
 3 other than rights arising out of the use of a credit or
 4 charge card or information contained on or for use with
 5 the card.

6 (3) "Account debtor" means a person obligated on an
 7 account, chattel paper, or general intangible. The term
 8 does not include persons obligated to pay a negotiable
 9 instrument, even if the instrument constitutes part of
 10 chattel paper.

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

- 13 (A) authenticated by a secured party;
- 14 (B) indicating the aggregate unpaid secured
 15 obligations as of a date not more than 35 days
 16 earlier or 35 days later than the date of the
 17 record; and
- 18 (C) identifying the components of the
 19 obligations in reasonable detail.

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

- 22 (A) which secures payment or performance of an
 23 obligation for:--(i) goods or services furnished in
 24 connection with a debtor's farming operation;--or
 25 (ii)--rent--on--real--property--leased--by--a--debtor--in
 26 connection--with--its--farming--operation;
- 27 (B) which is created by statute in favor of a
 28 person that:--(i) in the ordinary course of its
 29 business furnished goods or services to a debtor in
 30 connection with a debtor's farming operation;--or
 31 (ii)--leased--real--property--to--a--debtor--in--connection
 32 with--the--debtor's--farming--operation; and
- 33 (C) whose effectiveness does not depend on the
 34 person's possession of the personal property.

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

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

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

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

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

12 (7) "Authenticate" means:

13 (A) to sign; or

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

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

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

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

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

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

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

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

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

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

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

28 (A) the claimant is an organization; or

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

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

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

1 individual.

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

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

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

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

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

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

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

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

27 (18) "Communicate" means:

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

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

33 (C) in the case of transmission of a record to
34 or by a filing office, to transmit a record by any

1 means prescribed by filing-office rule.

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

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

7 (A) the merchant:

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

11 (ii) is not an auctioneer; and

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

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

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

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

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

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

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

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

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

34 (B) a security interest in consumer goods

1 secures the obligation.

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

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

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

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

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

21 (28) "Debtor" means:

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

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

27 (C) a consignee.

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

34 (30) "Document" means a document of title or a

1 receipt of the type described in Section 7-201(2).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

34 (39) "Financing statement" means a record or

1 records composed of an initial financing statement and
2 any filed record relating to the initial financing
3 statement.

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

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

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

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

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

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

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

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

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

1 contained on or for use with the card.

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

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

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

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

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

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

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

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

24 (52) "Lien creditor" means:

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

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

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

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

33 (53) "Manufactured home" means a structure,
34 transportable in one or more sections, which, in the

1 traveling mode, is eight body feet or more in width or 40
2 body feet or more in length, or, when erected on site, is
3 320 or more square feet, and which is built on a
4 permanent chassis and designed to be used as a dwelling
5 with or without a permanent foundation when connected to
6 the required utilities, and includes the plumbing,
7 heating, air-conditioning, and electrical systems
8 contained therein. The term includes any structure that
9 meets all of the requirements of this paragraph except
10 the size requirements and with respect to which the
11 manufacturer voluntarily files a certification required
12 by the United States Secretary of Housing and Urban
13 Development and complies with the standards established
14 under Title 42 of the United States Code.

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

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

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

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

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

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

1 (58) "Noncash proceeds" means proceeds other than
2 cash proceeds.

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

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

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

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

22 (A) the spouse of the individual;

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

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

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

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

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

1 (B) an officer or director of, or a person
2 performing similar functions with respect to, the
3 organization;

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

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

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

13 (64) "Proceeds", except as used in Section
14 9-609(b), means the following property:

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

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

20 (C) rights arising out of collateral;

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

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

31 (65) "Promissory note" means an instrument that
32 evidences a promise to pay a monetary obligation, does
33 not evidence an order to pay, and does not contain an
34 acknowledgment by a bank that the bank has received for

1 deposit a sum of money or funds.

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

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

9 (A) debt securities are issued;

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

13 (C) the debtor, obligor, secured party,
14 account debtor or other person obligated on
15 collateral, assignor or assignee of a secured
16 obligation, or assignor or assignee of a security
17 interest is a State or a governmental unit of a
18 State.

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

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

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

1 (71) "Secondary obligor" means an obligor to the
2 extent that:

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

8 (72) "Secured party" means:

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

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

14 (C) a consignor;

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

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

22 (F) a person that holds a security interest
23 arising under Section 2-401, 2-505, 2-711(3),
24 2A-508(5), 4-210, or 5-118.

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

27 (74) "Send", in connection with a record or
28 notification, means:

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

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

1 received within the time that it would have been
2 received if properly sent under subparagraph (A).

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

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

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

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

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

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

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

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

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

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

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

1 (D) transmitting or producing and transmitting
2 electricity, steam, gas, or water.

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

5 "Applicant". Section 5-102.

6 "Beneficiary". Section 5-102.

7 "Broker". Section 8-102.

8 "Certificated security". Section 8-102.

9 "Check". Section 3-104.

10 "Clearing corporation". Section 8-102.

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

12 "Customer". Section 4-104.

13 "Entitlement holder". Section 8-102.

14 "Financial asset". Section 8-102.

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

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

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

19 "Lease". Section 2A-103.

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

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

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

23 "Lessee". Section 2A-103.

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

25 "Lessor". Section 2A-103.

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

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

28 "Merchant". Section 2-104.

29 "Negotiable instrument". Section 3-104.

30 "Nominated person". Section 5-102.

31 "Note". Section 3-104.

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

33 "Prove". Section 3-103.

34 "Sale". Section 2-106.

- 1 "Securities account". Section 8-501.
- 2 "Securities intermediary". Section 8-102.
- 3 "Security". Section 8-102.
- 4 "Security certificate". Section 8-102.
- 5 "Security entitlement". Section 8-102.
- 6 "Uncertificated security". Section 8-102.

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

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

11 (810 ILCS 5/9-109) (from Ch. 26, par. 9-109)
12 Sec. 9-109. Scope.

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

- 15 (1) a transaction, regardless of its form, that
16 creates a security interest in personal property or
17 fixtures by contract;
- 18 (2) an agricultural lien;
- 19 (3) a sale of accounts, chattel paper, payment
20 intangibles, or promissory notes;
- 21 (4) a consignment;
- 22 (5) a security interest arising under Section
23 2-401, 2-505, 2-711(3), or 2A-508(5), as provided in
24 Section 9-110; and
- 25 (6) a security interest arising under Section 4-210
26 or 5-118.

27 (b) Security interest in secured obligation. The
28 application of this Article to a security interest in a
29 secured obligation is not affected by the fact that the
30 obligation is itself secured by a transaction or interest to
31 which this Article does not apply.

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

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

3 (2) another statute of this State expressly governs
4 the creation, perfection, priority, or enforcement of a
5 security interest created by this State or a governmental
6 unit of this State;

7 (3) a statute of another State, a foreign country,
8 or a governmental unit of another State or a foreign
9 country, other than a statute generally applicable to
10 security interests, expressly governs creation,
11 perfection, priority, or enforcement of a security
12 interest created by the State, country, or governmental
13 unit;

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

17 (5) this Article is in conflict with Section
18 205-410 of the Department of Agriculture Law of the Civil
19 Administrative Code of Illinois or the Grain Code; or

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

22 (d) Inapplicability of Article. This Article does not
23 apply to:

24 (1) a landlord's lien~~7-ether-than--an--agricultural~~
25 ~~lien~~;

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

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

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

1 (5) an assignment of accounts, chattel paper,
2 payment intangibles, or promissory notes which is for the
3 purpose of collection only;

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

7 (7) an assignment of a single account, payment
8 intangible, or promissory note to an assignee in full or
9 partial satisfaction of a preexisting indebtedness;

10 (8) a transfer of an interest in or an assignment
11 of a claim under a policy of insurance, other than an
12 assignment by or to a health-care provider of a
13 health-care-insurance receivable and any subsequent
14 assignment of the right to payment, but Sections 9-315
15 and 9-322 apply with respect to proceeds and priorities
16 in proceeds;

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

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

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

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

26 (11) the creation or transfer of an interest in or
27 lien on real property, including a lease or rents
28 thereunder, except to the extent that provision is made
29 for:

30 (A) liens on real property in Sections 9-203
31 and 9-308;

32 (B) fixtures in Section 9-334;

33 (C) fixture filings in Sections 9-501, 9-502,
34 9-512, 9-516, and 9-519; and

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

3 (12) an assignment of a claim arising in tort,
4 other than a commercial tort claim, but Sections 9-315
5 and 9-322 apply with respect to proceeds and priorities
6 in proceeds;

7 (13) a transfer by a government or governmental
8 subdivision or agency;

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

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

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

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.