



What is the PPSR?

The Personal Property Securities Register (PPSR) is the single, national online database of security interests in personal property in Australia.

Personal property generally includes all forms of property other than land, buildings and fixtures.

Buyers can check the PPSR to see if the valuable second-hand goods they want to buy are debt-free and safe from repossession. A search fee is \$2.00.

For a business selling on terms — such as retention of title or commercial consignment, or hiring or leasing out goods for longer terms – properly registering helps protect its interest, for instance should a customer not pay or go broke. A registration fee starts from \$6.00 for 7 years.

PPSR CASE STUDY 4/V5

Yellow Goods – DownDown’s excavator

Scenario – heavy machinery dealer has security interest registered against one of its excavators which needs to be removed before it can be sold ...

Concepts covered:

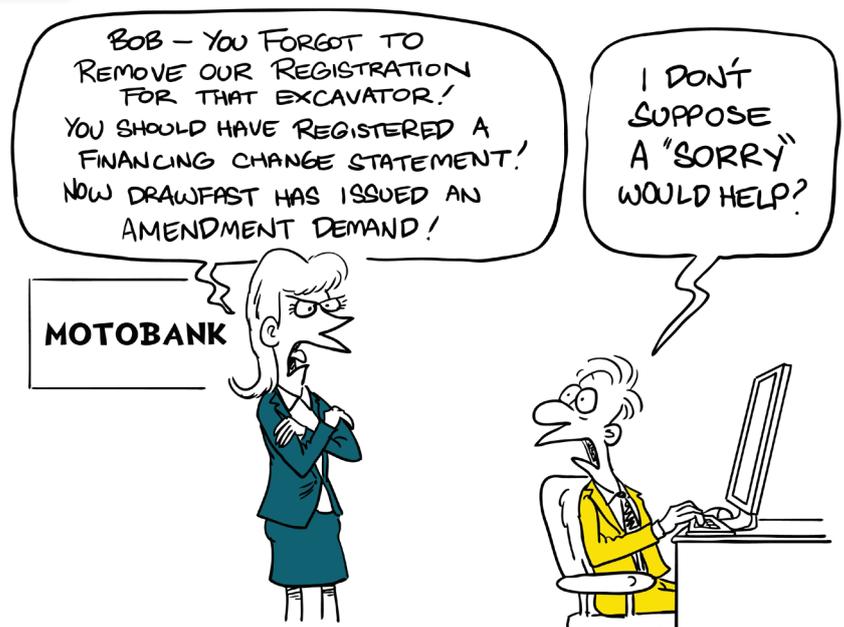
- financing a machinery purchase
- needing to amend a registration
- amendment demand process.

Motobank specialises in supplying finance to customers of heavy machinery resellers, such as Custom Construction Supplies Ltd.

DownDown Diggers Pty Ltd wants to acquire a high-grade excavator from Custom, using the finance on offer from Motobank.

In this scenario, DownDown pays a deposit and Custom arranges the import.

DownDown signs a credit application for the balance to be financed by Motobank.



continued next page ...

Motobank registered its security interest in the excavator on the PPSR in preparation for extending finance to DownDown for the purchase.

However, while Motobank's finance department was attending to the paperwork, DownDown's pulled out of the deal. DownDown's manager had found a similar product on sale at a lower price elsewhere and decided to forfeit DownDown's deposit and cancel its order with Custom, so it could take advantage of the cheaper deal.

Six months later, Custom finally finds a buyer for the excavator it imported for DownDown. However, the new buyer's financier, Drawfast, does a PPSR search and finds Motobank's registration still on the PPSR, against both the excavator's serial number and against DownDown.

Drawfast contacts Motobank to query the registration, but cannot seem to find someone who can help them, so it issues an amendment demand to Motobank to request they remove the registration.

Tip

Lenders and suppliers can protect themselves simply by registering on the PPSR, even before the paperwork for the finance or loan has been completed and signed by the parties.

If for some reason a security interest is registered against personal property when it shouldn't be, interested parties have a number of courses of action to have it removed.

If contacting the secured party to request removal or amendment of the registration is not successful, the most commonly used action is the PPSR's 'amendment demand' process.

You can find out more about the amendment demand process at www.ppsr.gov.au

This is a general scenario intended to provide typical examples.

This scenario is not legal advice about how the law applies to your particular business and dealings.

You may wish to seek professional advice from your accountant, financial adviser or lawyer.

For more information about the Australian Government's Personal Property Securities Register (PPSR) go to:

Website: www.ppsr.gov.au

Email: enquiries@ppsr.gov.au

Telephone: 1300 007 777