Some Terms Surrounding Security Interests by Tony

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If you personally have taken out any secured loans, or if you have taken out any such loans as part of your business then it is important to make sure that you fully understand precisely what this means. When researching this topic you may also have encountered some rather obscure sounding terms and jargon â€“ some of which you might not have encountered before. You may have noticed that there is a lot of talk about security interests in Australia, and that it seems there is a lot of change. So what's going on?

Well you aren't going crazy â€“ there is indeed talk of change regarding the law and security interests in Australia, and this is due to the introduction of the PPS Act and the PPS Register. With successful precursors in Canada and in the US, this act aims to make the whole process of securities and secured loans a lot more simple and easy to follow.

To help you get started with what this all means, here we will look at some terms surrounding security interests in general, and specifically the recent and upcoming changes.

Personal Properties: Your personal property refers to any tangible assets that you own that can range from your properties to livestock to even instruments and tools.

Personal Security Properties: These are properties which you have decided as an individual or as a business to use as collateral to secure a loan. In other words you are using the security as a 'guarantee' to the lender â€“ you are saying 'if I should fail to pay this loan, then you can seize my property to make up the difference'.

Secure Loan: A secure loan is the term for the loan itself when it is secured using a personal property.

Personal Property Securities Act: This refers to the new laws being introduced in Australia and those already existing in countries such as Canada. The basic idea here to create one set of laws and regulations regarding the use of securities in Australia â€“ whereas currently there are distinct differences between the laws in different states and in different territories. This is also known as the PPS Act.

PPSR: The PPSR stands for 'Personal Property Securities Register'. This is a register that will contain all of the data regarding personal security properties. Not only will this contain information regarding their use and the laws of the personal property securities act, but also a list of different properties and their status â€“ whether they are currently registered as securities, or alternatively as 'prospective securities'. Similarly to the PPS Act, it is sometimes known as the 'PPSR'.

Perfection: Perfection is the term used when a lender decides to act on the security under the terms of the agreement. They may not simply seize the property at the end of the contract, but must first give prior warning.

Encumbered: If a property is 'encumbered' that means that it is prone to being seized by the lender.

Collateral: Collateral is another term for the security â€“ if someone puts something up to secure their loan, then this is known as 'collatera'.

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The a PPSR is designed to help make secured loans easier to understand. For more on the a Personal Property Securities Act and related terms, visit the links.

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