

## SMSF BORROWING – PERSONAL PROPERTY SECURITIES ACT

We recommend that lenders who provide finance under a limited recourse borrowing arrangement (SMSF borrowing) consider the option of registering their charge under the Personal Property Securities Register.

The Personal Property Securities Register was introduced following the passing of the Personal Property Securities Act 2009 in December 2009.

The Personal Property Securities Act deals with all property other than land, and includes items such as shares and units in unit trusts, which are predominantly the assets, other than land over which related party SMSF Borrowing Arrangements occur.

When a party enters into a transaction involving the supply of secured finance, the interest in the property secured becomes a personal property security under the Act. The Personal Property Securities Register provides a vehicle for the registration of that personal property security

Whereas a mortgage is taken over the title to a property, the registration of a personal property security on the Personal Property Securities Register is now effectively the equivalent to registering a mortgage over property.

The registration of the personal property security provides the lender with a degree of security in the event of claims by other parties over specific assets of the borrower.

We recommend that lenders speak with a qualified solicitor or adviser to consider the option of registering their security on the Personal Property Securities Register immediately following the provision of the finance to be related entity.

### More information

Further information is available via the Personal Property Securities Register, which can be accessed at [www.ppsr.gov.au](http://www.ppsr.gov.au). The registration of the personal property security can also be undertaken online on the website of the Personal Property Securities Register.

Alternatively, our team of specialists are available to discuss this further by calling 1300 659 242.

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