

ALERT: PERSONAL PROPERTY SECURITIES ACT 2009

Commingled Goods

You can still have a security interest in goods that become an unidentifiable part of a larger product or mass e.g. tyres stored at a depot or workshop, grain stored in a silo of the same kind of grain or reinforcing steel in concrete.

These goods are called **Commingled**. This means that the goods are manufactured, assembled or commingled with other goods to such an extent that it is not commercially practical to restore the goods to their original state.

The security interest in the original goods (i.e. the tyres, grain or steel reinforcing) continues in the product or mass and the secured party will be able to claim a proportionate interest in the commingled mass. The security interest in the product or mass is limited to the value of the goods on the day on which they became part of the product or mass. If the original goods were purchased on consignment or on credit, the supplier may be able to register a **Purchase Money Security Interest (PMSI)**. A PMSI interest in the original goods has priority over a non-PMSI.

Perfection is a technical concept particular to the *Personal Property Securities Act 2009*. Perfection of a security interest is by registering a financing statement on the Personal Property Securities Register.

If there is more than one perfected security interest in the product or mass, each perfected security interest is entitled to share in the product or mass according to the ratio that the obligation secured by the perfected security interest bears to the sum of the obligations secured by all the perfected security interests in the same product or mass.

A **Perfected** security interest in a product or mass has priority over an unperfected security interest.

Assistance can be obtained from www.ppsr.gov.au

For further assistance with terms and conditions and security agreements please:

CONTACT

Lynn Adamson	Senior Lawyer	(08) 9224 6222	lynn.adamson@valentilawyers.com.au
Kerry McAuliffe	Senior Lawyer	(08) 9224 6222	kerry.mcauliffe@valentilawyers.com.au

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lynn.adamson@valentilawyers.com.au*