

Security Interest – Murray Irrigation

Murray Irrigation recognises security interests may be held over water entitlements, delivery entitlements and land.

A security interest is anything which encumbers or burdens an asset, usually preventing the owner of the asset from selling or dealing with it until the person(s) with the interest in the asset (security interest holder/s) grants permission. Common forms of security interest include mortgage, charge and lien. Security interests are also called encumbrances.

Security interest holder is a general term used to refer to the person(s) with the security interest. This then extends to mortgagee and chargee, for a mortgage and charge respectively. The asset owner is the mortgagor or chargor, as the case requires.

The recording of a security interest on Murray Irrigation's registers is a notification of its existence; it does not create any interest at law or in equity.

Murray Irrigation recommends that customers seek their own independent legal and financial advice relevant to their individual circumstances.

What does Murray Irrigation record security interests against?

Murray Irrigation allows recording of security interests over water entitlements or delivery entitlements within Murray Irrigation's registers.

Murray Irrigation does not record security interests over shares or land.

Can I record more than one security interest?

No. Only one security interest may be recorded on the register for a given entitlements holding.

What does it mean where a security interest is recorded in Murray Irrigation's registers?

Murray Irrigation, as a condition of approving any permanent transfer or other transaction with water or delivery entitlements, requires the consent of any security interest holder(s) noted on the relevant land titles or in Murray Irrigation's register. This is to ensure that those interests are not prejudiced by the transfer.

Can I record a security interest in some water and/or delivery entitlements?

No. Murray Irrigation simply records the existence of the interest and not the extent of the interest.

What if I buy more water entitlements and/or delivery entitlements?

The consent of any security interest holder of the **vendor** is required, but not in relation to the purchaser. After the permanent transfer is complete, the notation of any security interest on the registers will capture the additional entitlements.

What if I sell water entitlements and/or delivery entitlements?

The consent of any security interest holder is required for permanent transfers involving assets where a security interest is noted on either the relevant land titles and/or Murray Irrigation's registers.

Security interests recorded on Murray Irrigation's registers must first be removed, requiring an application to be submitted to remove the security interest in relation to the number of entitlements being sold.

What happens where a default occurs?

In the event where a security interest holder exercises their rights to sell secured assets, the security interest holder can apply to Murray Irrigation for permanent transfer of those assets without the owner's consent. The interest holder must declare that their rights are being validly exercised and any disputes relating to this are between the interest holder and the owner.

Murray Irrigation will only recognise a security interest that has been recorded on Murray Irrigation's registers.

Fact sheet



January 2015

Registration, removal or consent of security interests

An application must be made to Murray Irrigation to register or remove a security interest, or consent to permanent transfers where a security interest applies. The application *Form 19 - Security Interest* is available on our website under 'Customers' then 'Forms' and 'Shares, WE and DE Transfers'.

This application does not fulfil the process of registering a security interest with relevant government authorities such as NSW Land and Property Information (LPI). This is a separate process independent of Murray Irrigation and must be dealt with in accordance with that authority's regulations.

Contact us

For further information please contact reception on T. 1300 138 265.

More Information

Please refer to Murray Irrigation's website: www.murrayirrigation.com.au.

Fact sheets on other topics are available under 'Customers' then 'Customer information'.