

# Information for creditors

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Creditors are required to offer mediation to farmers before commencing debt recovery proceedings on farm mortgages.

For further details, see the creditor initiated mediation flowchart.

A farmer can also request mediation with their creditor whether they are in default under a farm mortgage or not. The creditor may accept or refuse an offer to mediate.

Creditors are not obliged to participate in mediation. If the creditor refuses to mediate and the farmer is in default, then the farmer may apply for a prohibition certificate. This will prohibit a creditor from commencing enforcement action for up to six months or until the day on which the farmer and creditor enter into mediation.

Approved forms, notices and applications related to farm debt mediation are available.

## Exemption certificates

A creditor may apply for an exemption certificate if the farmer is in default, no prohibition certificate is in force in relation to the farm mortgage and satisfactory mediation has taken place, the farmer has refused to mediate or three months have elapsed after a notice was given by the creditor under section 8 of the [Farm Debt Mediation Act 2011](#) and throughout that period the creditor has attempted to mediate in good faith.

A creditor may commence enforcement action under a farm mortgage if an exemption certificate is issued in respect to the particular farm mortgage. The farmer will be advised of an application for a certificate and of the issue of a certificate. An exemption certificate remains in place for three years.

Applications for exemption certificates should be made to the Victorian Small Business Commission.

## Prohibition Certificates

A farmer may apply for a prohibition certificate if the farmer has requested mediation with their creditor, they are in default and the creditor refuses to mediate or three months have elapsed since the farmer requested mediation and throughout that period the farmer has attempted to mediate in good faith but no satisfactory mediation has taken place between the farmer and creditor.

A creditor must not commence enforcement action against a farmer if a prohibition certificate has been issued. A prohibition certificate remains in place for 6 months or until the day on which the farmer and creditor enter into mediation.

## Record keeping

Both the farmer and the creditor should keep accurate records and evidence of the service of notices, as well as copies of all notices served.

Was this page helpful?

YES

NO

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