

What Is A Law Of Property Act Receiver?

In a nutshell

Appointing an LPA (Law of Property Act) Receiver is an efficient means for a secured lender to enforce against a defaulting borrower. This procedure is commonly used by banks and mortgage companies to gain control of a freehold property. The benefits of this are:

- we act as a buffer between the bank and the borrower
- we can be a local presence representing the lender
- an LPA receiver can oversee the sale of a property
- we can monitor and maintain the property whilst it is marketed
- we can collect rental monies from tenants
- it can be useful when a building company becomes insolvent and is unable to complete a development site.

What actually happens?

A mortgage usually contains a clause that enables an LPA receiver to be appointed in the event of the borrower defaulting. Once this happens the bank instructs us to act and we sign a consent to act as an LPA Receiver.

The appointment is recorded at the Land Registry and, in the case of the borrower being a company, at Companies House. We immediately insure the property and arrange any further security as may be needed, particularly if the property is empty. We contact the borrower and establish whether the property needs to be sold, in which case we can take possession proceedings.

If the property is occupied by a tenant we can continue to collect rents while the property is marketed for sale.

If the loan is on a construction project that is not finished, we can oversee the completion and sale of the property.

What it is used for

It enables a secure mortgage lender, be it a bank or private lender, to make sure that this is all done at 'arm's length' between the lender and borrower to secure, manage and market a property on behalf of the property lender.

Contact Us

For further information regarding LPA receivership please contact David Kirk on **01392 474303**, alternatively email david@kirks.co.uk for more information.

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