

Knowledge Bank 6

LAW OF PROPERTY ACT (LPA) RECEIVERSHIP



An LPA Receivership allows a receiver to be appointed by a secured fixed charge creditor to deal with an asset where the terms of the secured charge have been breached.

Assets are usually property, aircraft, machinery or book debts.

OBJECTIVES OF AN LPA RECEIVERSHIP

- To take control of the asset
- In most cases to arrange the sale of the asset to repay as much of the loan as possible
- In some instances to obtain planning permission, undertake development or any other action appropriate to improve the realisable value of the asset.

WHO CAN APPOINT AN LPA RECEIVER?

- A fixed charge security holder.
- Procedure for an LPA Receivership
- Default on the loan is proven and indisputable
- Letter of appointment sent by secured charge holder to proposed receiver
- Following appointment
- An LPA receiver will undertake the appropriate course of action in line with the statutory powers granted by the LPA.
- To demand and recover rent and income
- Give receipts for income
- Insure against loss
- To grant a lease for the whole or part of the property
- To accept a surrender of the whole or part in order to grant new leases

Subject to the terms of the mortgage, the LPA receiver may also be entitled to sell the property and/or take over the business.

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