

| What is a Law of Property Act Rent Receiver?

A Law of Property Act (LPA) Receiver is an individual generally appointed by mortgage lenders to intercept and apply rental payments direct to the borrowers mortgage account (typically this happens when the borrower has in some way breached their mortgage conditions). By collecting the rental payments and applying them direct to the mortgage account it can often avoid the need for a lender to take possession proceedings and allow the tenant to continue residing in the mortgaged property.

The mortgage lender's right to instruct an LPA Receiver is derived from two sources:

1. Law of Property Act 1925

In addition to giving the lender the power to recover rental income (so it can be applied directly to the mortgage account) the act also allows the lender to delegate power to a receiver so that they can act on the Landlord's behalf in relation to the property (i.e. they can grant or terminate tenancies, carry out repairs and insure property).

2. Mortgage Agreement

In addition to re-enforcing the powers provided in the Law of the Property Act, the mortgage conditions also extend a receivers powers to allow them to sell the property.

| How does it affect you as a legitimate tenant?

The effect on you is minimal, as your rights remain unaffected by the appointment of a receiver. The receiver will take over all of the landlords' rights and duties under the tenancy agreement. The main differences are:

- You should continue to pay your existing managing agent where applicable, unless the LPA Receiver advises otherwise.
- If there is no managing agent, you will need to forward the rent to the LPA Receiver and not to the Landlord (or Management Company).
- When the current tenancy expires the LPA Receiver will contact you to discuss the tenancy agreement.
- Whilst appointed, the LPA Receiver, not your Landlord, will carry out any essential repairs to the property.
- Your first point of contact, should you have any queries, will be the LPA Receiver and not the Landlord.

Should a LPA Receiver be appointed they will write to you confirming their appointment and what you should do.

IT IS ESSENTIAL THAT ALL PARTIES FULLY CO-OPERATE WITH THE RECEIVER (IF ONE IS APPOINTED), AS NON CO-OPERATION MAY LEAD TO LEGAL ACTION BEING TAKEN AND THE PROPERTY BEING RE-POSSESSED.