

MY CLIENT HAS BEEN APPOINTED RECEIVER, NOW WHAT?

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Read the Order!!!



- ▣ This Order includes all the required steps to get this receivership off the ground and running—title examination, recording the order, insurance, posting the property, reports, etc.
- ▣ It also includes deadlines for filing the Receiver's Motion to Approve the Rehab Plan and first Receiver's Report as well as a due date to provide proof of insurance coverage to the Court.

66 Stockman Street: Before



66
Stockman
Street:
After



Title Examination

- ▣ The Order appointing Receiver requires the Receiver to conduct a title examination and send a copy of the Order to all mortgagees and lienors of record.
 - Get it done early!
 - Make sure the Defendant owner's name matches the deed
 - Serve the Order on the parties as required
 - Proper notice
 - What if I encounter an Ibanez issue or a title defect



Taxes

- ▣ The Order Appointing Receiver also requires that the Receiver determine what outstanding real estate taxes are due
- ▣ Include tax information in the first report
- ▣ Municipal liens have priority over the Receiver's lien
- ▣ Remember, interest continues to accrue on unpaid taxes and that balance can add up quickly



168 Redlands Street: Before



168 Redlands Street: After



Record the Order appointing Receiver

- ▣ The Order appointing Receiver must be recorded in the Registry of Deeds.
- ▣ “No such lien shall be effective unless recorded in the registry for the county in which the property is located.” G. L. c. 111, s. 127I
- ▣ Record as soon as possible to protect your client’s interests!
 - Request a certified copy of the order - \$20.00 from the Clerk’s Office
 - Record- \$105.00 at the Registry of Deeds.

Insurance

- ❑ Order requires that the receiver put general liability insurance in an amount consistent with industry standards on the property and casualty loss insurance
- ❑ The cost of insurance is part of your lien
- ❑ Protect your investment
- ❑ Order requires that you provide proof that the property is insured to the court



368 Roosevelt Ave: Before



368 Roosevelt Ave: After



Can the Receiver Borrow Money?

- ▣ YES, but before borrowing, consider not only the amount and interest rate but the timing for repayment
- ▣ “The receiver shall have full power to borrow funds and to grant security interests or liens on the affected property” G. L. c. 111, s. 127I.
- ▣ Best practice- file a Motion to Approve Borrowing the Funds before your client signs on the dotted line

Lead Paint Law Violations at the Property?

- ▣ If lead paint abatement work is necessary or required, it should be included in the proposed rehabilitation plan for the court's consideration



Owner is deceased at the time of appointment?

- ▣ Check to see if an heir of the deceased owner filed a petition with the Probate Court in the county where the owner died or lived.
- ▣ If no probate filed, your client, as a creditor of the deceased owner, may have to file a petition with the probate court to establish intestacy and determine heirs
- ▣ If notice and service is not proper, a title issue may arise when you auction the property.
- ▣ It is always worth running the situation by the title insurance company you intend to use as they may have requirements involving the question of the owner before insurance would issue post-auction.