

Circuit Split – Allowing Receiverships by Contract

There is a circuit split on the weight courts should give contractual provisions allowing the appointment of a receiver in loan documents, points out **William Easley** in a **post** for Bryan Cave Leighton Paisner. While some courts treat the provision as granting a contractual right to a receiver, others treat it merely as a factor to be considered.

He writes that “many district courts recognize that allowing the appointment of a receiver upon a contractual provision is imperative to give the creditor the benefit of its bargain.”

“A creditor’s contractual right to appoint a receiver under the loan documents will differ drastically between the circuits. Potential creditors need to consider the likelihood of succeeding on a motion to appoint a receiver to determine whether these provisions should be included in their loan,” he adds.

Read the article.