
Changes to legislation: *Housing Act 1988, Paragraph 2 is up to date with all changes known to be in force on or before 23 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

SCHEDULES

SCHEDULE 11

PROVISIONS APPLICABLE TO CERTAIN DISPOSALS OF HOUSES

Obligation to repay a charge on the house

- 2 (1) The liability that may arise under the covenant required by paragraph 1 above is a charge on the house, taking effect as if it had been created by deed expressed to be by way of legal mortgage.
- (2) The charge has priority immediately after any legal charge securing an amount—
- (a) left outstanding by the purchaser; or
 - (b) advanced to him by an approved lending institution for the purpose of enabling him to acquire the interest disposed of on the first disposal; or
 - (c) further advanced to him by that institution;
- but the housing action trust may at any time by written notice served on an approved lending institution postpone the charge taking effect by virtue of this paragraph to a legal charge securing an amount advanced or further advanced to the purchaser by that institution.
- (3) ^{F1}
- (4) The covenant required by paragraph 1 above does not, by virtue of its binding successors in title of the purchaser, bind a person exercising rights under a charge having priority over the charge taking effect by virtue of this paragraph, or a person deriving title under him; and a provision of the conveyance, grant or assignment, or of a collateral agreement, is void in so far as it purports to authorise a forfeiture, or to impose a penalty or disability, in the event of any such person failing to comply with the covenant.
- (5) The approved lending institutions for the purposes of this paragraph are—
- (a) a building society;
 - (b) a bank;
 - (c) an insurance company;
 - (d) a friendly society; and
 - [^{F2}(e) an authorised mortgage lender (within the meaning of the Housing Act 1985 (see section 622 of that Act)).]

Textual Amendments

- F1** Sch. 11 para. 2(3) repealed (13.10.2003) by [Land Registration Act 2002 \(c. 9\)](#), ss. 135, 136(2), [Sch. 13](#) (with s. 129); [S.I. 2003/1725](#), [art. 2\(1\)](#)
- F2** Sch. 11 para. 2(5)(e) substituted (22.9.2008) by [Housing and Regeneration Act 2008 \(c. 17\)](#), [ss. 307\(6\)](#), 325

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Changes and effects yet to be applied to :

- specified provision(s) savings for amendments by 2018 anaw 1, s. 6, Sch. 6 by [S.I. 2019/110 reg. 5](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act savings and transitional provisions for amendments by S.I. 2022/1166 by [S.I. 2022/1172 Regulations](#)