Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)



Leasehold Reform, Housing and Urban Development Act 1993

1993 CHAPTER 28

PART II

PUBLIC SECTOR HOUSING

CHAPTER I

ENGLAND AND WALES

Right to acquire on rent to mortgage terms

108 Right to acquire on rent to mortgage terms.

For section 143 of the 1985 Act there shall be substituted the following sections—

"Right to acquire on rent to mortgage terms

143 Right to acquire on rent to mortgage terms.

- (1) Subject to subsection (2) and sections 143A and 143B, where—
 - (a) a secure tenant has claimed to exercise the right to buy, and
 - (b) his right to buy has been established and his notice claiming to exercise it remains in force,

he also has the right to acquire on rent to mortgage terms in accordance with the following provisions of this Part.

(2) The right to acquire on rent to mortgage terms cannot be exercised if the exercise of the right to buy is precluded by section 121 (circumstances in which right to buy cannot be exercised).

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

(3) Where the right to buy belongs to two or more persons jointly, the right to acquire on rent to mortgage terms also belongs to them jointly.

143A Right excluded by entitlement to housing benefit.

- (1) The right to acquire on rent to mortgage terms cannot be exercised if—
 - (a) it has been determined that the tenant is or was entitled to housing benefit in respect of any part of the relevant period, or
 - (b) a claim for housing benefit in respect of any part of that period has been made (or is treated as having been made) by or on behalf of the tenant and has not been determined or withdrawn.
- (2) In this section "the relevant period" means the period—
 - (a) beginning twelve months before the day on which the tenant claims to exercise the right to acquire on rent to mortgage terms, and
 - (b) ending with the day on which the conveyance or grant is executed in pursuance of that right.

143B Right excluded if minimum initial payment exceeds maximum initial payment.

- (1) The right to acquire on rent to mortgage terms cannot be exercised if the minimum initial payment in respect of the dwelling-house exceeds the maximum initial payment in respect of it.
- (2) The maximum initial payment in respect of a dwelling-house is 80 per cent. of the price which would be payable if the tenant were exercising the right to buy.
- (3) Where, in the case of a dwelling-house which is a house, the weekly rent at the relevant time did not exceed the relevant amount, the minimum initial payment shall be determined by the formula—

$$P = R \times M$$

where-

P = the minimum initial payment;

R = the amount of the weekly rent at the relevant time;

M = the multiplier which at that time was for the time being declared by the Secretary of State for the purposes of this subsection.

(4) Where, in the case of a dwelling-house which is a house, the weekly rent at the relevant time exceeded the relevant amount, the minimum initial payment shall be determined by the formula—

$$P = Q + (E \times M)$$

where—

P =the minimum initial payment;

Chapter I – FOBLIC SECTOR HOUSING Chapter I – ENGLAND AND WALES Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

Q = the qualifying maximum for the year of assessment which included the relevant time;

E = the amount by which the weekly rent at that time exceeded the relevant amount;

M = the multiplier which at that time was for the time being declared by the Secretary of State for the purposes of this subsection.

- (5) The minimum initial payment in respect of a dwelling-house which is a flat is 80 per cent. of the amount which would be the minimum initial payment in respect of the dwelling-house if it were a house.
- (6) The relevant amount and multipliers for the time being declared for the purposes of this section shall be such that, in the case of a dwelling-house which is a house, they will produce a minimum initial payment equal to the capital sum which, in the opinion of the Secretary of State, could be raised on a 25 year repayment mortgage in the case of which the net amount of the monthly mortgage payments was equal to the rent at the relevant time calculated on a monthly basis.
- (7) For the purposes of subsection (6) the Secretary of State shall assume—
 - (a) that the interest rate applicable throughout the 25 year term were the standard national rate for the time being declared by the Secretary of State under paragraph 2 of Schedule 16 (local authority mortgage interest rates); and
 - (b) that the monthly mortgage payments represented payments of capital and interest only.
- (8) In this section—

"net amount", in relation to monthly mortgage payments, means the amount of such payments after deduction of tax under section 369 of the MI Income and Corporation Taxes Act 1988 (mortgage interest payable under deduction of tax);

"qualifying maximum" means the qualifying maximum defined in section 367(5) of that Act (limit on relief for interest on certain loans);

"relevant amount" means the amount which at the relevant time was for the time being declared by the Secretary of State for the purposes of this section;

"relevant time" means the time of the service of the landlord's notice under section 146 (landlord's notice admitting or denying right);

"rent" means rent payable under the secure tenancy, but excluding any element which is expressed to be payable for services, repairs, maintenance or insurance or the landlord's costs of management."

Commencement Information

S. 108 wholly in force; s. 108 not in force at Royal Assent see s. 188(2); s. 108 in force for certain purposes at 2.9.1993 by S.I. 1993/2134, art. 3; s. 108 in force at 11.10.1993 in so far as it was not in force, (subject to the transitional provisions and savings in Sch. 1 to S.I. 1993/2134) by S.I. 1993/2134, art. 4(b)

Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

Marginal Citations

M1 1988 c. 1.

109 Tenant's notice claiming right.

For sections 144 and 145 of the 1985 Act there shall be substituted the following section—

"144 Tenant's notice claiming right.

- (1) A secure tenant claims to exercise the right to acquire on rent to mortgage terms by written notice to that effect served on the landlord.
- (2) The notice may be withdrawn at any time by notice in writing served on the landlord.
- (3) On the service of a notice under this section, any notice served by the landlord under section 140 or 141 (landlord's notices to complete purchase in pursuance of right to buy) shall be deemed to have been withdrawn; and no such notice may be served by the landlord whilst a notice under this section remains in force.
- (4) Where a notice under this section is withdrawn, the tenant may complete the transaction in accordance with the provisions of this Part relating to the right to buy."

Commencement Information

S. 109 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to S.I. 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

110 Landlord's notice admitting or denying right.

For section 146 of the 1985 Act there shall be substituted the following section—

"146 Landlord's notice admitting or denying right.

- (1) Where a notice under section 144 (notice claiming to exercise the right to acquire on rent to mortgage terms) has been served by the tenant, the landlord shall, unless the notice is withdrawn, serve on the tenant as soon as practicable a written notice either—
 - (a) admitting the tenant's right and informing him of the matters mentioned in subsection (2), or
 - (b) denying it and stating the reasons why, in the opinion of the landlord, the tenant does not have the right to acquire on rent to mortgage terms.

(2) The matters are—

- (a) the relevant amount and multipliers for the time being declared by the Secretary of State for the purposes of section 143B;
- (b) the amount of the minimum initial payment;

Chapter I – FOBLIC SECTOR HOUSING Chapter I – ENGLAND AND WALES Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

- (c) the proportion which that amount bears to the price which would be payable if the tenant exercised the right to buy;
- (d) the landlord's share on the assumption that the tenant makes the minimum initial payment;
- (e) the amount of the initial discount on that assumption; and
- (f) the provisions which, in the landlord's opinion, should be contained in the conveyance or grant and the mortgage required by section 151B (mortgage for securing redemption of landlord's share)."

Commencement Information

I3 S. 110 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to S.I. 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

111 Tenant's notice of intention etc.

After section 146 of the 1985 Act there shall be inserted the following sections—

"146A Tenant's notice of intention.

- (1) Where a notice under section 146 has been served on a secure tenant, he shall within the period specified in subsection (2) serve a written notice on the landlord stating either—
 - (a) that he intends to pursue his claim to exercise the right to acquire on rent to mortgage terms and the amount of the initial payment which he proposes to make, or
 - (b) that he withdraws that claim and intends to pursue his claim to exercise the right to buy, or
 - (c) that he withdraws both of those claims.
- (2) The period for serving a notice under subsection (1) is the period of twelve weeks beginning with the service of the notice under section 146.
- (3) The amount stated in a notice under subsection (1)(a)—
 - (a) shall not be less than the minimum initial payment and not more than the maximum initial payment, and
 - (b) may be varied at any time by notice in writing served on the landlord.

146B Landlord's notice in default.

- (1) The landlord may, at any time after the end of the period specified in section 146A(2), serve on the tenant a written notice—
 - (a) requiring him, if he has failed to serve the notice required by section 146A(1), to serve that notice within 28 days, and
 - (b) informing him of the effect of this subsection and subsection (4).
- (2) At any time before the end of the period mentioned in subsection (1)(a) (or that period as previously extended) the landlord may by written notice served on the tenant extend it (or further extend it).

Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

- (3) If at any time before the end of that period (or that period as extended under subsection (2)) the circumstances are such that it would not be reasonable to expect the tenant to comply with a notice under this section, that period (or that period as so extended) shall by virtue of this subsection be extended (or further extended) until 28 days after the time when those circumstances no longer obtain.
- (4) If the tenant does not comply with a notice under this section the notice claiming to exercise the right to acquire on rent to mortgage terms shall be deemed to be withdrawn at the end of that period (or, as the case may require, that period as extended under subsection (2) or (3))."

Commencement Information

I4 S. 111 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to S.I. 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

Notice of landlord's share and initial discount.

For section 147 of the 1985 Act there shall be substituted the following section—

"147 Notice of landlord's share and initial discount.

- (1) Where a secure tenant has served—
 - (a) a notice under section 146A(1)(a) stating that he intends to pursue his claim to exercise the right to acquire on rent to mortgage terms, and the amount of the initial payment which he proposes to make, or
 - (b) a notice under section 146A(3)(b) varying the amount stated in a notice under section 146A(1)(a),

the landlord shall, as soon as practicable, serve on the tenant a written notice complying with this section.

- (2) The notice shall state—
 - (a) the landlord's share on the assumption that the amount of the tenant's initial payment is that stated in the notice under section 146A(1)(a) or, as the case may be, section 146A(3)(b), and
 - (b) the amount of the initial discount on that assumption,

determined in each case in accordance with section 148."

Commencement Information

I5 S. 112 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to S.I. 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

113 Determination of landlord's share, initial discount etc.

For section 148 of the 1985 Act there shall be substituted the following section—

Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

"148 Determination of landlord's share, initial discount etc.

The landlord's share shall be determined by the formula—

the amount of the initial discount shall be determined by the formula—

and the amount of any previous discount which will be recovered by virtue of the transaction shall be determined by the formula—

S = the landlord's share expressed as a percentage;

P = the price which would be payable if the tenant were exercising the right to buy;

IP = the amount of the tenant's initial payment (but disregarding any reduction in pursuance of section 153B(3));

ID = the amount of the initial discount;

D = the amount of the discount which would be applicable if the tenant were exercising the right to buy;

RD = the amount of any previous discount which will be recovered by virtue of the transaction;

PD = the amount of any previous discount which would be recovered if the tenant were exercising the right to buy."

Commencement Information

I6 S. 113 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to S.I. 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

114 Change of landlord after notice claiming right.

For section 149 of the 1985 Act there shall be substituted the following section—

"149 Change of landlord after notice claiming right.

- (1) Where the interest of the landlord in the dwelling-house passes from the landlord to another body after a secure tenant has given a notice claiming to exercise the right to acquire on rent to mortgage terms, all parties shall subject to subsection (2) be in the same position as if the other body—
 - (a) had become the landlord before the notice was given, and
 - (b) had been given that notice and any further notice given by the tenant to the landlord, and
 - (c) had taken all steps which the landlord had taken.
- (2) If the circumstances after the disposal differ in any material respect, as for example where—
 - (a) the interest of the disponee in the dwelling-house after the disposal differs from that of the disponor before the disposal, or

Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

(b) any of the provisions of Schedule 5 (exceptions to the right to buy) becomes or ceases to be applicable,

all those concerned shall, as soon as practicable after the disposal, take all such steps (whether by way of amending or withdrawing and re-serving any notice or extending any period or otherwise) as may be requisite for the purpose of securing that all parties are, as nearly as may be, in the same position as they would have been if those circumstances had obtained before the disposal."

Commencement Information

I7 S. 114 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to S.I. 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

Duty of landlord to convey freehold or grant lease.

For section 150 of the 1985 Act there shall be substituted the following section—

"150 Duty of landlord to convey freehold or grant lease.

- (1) Where a secure tenant has claimed to exercise the right to acquire on rent to mortgage terms and that right has been established, then, as soon as all matters relating to the grant and to securing the redemption of the landlord's share have been agreed or determined, the landlord shall make to the tenant—
 - (a) if the dwelling-house is a house and the landlord owns the freehold, a grant of the dwelling-house for an estate in fee simple absolute, or
 - (b) if the landlord does not own the freehold or if the dwelling-house is a flat (whether or not the landlord owns the freehold), a grant of a lease of the dwelling-house,

in accordance with the following provisions of this Part.

- (2) If the tenant has failed to pay the rent or any other payment due from him as a tenant for a period of four weeks after it has been lawfully demanded from him, the landlord is not bound to comply with subsection (1) while the whole or part of that payment remains outstanding.
- (3) The duty imposed on the landlord by subsection (1) is enforceable by injunction."

Commencement Information

8 S. 115 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to S.I. 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

116 Terms and effect of conveyance or grant: general.

(1) For section 151 of the 1985 Act there shall be substituted the following section—

Part II – PUBLIC SECTOR HOUSING Chapter I – ENGLAND AND WALES Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

"151 Terms and effect of conveyance or grant: general.

- (1) A conveyance of the freehold executed in pursuance of the right to acquire on rent to mortgage terms shall conform with Parts I and II of Schedule 6; a grant of a lease so executed shall conform with Parts I and III of that Schedule; and Part IV of that Schedule applies to such a conveyance or lease as it applies to a conveyance or lease executed in pursuance of the right to buy.
- (2) The secure tenancy comes to an end on the grant to the tenant of an estate in fee simple, or of a lease, in pursuance of the right to acquire on rent to mortgage terms; and if there is then a sub-tenancy section 139 of the M2Law of Property Act 1925 (effect of extinguishment of reversion) applies as on a merger or surrender."
- (2) In Part III of Schedule 6 to the 1985 Act (terms of lease granted in pursuance of right to buy or right to acquire on rent to mortgage terms), after paragraph 16D there shall be inserted the following paragraph—
 - "16E (1) Where a lease of a flat granted in pursuance of the right to acquire on rent to mortgage terms requires the tenant to pay—
 - (a) service charges in respect of repairs (including works for the making good of structural defects), or
 - (b) improvement contributions,

his liability in respect of costs incurred at any time before the final payment is made is restricted as follows.

(2) He is not required to pay any more than the amount determined by the formula—

$$M = P \times \frac{100 - S}{100}$$

where-

M =the maximum amount which he is required to pay;

P = the amount which, but for this paragraph, he would be required to pay;

S = the landlord's share at the time expressed as a percentage."

Commencement Information

S. 116 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

Marginal Citations

M2 1925 c. 20.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

117 Redemption of landlord's share.

(1) After section 151 of the 1985 Act there shall be inserted the following section—

"151A Redemption of landlord's share.

Schedule 6A (which makes provision for the redemption of the landlord's share) shall have effect; and a conveyance of the freehold or a grant of a lease executed in pursuance of the right to acquire on rent to mortgage terms shall conform with that Schedule."

(2) After Schedule 6 to the 1985 Act there shall be inserted as Schedule 6A the Schedule set out in Schedule 16 to this Act.

Commencement Information

I10 S. 117 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

118 Mortgage for securing redemption of landlord's share.

After section 151A of the 1985 Act there shall be inserted the following section—

"151B Mortgage for securing redemption of landlord's share.

- (1) The liability that may arise under the covenant required by paragraph 1 of Schedule 6A (covenant for the redemption of the landlord's share in the circumstances there mentioned) shall be secured by a mortgage.
- (2) Subject to subsections (3) and (4), the mortgage shall have priority immediately after any legal charge securing an amount advanced to the secure tenant by an approved lending institution for the purpose of enabling him to exercise the right to acquire on rent to mortgage terms.
- (3) The following, namely—
 - (a) any advance which is made otherwise than for the purpose mentioned in subsection (2) and is secured by a legal charge having priority to the mortgage, and
 - (b) any further advance which is so secured,

shall rank in priority to the mortgage if, and only if, the landlord by written notice served on the institution concerned gives its consent; and the landlord shall so give its consent if the purpose of the advance or further advance is an approved purpose.

- (4) The landlord may at any time by written notice served on an approved lending institution postpone the mortgage to any advance or further advance which—
 - (a) is made to the tenant by that institution, and
 - (b) is secured by a legal charge not having priority to the mortgage; and the landlord shall serve such a notice if the purpose of the advance or further advance is an approved purpose.
- (5) The approved lending institutions for the purposes of this section are—

Chapter I – FOBLIC SECTOR HOUSING Chapter I – ENGLAND AND WALES Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

the Corporation,
a building society,
a bank,
a trustee savings bank,
an insurance company,
a friendly society,

and any body specified, or of a class or description specified, in an order made under section 156.

- (6) The approved purposes for the purposes of this section are—
 - (a) to enable the tenant to make an interim or final payment,
 - (b) to enable the tenant to defray, or to defray on his behalf, any of the following—
 - (i) the cost of any works to the dwelling-house,
 - (ii) any service charge payable in respect of the dwelling-house for works, whether or not to the dwelling-house, and
 - (iii) any service charge or other amount payable in respect of the dwelling-house for insurance, whether or not of the dwellinghouse, and
 - (c) to enable the tenant to discharge, or to discharge on his behalf, any of the following—
 - (i) so much as is still outstanding of any advance or further advance which ranks in priority to the mortgage,
 - (ii) any arrears of interest on such an advance or further advance, and
 - (iii) any costs and expenses incurred in enforcing payment of any such interest, or repayment (in whole or in part) of any such advance or further advance.
- (7) Where different parts of an advance or further advance are made for different purposes, each of those parts shall be regarded as a separate advance or further advance for the purposes of this section.
- (8) The Secretary of State may by order prescribe—
 - (a) matters for which the deed by which the mortgage is effected must make provision, and
 - (b) terms which must, or must not, be contained in that deed, but only in relation to deeds executed after the order comes into force.
- (9) The deed by which the mortgage is effected may contain such other provisions as may be—
 - (a) agreed between the mortgagor and the mortgagee, or
 - (b) determined by the county court to be reasonably required by the mortgagor or the mortgagee.
- (10) An order under this section—
 - (a) may make different provision with respect to different cases or descriptions of case, including different provision for different areas, and

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

(b) shall be made by statutory instrument which shall be subject to annulment in pursuance of a resolution of either House of Parliament."

Commencement Information

III S. 118 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

119 Landlord's notices to complete.

- (1) For subsection (3) of section 152 of the 1985 Act (landlord's first notice to complete) there shall be substituted the following section—
 - "(3) A notice under this section shall not be served earlier than twelve months after the service of the notice under section 146 (landlord's notice admitting or denying right)."
- (2) In subsection (5) of that section, for the words "the amount to be left outstanding or advanced on the security of the dwelling-house" there shall be substituted the words "securing the redemption of the landlord's share".
- (3) In subsection (4) of section 153 of the 1985 Act (landlord's second notice to complete), for the words "the right to be granted a shared ownership lease" there shall be substituted the words "the right to acquire on rent to mortgage terms".

Commencement Information

I12 S. 119 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

120 Repayment of discount on early disposal.

- (1) For subsection (3) of section 155 of the 1985 Act (repayment of discount on early disposal) there shall be substituted the following subsection—
 - "(3) In the case of a conveyance or grant in pursuance of the right to acquire on rent to mortgage terms, the covenant shall be to pay to the landlord on demand, if within the period of three years commencing with the making of the initial payment there is a relevant disposal which is not an exempted disposal (but if there is more than one such disposal, then only on the first of them), the discount (if any) to which the tenant was entitled on the making of—
 - (a) the initial payment,
 - (b) any interim payment made before the disposal, or
 - (c) the final payment if so made,

reduced, in each case, by one-third for each complete year which has elapsed after the making of the initial payment and before the disposal."

- (2) In subsection (3A) of that section, for paragraph (b) there shall be substituted the following paragraph—
 - "(b) any reference in subsection (3) (other than paragraph (a) thereof) to the making of the initial payment shall be construed as a reference

Part II – PUBLIC SECTOR HOUSING Chapter I – ENGLAND AND WALES Document Generated: 2024-04-20

Status: Point in time view as at 01/12/1993.

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

to the date which precedes that payment by the period referred to in paragraph (a) of this subsection."

- (3) For subsection (2) of section 156 of the 1985 Act (liability to repay discount is a charge on the premises) there shall be substituted the following subsections—
 - "(2) Subject to subsections (2A) and (2B), the charge has priority as follows—
 - (a) if it secures the liability that may arise under the covenant required by section 155(2), immediately after any legal charge securing an amount advanced to the secure tenant by an approved lending institution for the purpose of enabling him to exercise the right to buy;
 - (b) if it secures the liability that may arise under the covenant required by section 155(3), immediately after the mortgage—
 - (i) which is required by section 151B (mortgage for securing redemption of landlord's share), and
 - (ii) which, by virtue of subsection (2) of that section, has priority immediately after any legal charge securing an amount advanced to the secure tenant by an approved lending institution for the purpose of enabling him to exercise the right to acquire on rent to mortgage terms.
 - (2A) The following, namely—
 - (a) any advance which is made otherwise than for the purpose mentioned in paragraph (a) or (b) of subsection (2) and is secured by a legal charge having priority to the charge taking effect by virtue of this section, and
 - (b) any further advance which is so secured,
 - shall rank in priority to that charge if, and only if, the landlord by written notice served on the institution concerned gives its consent; and the landlord shall so give its consent if the purpose of the advance or further advance is an approved purpose.
 - (2B) The landlord may at any time by written notice served on an approved lending institution postpone the charge taking effect by virtue of this section to any advance or further advance which—
 - (a) is made to the tenant by that institution, and
 - (b) is secured by a legal charge not having priority to that charge;

and the landlord shall serve such a notice if the purpose of the advance or further advance is an approved purpose."

- (4) After subsection (4) of that section there shall be inserted the following subsections—
 - "(4A) The approved purposes for the purposes of this section are—
 - (a) to enable the tenant to make an interim or final payment,
 - (b) to enable the tenant to defray, or to defray on his behalf, any of the following—
 - (i) the cost of any works to the dwelling-house,
 - (ii) any service charge payable in respect of the dwelling-house for works, whether or not to the dwelling-house, and
 - (iii) any service charge or other amount payable in respect of the dwelling-house for insurance, whether or not of the dwellinghouse, and

Changes to legislation: Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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)

- (c) to enable the tenant to discharge, or to discharge on his behalf, any of the following—
 - (i) so much as is still outstanding of any advance or further advance which ranks in priority to the charge taking effect by virtue of this section,
 - (ii) any arrears of interest on such an advance or further advance, and
 - (iii) any costs and expenses incurred in enforcing payment of any such interest, or repayment (in whole or in part) of any such advance or further advance.
- (4B) Where different parts of an advance or further advance are made for different purposes, each of those parts shall be regarded as a separate advance or further advance for the purposes of this section."

Commencement Information

II3 S. 120 wholly in force at 11.10.1993 (subject to the transitional provisions and savings in Sch. 1 to 1993/2134) see s. 188(2) and S.I. 1993/2134, art. 4(b)

Status:

Point in time view as at 01/12/1993.

Changes to legislation:

Leasehold Reform, Housing and Urban Development Act 1993, Cross Heading: Right to acquire on rent to mortgage terms is up to date with all changes known to be in force on or before 20 April 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.