
STATUTORY INSTRUMENTS

2008 No. 2826

The Legislative Reform (Consumer Credit) Order 2008

Exemption relating to investment properties

3.—(1) After section 16B of the 1974 Act insert—

“16C Exemption relating to investment properties

(1) This Act does not regulate a consumer credit agreement if, at the time the agreement is entered into, any sums due under it are secured by a land mortgage on land where the condition in subsection (2) is satisfied.

(2) The condition is that less than 40% of the land is used, or is intended to be used, as or in connection with a dwelling—

- (a) by the debtor or a person connected with the debtor, or
- (b) in the case of credit provided to trustees, by an individual who is the beneficiary of the trust or a person connected with such an individual.

(3) For the purposes of subsection (2) the area of any land which comprises a building or other structure containing two or more storeys is to be taken to be the aggregate of the floor areas of each of those storeys.

(4) For the purposes of subsection (2) a person is “connected with” the debtor or an individual who is the beneficiary of a trust if he is—

- (a) that person’s spouse or civil partner;
- (b) a person (whether or not of the opposite sex) whose relationship with that person has the characteristics of the relationship between husband and wife; or
- (c) that person’s parent, brother, sister, child, grandparent or grandchild.

(5) Section 126 (enforcement of land mortgages) applies to an agreement which would but for this section be a regulated agreement.

(6) Nothing in this section affects the application of sections 140A to 140C.”

(2) In section 8(3) of the 1974 Act (definition of consumer credit agreement) for “or 16B” substitute “, 16B or 16C”.

(3) In section 82 of the 1974 Act (variation of agreements) in subsections (2A), (3)(b) and (5A) after “section 16(6C)” insert “or 16C”.

(4) In section 189(1) of the 1974 Act (definitions) in the definition of “exempt agreement” for “or 16B” substitute “, 16B or 16C”.