



# Landlord and Tenant Act 1987

## 1987 CHAPTER 31

### PART III

#### COMPULSORY ACQUISITION BY TENANTS OF THEIR LANDLORD'S INTEREST

#### **32 Discharge of existing mortgages**

- (1) Where the landlord's interest in any premises is acquired in pursuance of an acquisition order, the instrument by virtue of which it is so acquired shall (subject to subsection (2) and Part II of Schedule 1) operate to discharge the premises from any charge on that interest to secure the payment of money or the performance of any other obligation by the landlord or any other person.
- (2) Subsection (1) does not apply to any such charge if—
  - (a) it has been agreed between the landlord and either—
    - (i) the qualifying tenants in whose favour the order was made, or
    - (ii) the nominated person,that the landlord's interest should be acquired subject to the charge, or
  - (b) the court is satisfied, whether on the application for the order or on an application made by the person entitled to the benefit of the charge, that in the exceptional circumstances of the case it would be fair and reasonable that the landlord's interest should be so acquired, and orders accordingly.
- (3) This section and Part II of Schedule 1 shall apply, with any necessary modifications, to mortgages and liens as they apply to charges; but nothing in those provisions shall apply to a rentcharge.