



Leasehold Reform, Housing and Urban Development Act 1993

1993 CHAPTER 28

PART II

PUBLIC SECTOR HOUSING

CHAPTER I

ENGLAND AND WALES

Priority of charges securing repayment of discount

133 Voluntary disposals by local authorities.

(1) For subsection (2) of section 36 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 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.

(2A) The following, namely—

- (a) any advance which is made otherwise than for the purpose mentioned in subsection (2)(b) 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 local authority by written notice served on the institution concerned gives their consent; and the local

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authority shall so give their consent if the purpose of the advance or further advance is an approved purpose.

(2B) The local authority 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 purchaser by that institution, and
- (b) is secured by a legal charge not having priority to that charge;

and the local authority shall serve such a notice if the purpose of the advance or further advance is an approved purpose.”

(2) After subsection (4) of that section there shall be inserted the following subsections—

“(5) The approved purposes for the purposes of this section are—

- (a) to enable the purchaser to defray, or to defray on his behalf, any of the following—
 - (i) the cost of any works to the house,
 - (ii) any service charge payable in respect of the house for works, whether or not to the house, and
 - (iii) any service charge or other amount payable in respect of the house for insurance, whether or not of the house, and
- (b) to enable the purchaser 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.

(6) 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

II S. 133 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)

^{F1}134

Textual Amendments

F1 S. 134 repealed (1.10.1996) by 1996 c. 52, s. 227, Sch. 19 Pt.1; S.I. 1996/2402, art. 3(a)

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

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 12A and cross-heading inserted by 2002 c. 15 s. 123(1)
- s. 12A(3)(a)(b) words substituted by S.I. 2009/1941 Sch. 1 para. 140(5)
- s. 12A(4)(a) words substituted by S.I. 2009/1941 Sch. 1 para. 140(5)
- s. 12A(4)(c) words substituted by S.I. 2009/1941 Sch. 1 para. 140(5)
- s. 13(2ZA) inserted by 2002 c. 15 s. 121(3)
- s. 13(2ZB) inserted by 2002 c. 15 s. 123(2)
- s. 13(5A) inserted by 2002 c. 15 Sch. 8 para. 6(3)
- s. 29(4A) inserted by 2002 c. 15 Sch. 8 para. 18(2)
- s. 29(4A) words added by S.I. 2003/2096 Sch. para. 20(b)
- s. 29(4A)(a) words omitted by S.I. 2003/2096 Sch. para. 20(a)
- s. 29(4A)(d) words substituted by S.I. 2009/1941 Sch. 1 para. 140(6)
- s. 70(15) inserted by 2023 asc 3 Sch. 13 para. 166(b)
- s. 78(5A)-(5C) inserted by 2008 c. 17 Sch. 12 para. 15(3)
- s. 78(7) inserted by 2008 c. 17 Sch. 12 para. 15(4)
- s. 79(2)(2A) substituted for s. 79(2) by 2002 c. 15 Sch. 10 para. 16(3)
- s. 156(4) repealed by 2014 asp 14 sch. 2 para. 7
- Sch. 20 para. 5(1A) inserted by 2008 c. 29 Sch. 9 para. 5(2)