



# Housing Act 1985

## 1985 CHAPTER 68

### PART XIV

#### LOANS FOR ACQUISITION OR IMPROVEMENT OF HOUSING

##### *Local authority mortgages*

#### **436 Terms of advance.**

- (1) The provisions of this section have effect with respect to the terms of advances under section 435.
- (2) The advance, together with the interest on it, shall be secured by a mortgage of the land concerned; and an advance shall not be made unless the estate proposed to be mortgaged is either—
  - (a) an estate in fee simple absolute in possession, or
  - (b) an estate for a term of years absolute of which a period of not less than ten years in excess of the period fixed for the repayment of the advance remains unexpired on the date on which the mortgage is executed.
- (3) The amount of the principal of the advance shall not exceed the value of the mortgage security or, as the case may be the value which it is estimated the mortgaged security will bear when the construction, conversion, alteration, enlargement, repair or improvement has been carried out; and the advance shall not be made except after a valuation duly made on behalf of the authority.
- (4) Where the advance is for any of the purposes specified in [F1 section 435(1)(b) and (c) and (1A)] (construction, conversion, alteration, enlargement, repair or improvement) it may be made by instalments from time to time as the works progress.
- (5) The mortgage deed shall provide—
  - (a) for repayments of the principal either by instalments of equal or unequal amounts, beginning on the date of the advance or at a later date, or at the end of a fixed period (with or without a provision allowing the authority to extend

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*Changes to legislation: Housing Act 1985, Section 436 is up to date with all changes known to be in force on or before 26 July 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*

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- the period) or on the happening of a specified event before the end of that period, and
- (b) for the payment of instalments of interest throughout the period beginning on the date of the advance and ending when the whole of the principal is repaid; but subject to section 441 (waiver or reduction of payments in case of property requiring repair or improvement) and to section 446(1)(b) (assistance for first time buyers: part of loan interest-free for up to five years).
- (6) The mortgage deed shall also provide that, notwithstanding the provisions referred to in subsection (5), the balance for the time being unpaid—
- (a) shall become repayable on demand by the authority in the event of any of the conditions subject to which the advance is made not being complied with, and
- (b) may, in any event, be repaid on one of the usual quarter-days by the person for the time being entitled to the equity of redemption after one month's written notice of intention to repay has been given to the authority.

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**Textual Amendments**

- F1** Words in s. 436(4) substituted (18.7.2003) by S.I. 2002/1860, arts. 1(3), 10, Sch. 2 para. 4(2) (with art. 10(3))

**Changes to legislation:**

Housing Act 1985, Section 436 is up to date with all changes known to be in force on or before 26 July 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.

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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](#)

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

- s. 81A-81D and cross-heading inserted by [2016 c. 22 Sch. 7 para. 4](#) (This provision is amended by [2021 c. 7, ss. 79\(3\), 90\(6\)](#); [S.I. 2021/1038, reg. 3\(c\)](#))
- s. 81B(1)(b) words inserted by [2018 c. 11 s. 1\(3\)](#)
- s. 81B(2A)-(2C) inserted by [2018 c. 11 s. 1\(2\)](#)
- s. 81B(2C) words substituted by [2021 c. 17 s. 79\(3\)\(a\)\(i\)](#) (This amendment not applied to [legislation.gov.uk](#). The insertion of s. 81B by [2016 c. 22, Sch. 7 para. 4](#) is still prospective)
- s. 81B(2C) words substituted by [2021 c. 17 s. 79\(3\)\(a\)\(ii\)](#) (This amendment not applied to [legislation.gov.uk](#). The insertion of s. 81B by [2016 c. 22, Sch. 7 para. 4](#) is still prospective)
- s. 81B(2D) inserted by [2021 c. 17 s. 79\(3\)\(b\)](#) (This amendment not applied to [legislation.gov.uk](#). The insertion of s. 81B by [2016 c. 22, Sch. 7 para. 4](#) is still prospective)
- s. 82(A1)(A2) inserted by [2016 c. 22 s. 119\(2\)\(a\)](#)
- s. 82A(4A)(4B) inserted by [2016 c. 22 Sch. 7 para. 7\(2\)](#)
- s. 86(1A)(1B) inserted by [2016 c. 22 Sch. 7 para. 10\(3\)](#)
- s. 86(1C) inserted by [2016 c. 22 Sch. 8 para. 2](#)
- s. 86A-86F and cross-headings inserted by [2016 c. 22 Sch. 7 para. 11](#)
- s. 86G s. 86A renumbered as s. 86G by [2016 c. 22 Sch. 8 para. 3\(1\)\(a\)](#)
- s. 86G(8) inserted by [2016 c. 22 Sch. 8 para. 3\(2\)](#)
- s. 88(1)(ba) inserted by [2016 c. 22 Sch. 8 para. 4](#)
- s. 89(2A)-(2D) inserted by [2016 c. 22 Sch. 8 para. 5\(3\)](#)
- s. 97(1A) inserted by [2016 c. 22 Sch. 7 para. 12\(3\)](#)
- s. 99A(1A) inserted by [2016 c. 22 Sch. 7 para. 13\(3\)](#)
- s. 115(3)-(7) inserted by [2024 c. 22 Sch. 9 para. 4\(a\)\(ii\)](#)
- s. 115B115C inserted by [2016 c. 22 Sch. 7 para. 15](#)
- s. 115B115C inserted by [2016 c. 22 Sch. 7 para. 15](#)
- s. 305(1A) inserted by [2023 asc 3 Sch. 13 para. 68\(b\)](#)
- s. 306(1A) inserted by [2023 asc 3 Sch. 13 para. 69\(b\)](#)
- s. 353A inserted by [1996 c. 52 s. 73\(1\)](#) (This amendment not applied to [legislation.gov.uk](#). S. 73 repealed (6.4.2006 for E., 16.6.2006 for W.) by [2004 c. 34, Sch. 16](#); [S.I. 2006/1060, art. 2\(1\)\(e\), Sch.](#); [S.I. 2006/1535, art. 2\(c\), Sch.](#))
- s. 582(6)(aa)-(ac) substituted for s. 582(6)(a) by [2023 c. 55 Sch. 18 para. 4\(2\)\(b\)](#)
- Sch. 1 para. 1ZA and cross-heading inserted by [2016 c. 22 Sch. 7 para. 17\(2\)](#)
- Sch. 5A para. 3(3)(aa) inserted by [2023 c. 55 Sch. 18 para. 4\(3\)\(b\)\(ii\)](#)
- Sch. 5A para. 3(6A) inserted by [2023 c. 55 Sch. 18 para. 4\(3\)\(d\)](#)