



Housing (Scotland) Act 1987

1987 CHAPTER 26

PART XII

HOUSE LOANS AND OTHER FINANCIAL ASSISTANCE

House loans: special cases

216 House loans to tenants exercising right to purchase

(1) A tenant who seeks to exercise his right to purchase a house under Part III and who has received an offer to sell (or, as the case may be, an amended offer to sell) from the landlord shall be entitled, together with any joint purchaser under section 61(6) (and the said tenant and any joint purchaser are referred to in this section as "the applicant") to apply—

- (a) in the case where the landlord is a development corporation (including an urban development corporation) or the Scottish Special Housing Association, to that body; or
- (b) in a case where the landlord is the Housing Corporation or a registered housing association, to the Housing Corporation; or
- (c) in any other case, to the local authority for the area in which the house is situated,

for a loan of an amount not exceeding the price fixed under section 62 to assist him to purchase the house.

(2) A loan application under subsection (1)—

- (a) must be served on the landlord or other body—
 - (i) within one month after service on the tenant of the offer to sell (or, where there has been service of one or more amended offers to sell or there has been a determination by the Lands Tribunal under section 65(3) which does not require the issue of an amended offer to sell, of the latest of these); or

Status: This is the original version (as it was originally enacted).

- (ii) within one year and 10 months after service of the application to purchase if the tenant has, in terms of section 67, a fixed price option as regards the house;
 - (b) shall be in such form as the Secretary of State shall by order made by statutory instrument prescribe, and shall contain—
 - (i) the amount of the loan which the applicant seeks;
 - (ii) the applicant's annual gross income and his net income after payment of income tax and national insurance contributions;
 - (iii) any liabilities in respect of credit sales or other fixed outgoings of the applicant; and
 - (iv) a statement that the applicant has applied for and been unable to obtain a sufficient building society loan; and
 - (c) shall be accompanied by evidence of the matters referred to in sub-paragraphs (ii) to (iv) of paragraph (b).
- (3) Subject to such requirements as the Secretary of State may by order made by statutory instrument impose, a landlord or other body which receives an application under subsection (1) shall, where it is satisfied on reasonable inquiry (which shall include reasonable opportunity for the applicant to amend his application) that the information contained in the loan application is correct, serve on the applicant an offer of loan, which shall specify a maximum amount of loan calculated in accordance with regulations made by statutory instrument by the Secretary of State.
- (4) A landlord or other body to which application has been made under subsection (1) shall complete its inquiries and either—
- (a) issue the offer of loan under subsection (3); or
 - (b) refuse the application on the ground that information contained in the loan application is incorrect in a material respect,
- within 2 months of the date of service of the loan application.
- (5) An applicant who wishes to accept an offer of loan shall do so along with his notice of acceptance under sections 66(1) or 67(1).
- (6) An offer of loan under subsection (3) together with an acceptance under subsection (5) shall constitute an agreement by the landlord or other body, subject to such requirements as the Secretary of State may by order made by statutory instrument impose, to lend to the applicant for the purpose of purchasing the house—
- (a) the maximum amount of loan mentioned in subsection (3); or
 - (b) the amount of loan sought by the applicant,
- whichever is the lesser, on the execution by the applicant of a standard security over the house.
- (7) An applicant who is aggrieved by a refusal under subsection (4)(b), or by a failure to comply with the said subsection, or by the calculation of maximum amount of loan mentioned in subsection (3) may, within 2 months of the date of the refusal or failure or of the offer of loan, as the case may be, raise proceedings by way of summary application in the sheriff court for the district in which the house is situated for declarator that he is entitled to a loan in accordance with subsection (3).
- (8) Where in proceedings under subsection (7) the sheriff grants declarator that the applicant is entitled to a loan, such declarator shall have effect as if it were an offer

of loan of the amount specified in the declarator duly issued under this section by the landlord or other body.

- (9) A statutory instrument made under subsection (3) or (6) shall be subject to annulment in pursuance of a resolution of either House of Parliament.