
STATUTORY INSTRUMENTS

1986 No. 797

The Defective Dwellings (Mortgagees) Regulations 1986

PART II

MORTGAGEES GENERALLY

Modification of the Act

11.—(1) For section 549(1) substitute—

“(1) This section applies where a mortgagee is entitled to assistance by way of repurchase in respect of a defective dwelling and there is a covenant relating to the interest of the mortgagor (“the owner”) in the dwelling whereby—

- (a) before the owner disposes of his interest he must offer to dispose of it to a public sector authority, or
- (b) in the case of a leasehold interest, the owner may require a public sector authority who are his landlord to accept a surrender of the lease but is otherwise prohibited from disposing of it.”.

(2) In section 549(2) after “housing authority” insert “or the mortgagee is not bound by the covenant”.

(3) In section 549(3) for paragraph (a) substitute—

- “(a) the mortgagee disposes of the owner's interest to the public sector authority in pursuance of the power of sale, and”,

and for the words from “the owner is entitled” to the end substitute—

“the mortgagee is entitled to be paid by the local housing authority the amount (if any) by which 95 per cent. of the defect-free value exceeds the consideration for the disposal, and the amount so paid shall be treated as money received by the mortgagee arising from the sale.”.