

## SCHEDULES

### SCHEDULE 2

#### REPURCHASE

#### PART II

#### DISCHARGE OF CHARGES ON INTEREST

##### *Application of purchase price*

7.—(1) Where by virtue of paragraph 6 a conveyance will be effective to discharge a charge securing the payment of money, the Executive shall, subject to sub-paragraph (2), apply the purchase price in the first instance in or towards the redemption of the charge and, if there is more than one, then according to their priorities.

(2) No duty arises under sub-paragraph (1) in the case of—

- (a) any charge in favour of the holders of a series of debentures issued by any body, or
- (b) any charge in favour of trustees for such debenture holders which at the date of the conveyance, is a floating charge,

and the Executive shall disregard such charges in performing its duty under that sub-paragraph.

(3) If the Executive—

- (a) does not apply an amount which, under sub-paragraph (1), it is required to apply in or towards the redemption of a charge, and
- (b) does not pay that amount into court in accordance with paragraph 9,

the charge shall not be discharged by virtue of paragraph 6 and the interest acquired shall remain subject to the charge as security for that amount.

(4) For the purpose of determining the amount which the Executive is required to pay under sub-paragraph (1), a person entitled to a charge shall not be permitted to exercise any right to consolidate that charge with a separate charge on other property.

(5) For the purpose of redeeming a charge in pursuance of sub-paragraph (1), a person may be required to accept three months or any longer notice of the intention to pay the principal or any part of it secured by the charge, together with interest to the date of payment, notwithstanding that this differs from the terms of the security as to the time and manner of payment.

(6) A charge to which the vendor or the Executive itself is entitled shall rank for payment in pursuance of sub-paragraph (1) as it would if another person were entitled to it.

8. Paragraphs 6(1) and 7(1) do not prevent a person from joining in the conveyance for the purpose of discharging the interest acquired from any charge without payment or for less payment than that to which he would otherwise be entitled; and, if he does so, the person to whom the purchase price ought to be paid shall be determined accordingly.

**Changes to legislation:**

There are currently no known outstanding effects for the The Housing (Northern Ireland) Order 1986, Cross Heading: Application of purchase price.