

SCHEDULES

SCHEDULE 11

PROVISIONS APPLICABLE TO CERTAIN DISPOSALS OF HOUSES

Obligation to repay a charge on the house

- 2 (1) The liability that may arise under the covenant required by paragraph 1 above is a charge on the house, taking effect as if it had been created by deed expressed to be by way of legal mortgage.
- (2) 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; or
 - (c) further advanced to him by that institution;
- but the housing action trust may at any time by written notice served on an approved lending institution postpone the charge taking effect by virtue of this paragraph to a legal charge securing an amount advanced or further advanced to the purchaser by that institution.
- (3) A charge taking effect by virtue of this paragraph is a land charge for the purposes of section 59 of the Land Registration Act 1925 notwithstanding subsection (5) of that section (exclusion of mortgages), and subsection (2) of that section applies accordingly with respect to its protection and realisation.
- (4) The covenant required by paragraph 1 above does not, by virtue of its binding successors in title of the purchaser, bind a person exercising rights under a charge having priority over the charge taking effect by virtue of this paragraph, or a person deriving title under him; and a provision of the conveyance, grant or assignment, or of a collateral agreement, is void in so far as it purports to authorise a forfeiture, or to impose a penalty or disability, in the event of any such person failing to comply with the covenant.
- (5) The approved lending institutions for the purposes of this paragraph are—
- (a) a building society;
 - (b) a bank;
 - (c) an insurance company;
 - (d) a friendly society; and
 - (e) any body specified, or of a class or description specified, in an order made under section 156 of the Housing Act 1985 (which makes provision in relation to disposals in pursuance of the right to buy corresponding to that made by this paragraph).