



Housing Associations Act 1985

1985 CHAPTER 69

PART III

THE HOUSING CORPORATION

Corporation's powers with respect to grants and loans

79 Lending powers

- (1) The Corporation may lend to—
 - a registered housing association,
 - an unregistered self-build society,
 - a subsidiary of the Corporation, or
 - any other body in which the Corporation holds an interest,for the purpose of enabling the body to meet the whole or part of expenditure incurred or to be incurred by it in carrying out its objects.
- (2) The Corporation may lend to an individual for the purpose of assisting him to acquire from the Corporation, or from any such body as is mentioned in subsection (1), a legal estate or interest in a dwelling which he intends to occupy.
- (3) A loan under this section may be by way of temporary loan or otherwise, and the terms of a loan made under subsection (1) may include (though the terms of a loan made under subsection (2) may not) terms for preventing repayment of the loan or part of it before a specified date without the consent of the Corporation.
- (4) The terms of a loan under this section shall, subject to subsection (3) and to any direction under section 76 (general power of Secretary of State to give directions), be such as the Corporation may determine, either generally or in a particular case.

80 Security for loans to unregistered self-build societies

- (1) Where the Corporation—

Status: This is the original version (as it was originally enacted).

- (a) makes a loan to an unregistered self-build society under section 79(1); and
 - (b) under a mortgage or heritable security entered into by the society to secure the loan has an interest as mortgagee or creditor in land belonging to the society, it may, with the written consent of the Secretary of State, give the society directions with respect to the disposal of the land.
- (2) The society shall comply with directions so given so long as the Corporation continues to have such an interest in the land.
 - (3) Directions so given may be varied or revoked by subsequent directions given with the like consent.
 - (4) The Secretary of State shall not consent to the Corporation's giving directions under this section requiring a society to transfer its interest in land to the Corporation, or to any other person, unless he is satisfied that arrangements have been made which will secure that the members of the society receive fair treatment in connection with the transfer.

81 Further advances in case of disposal on shared ownership lease

Where—

- (a) a lease of a dwelling, granted otherwise than in pursuance of the provisions of Part V of the Housing Act 1985 (the right to buy) relating to shared ownership leases, contains a provision to the like effect as that required by paragraph 1 of Schedule 8 to that Act (terms of snared ownership lease: right of tenant to acquire additional shares), and
- (b) the Corporation has, in exercise of any of its powers, left outstanding or advanced any amount on the security of the dwelling,

that power includes power to advance further amounts for the purpose of assisting the tenant to make payments in pursuance of that provision.

82 Loans made under s. 2 of the Housing Act 1964

Schedule 7 (further powers of Corporation with respect to land of certain housing associations) applies where a loan has been made to a housing association under section 2 of the Housing Act 1964 and the loan has not been repaid.

83 Power to guarantee loans

- (1) The Corporation may, with the consent of the Secretary of State given with the approval of the Treasury, guarantee the repayment of the principal of, and the payment of interest on, sums borrowed by—
 - registered housing associations,
 - unregistered self-build societies, or
 - other bodies in which the Corporation holds an interest.
- (2) Where the Corporation gives such a guarantee, it may impose such terms and conditions as it thinks fit.
- (3) The aggregate amount outstanding in respect of—
 - (a) loans for which the Corporation has given a guarantee under this section, and

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(b) payments made by the Corporation in meeting an obligation arising by virtue of such a guarantee and not repaid to the Corporation, shall not exceed £300 million or such greater sum not exceeding £500 million as the Secretary of State may specify by order made with the approval of the Treasury.

(4) An order under subsection (3) shall be made by statutory instrument and no such order shall be made unless a draft of it has been laid before and approved by the House of Commons.

84 Agreements to indemnify certain lenders: England and Wales

(1) The Corporation may, with the approval of the Secretary of State, enter into an agreement with—

- (a) a building society lending on the security of a house, or
- (b) a recognised body making a relevant advance on the security of a house,

whereby, in the event of default by the mortgagor, and in circumstances and subject to conditions specified in the agreement, the Corporation binds itself to indemnify the society or body in respect of the whole or part of the mortgagor's outstanding indebtedness and any loss or expense falling on the society or body in consequence of the mortgagor's default.

(2) The agreement may also, if the mortgagor is made party to it, enable or require the Corporation in specified circumstances to take a transfer of the mortgage and assume rights and liabilities under it, the building society or recognised body being then discharged in respect of them.

(3) The transfer may be made to take effect—

- (a) on terms provided for by the agreement (including terms involving substitution of a new mortgage agreement or modification of the existing one), and
- (b) so that the Corporation is treated as acquiring (for and in relation to the purposes of the mortgage) the benefit and burden of all preceding acts, omissions and events.

(4) The Secretary of State may approve particular agreements or give notice that particular forms of agreement have his approval, and in either case may make his approval subject to conditions.

(5) The Secretary of State shall, before giving notice that a particular form of agreement has his approval, consult—

- (a) in the case of a form of agreement with a building society, the Chief Registrar of Friendly Societies and such organisations representative of building societies and local authorities as he thinks expedient, and
- (b) in the case of a form of agreement with a recognised body, such organisations representative of such bodies and local authorities as he thinks expedient.

(6) Section 16(3) and (5) of the Restrictive Trade Practices Act: 1976 (recommendations by services supply associations to members) does not apply to recommendations made to building societies or recognised bodies about the making of agreements under this section, provided that the recommendations are made with the approval of the Secretary of State, which may be withdrawn at any time on one month's notice.

85 Meaning of " recognised body " and " relevant advance "

- (1) The expressions " recognised body " and " relevant advance " in section 84 (agreements to indemnify certain lenders) shall be construed in accordance with the following provisions.
- (2) A " recognised body " means a body specified, or of a class or description specified, in an order made by statutory instrument by the Secretary of State with the consent of the Treasury.
- (3) Before making such an order varying or revoking an order previously made, the Secretary of State shall give an opportunity for representations to be made on behalf of a recognised body which, if the order were made, would cease to be such a body.
- (4) A " relevant advance " means an advance made to a person whose interest in the dwelling is or was acquired by virtue of a conveyance of the freehold or an assignment of a long lease, or a grant of a long lease by—
 - a local authority,
 - a new town corporation,
 - an urban development corporation,
 - the Development Board for Rural Wales,
 - the Corporation, or
 - a registered housing association.
- (5) In subsection (4) " long lease " has the same meaning as in Part V of the Housing Act 1985 (the right to buy).

86 Agreements to indemnify building societies: Scotland

- (1) The Corporation may, with the approval of the Secretary of State, enter into an agreement with a building society under which the Corporation binds itself to indemnify the building society in respect of—
 - (a) the whole or part of any outstanding indebtedness of a borrower; and
 - (b) loss or expense to the building society resulting from the failure of the borrower duly to perform any obligation imposed on him by the heritable security.
- (2) The agreement may also, where the borrower is made party to it, enable or require the Corporation in specified circumstances to take an assignation of the rights and liabilities of the building society under the heritable security.
- (3) Approval of the Secretary of State under subsection (1) may be given generally in relation to agreements which satisfy specified requirements, or in relation to individual agreements, and with or without conditions, as he thinks fit, and such approval may be withdrawn at any time on one month's notice.
- (4) Before issuing any general approval under subsection (1) the Secretary of State shall consult with such bodies as appear to him to be representative of islands and district councils, and of building societies, and also with the Corporation and with the Chief Registrar of Friendly Societies.
- (5) Section 16(3) and (5) of the Restrictive Trade Practices Act 1976 (recommendations by services supply associations to members) does not apply to recommendations made

to building societies about the making of agreements under this section provided that the recommendations are made with the approval of the Secretary of State.

87 Grants towards expenses in promoting or assisting registered housing associations

- (1) The Corporation may make grants to registered housing associations and other voluntary organisations towards expenses incurred by them—
 - (a) in encouraging and giving advice on the formation of housing associations which would be eligible for registration under Part I, and
 - (b) in providing services for, and giving advice on the running of, registered housing associations.
- (2) Any such grant may be made subject to such conditions as the Corporation may determine.
- (3) The exercise of the Corporation's powers under subsection (1) or (2) requires the consent of the Secretary of State and the Treasury.
- (4) In this section " voluntary organisation " means an organisation whose activities are not carried on for profit.