

THE NATIONAL ASSEMBLY FOR WALES**REPORT OF THE LEGISLATION COMMITTEE****The Housing (Right to Buy) (Priority of Charges) (Wales) Order 1999****Background**

Under the terms of the original right to buy council homes scheme initiated by the Housing Act 1985 ("the Act"), the transaction is subject to a covenant binding on the tenant to the effect that in the event of a relevant disposal of the dwelling within three years, the discount received (under the terms of the scheme) must be repaid.

The liability that may arise under the covenant takes effect as a legal charge on the dwelling in question.

This charge has priority immediately after any legal charge securing an amount advanced to the tenant by an "approved lending institution" for the purposes of enabling him or her to exercise the right to buy.

Section 156 of the Act specifies certain types of institution as "approved lending institutions" but also provides for further bodies to be specified by the National Assembly.

This Order specifies Mortgages 1 Limited, Mortgages 2 Limited and Mortgages 4 Limited as such bodies.

The institutions named by section 156 of the Act also apply to sections 36 and 171A of the Act and to sections 12 and 16 of the Housing Act 1996.

Standing Order 11.5

It is not considered that there are any issues under standing order 11.5 that the Committee should report to the Assembly as requiring special attention.

General Comments on the Regulations:

The footnotes should appear in dual column format on the printed copy of this Order.

In addition, the footnotes giving the Chapter numbers for Acts of Parliament should include the year.

Since the Order, as laid before the Assembly must contain the coming into force date (in the heading and in Article 1(1)), this date should appear on the copy submitted to the Committee.

The reference in the signature clause to the Government of Wales Act 1998 should contain a footnote.

It is assumed that the companies involved are Mortgages 1, 2 and 4 Limited and not 3.

M German

Chair, Legislation Committee

7th December 1999

Our ref: LAD 01-01-037

