



Jersey

BUILDING LOANS (JERSEY) LAW 1950

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Arrangement

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A **LAW** to authorize the lending of money for enabling persons to acquire dwelling-houses and shares in companies which own dwellings and to construct, convert or repair dwelling-houses¹

Commencement [[see endnotes](#)]

1 Interpretation

In this Law, unless the context otherwise requires –

“Committee” means the Housing Committee;

“company” means a company incorporated under the law of Jersey;²

“company-owned dwelling” means a building or a self contained part of a building used or to be used wholly or principally for human habitation and any outhouses, appurtenances and any other rights and interests belonging thereto or usually enjoyed therewith, which is in the ownership of a company;³

“Fund” has the meaning assigned by Article 2;

“house” means a building or a *lot* within the meaning of the Loi (1991) sur la copropriété des immeubles bâtis⁴ used or to be used wholly or principally for human habitation and includes any outhouses and appurtenances belonging thereto or usually enjoyed therewith;⁵

“loan” means a loan made in pursuance of this Law;

“security agreement” and “security interest” have the same meanings, respectively, as in the Security Interests (Jersey) Law 1983.⁶

2 Establishment of Dwelling-Houses Loan Fund

- (1) For the purposes of this Law, there shall be established a fund, to be called the “Dwelling-Houses Loan Fund” (in this Law referred to as the “Fund”), into which the States may pay, and from which the States may withdraw, such sums as they shall from time to time determine.

- (2) All monies lent in pursuance of this Law and all expenses incurred in carrying this Law into effect shall be paid out of the Fund, and all monies received in respect of the repayment of the principal of loans and of the interest thereon, and all other monies receivable in pursuance of this Law, shall be paid into the Fund.
- (3) The Committee shall, not later than 1st March in each year, present to the States a report showing the financial position of the Fund at the end of the preceding year.

3 Power of Committee to make loans for purposes of housing

Subject to the provisions of this Law, the Committee may lend money to any person for the purpose of –

- (a) acquiring a house together with any land appertaining thereto;
- (b) acquiring land and constructing a house thereon;
- (c) constructing a house;
- (d) acquiring a building and converting it into a house;
- (e) converting a building into a house;
- (f) reconstructing, altering, enlarging, repairing or improving a house;
- (g) acquiring shares in a company the ownership of which shares confers an exclusive right to occupy a company-owned dwelling.⁷

4 Loan to be secured by hypothec, to bear interest and to be repaid by instalments

- (1) Except as provided by Article 5, every loan shall be secured by a simple conventional hypothec charged on the property in relation to which the loan is made and shall bear interest at the prescribed rate calculated annually on the amount of the principal of the loan for the time being remaining unpaid on the first day of January.⁸
- (2) For the purposes of paragraph (1), the prescribed rate of interest shall be 10% per annum or such higher or lower rate as shall have been fixed for the time being by the Committee by Order made after consultation with the Finance and Economics Committee.⁹
- (3) The Subordinate Legislation (Jersey) Law 1960,¹⁰ shall apply to Orders made under paragraph (2).¹¹
- (4) The principal of the loan shall be repaid, together with the interest thereon by weekly, monthly or quarterly instalments of such amounts that the whole shall be repaid within such period, not exceeding 40 years from the date of the contract of creation of the simple conventional hypothec to secure the loan, as may be agreed upon:

Provided that the whole of the outstanding principal of the loan, or any part thereof, may at any time be repaid without notice.¹²

- (5) Regulations made under Article 17 may empower the Committee, notwithstanding the foregoing provisions of this Article, to reduce the

rate of interest on any loan for any year by reference to such circumstances as may be prescribed by the Regulations, and, in the case of any such reduction, the periodical instalments payable in that year in respect of the loan shall be reduced accordingly.¹³

5 Security for loans made under Article 3(g) and interest thereon¹⁴

- (1) Every loan made for the purpose specified in Article 3(g) shall be secured by a security interest in the shares in relation to which the loan is made in such form as the States may by Regulations prescribe.
- (2) The provisions of Article 4 in relation to the rate of interest on a loan shall apply *mutatis mutandis* to a loan made for the purpose specified in Article 3(g).

6 Miscellaneous provisions relating to contracts for securing loans

- (1) Every contract of creation of a simple conventional hypothec to secure a loan shall state that the loan is made subject to such of the conditions mentioned in Article 14 as are applicable but it shall not be necessary to set out such conditions in the contract.
- (2) Every authority given by the Committee to pass a contract of creation of a simple conventional hypothec to secure a loan shall be deemed to include an authority to pass a contract of extinction of the hypothec on the repayment of the principal of the loan, together with the interest thereon.

7 Property to be owned in perpetuity and to be free from charges

- (1) Subject to paragraph (2) and save as may otherwise be provided by Regulations made under Article 17 no loan shall be made where the property on which the loan is to be secured is not in the sole ownership in perpetuity of the person to whom the loan is to be made, or where any *rentes* or hypothecs, whether legal, judicial or conventional (excluding the eventual right of dower of the wife, if any, of that person) are charged on the property.¹⁵
- (2) No loan shall be made for the purpose specified in Article 3(g) where the shares in relation to which the loan is to be made are not or will not be in the sole ownership of the person to whom the loan is to be made or where the shares are subject to or charged with any security or other interest.¹⁶
- (3) Nothing in paragraph (2) shall prevent the securing of the loan by vesting the shares in relation to which the loan is made in the Committee.¹⁷

8 Limitation on amount of loan

The amount of the principal of any loan shall not exceed –

- (a) where the loan is required for the purpose specified in Article 3(a), the amount which, in the opinion of the Committee, is the value of the property on which the loan is to be secured;

- (b) where the loan is required for a purpose specified in Article 3(b) (c) or (d), the amount which, in the opinion of the Committee, will be the value of the said property when the works of construction or conversion have been carried out;
- (c) where the loan is required for the purpose specified in Article 3(e), 75% of the amount which, in the opinion of the Committee, will be the value of the said property when the works of conversion have been carried out;
- (d) where the loan is required for any of the purposes specified in Article 3(f), 65% of the amount which, in the opinion of the Committee, will be the value of the said property when the works of reconstruction, alteration, enlargement, repair or improvement have been carried out;
- (e) where the loan is required for the purpose specified in Article 3(g), the amount which, in the opinion of the Committee, is the value of the company-owned dwelling concerned.¹⁸

9 Committee to be satisfied that house or dwelling will be fit for human habitation

Before lending money for the purpose specified in Article 3(a) or (g), the Committee shall satisfy itself that the house or company-owned dwelling, as the case may be, to be acquired is, or will be made, in all respects fit for human habitation, and, before lending money for any other purpose specified in that Article, the Committee shall satisfy itself that the house to be constructed, reconstructed, altered, enlarged, repaired or improved or into which the building is to be converted, as the case may be, will, when the works of construction, reconstruction, alteration, enlargement, repair, improvement or conversion have been completed, be in all respects so fit.¹⁹

10 Power to advance loans by instalments

Any loan may be advanced by instalments from time to time as the works of construction, conversion, reconstruction, alteration, enlargement, repair or improvement, as the case may be, progress.

11 Insurance of property²⁰

- (1) This Article applies to loans made for any of the purposes of Article 3(a) to (f) which are secured on a property other than a *lot*.
- (2) Subject to paragraph (3), in the case of a loan to which this Article applies which was made before the relevant date, until such time as the principal of the loan together with the interest thereon has been repaid, the property on which the loan is secured shall be kept insured against fire by the Committee in the name of the States, as holders of the hypothec, and the name of owner, and the premiums payable in respect of the insurance shall be refunded by the owner on demand therefor being made by or on behalf of the Committee.
- (3) In the case of a loan to which this Article applies which was made before the relevant date, the owner of the property on which the loan is secured may agree with the Committee that he or she will insure the property on

which the loan is secured, and in the event of such agreement, it shall be the responsibility of the owner, with effect from such date as may have been agreed and until the principal of the loan together with the interest thereon has been repaid, to keep the property insured against fire in the name of the States as holders of the hypothec and in his or her own name.

- (4) In the case of a loan to which this Article applies which is made after the relevant date, the owner of the property on which the loan is secured shall, until such time as the principal of the loan together with the interest thereon has been repaid, keep the property insured against fire in the name of the States as holders of the hypothec, and in his or her own name.
- (5) In this Article –
“*lot*” means a *lot* within the meaning of Article 1 of the Loi (1991) sur la copropriété des immeubles bâtis;²¹ and
“relevant date” means 1st January 1995.

12 Insurance of lots²²

- (1) This Article applies to a loan which is secured on a *lot*.
- (2) In the case of a loan to which this Article applies, until such time as the principal of the loan together with the interest thereon has been repaid, the property comprising the *lot* shall be kept insured against fire by the *association des copropriétaires* in relation to that property and the interest of the States, as holders of the hypothec, shall be endorsed on the policy.
- (3) In this Article –
“*Lot*” has the same meaning as in Article 11; and
“*association des copropriétaire*” means an *association* constituted under Article 5 of the Loi (1991) sur la copropriété des immeubles bâtis.

13 Insurance of company-owned dwellings²³

- (1) This Article applies to loans made for the purpose of Article 3(g).
- (2) In the case of a loan to which this Article applies, until such time as the principal of the loan, together with the interest thereon, has been repaid, the company-owned dwelling which the person to whom the loan was made is entitled to occupy shall be insured against fire by the company which owns the dwelling and the interest of the States, as holders of the security interest in the shares in relation to which the loan was made, shall be endorsed on the policy.

14 Conditions to be observed until loan repaid

- (1) Except where a loan is made for the purpose specified in Article 3(g), until such time as the principal of a loan, together with the interest

thereon, has been repaid, the following conditions shall be observed with respect to the property on which the loan is secured, namely –

- (a) the property shall not be sold or otherwise disposed of *inter vivos* except with the consent in writing of the Committee:
Provided that no such consent shall be given for the sale or disposal of the property to a person to whom, by virtue of the provisions of any Regulations made under Article 17, a loan may not be made;
- (b) the owner shall not, by any act or omission on his or her part, except with the consent in writing of the Committee and subject to any conditions attached to such consent, suffer any *rente* or hypothec, other than a legal hypothec, to become charged on the property;
- (c) every sum due in respect of principal and interest of the loan and the insurance of the property shall be punctually paid;
- (d) except where the loan was made for a purpose specified in Article 3(e) or (f), the owner shall both occupy and reside in the house and shall not let or otherwise part with the possession of the property to any other person except with the consent in writing of the Committee;
- (e) where the property is let the rental shall not exceed such amount as may be determined by the Committee, and no fine, premium or other like sum shall be demanded or taken in addition to the rental;
- (f) all reasonable steps shall be taken to secure the maintenance of the house so as to be in all respects fit for human habitation;
- (g) the house shall not be used for purposes other than those of a private dwelling-house except with the consent in writing of the Committee and then only for such further purposes and to such extent as may be specified in that consent;
- (h) a lessee or tenant shall not assign, sub-let or otherwise part with the possession of the property except to the owner;
- (i) where the area of the land on which the loan is secured exceeds one vergée, the land shall be kept clean and in a good state of cultivation and fertility, and in good condition, and all reasonable steps shall be taken to secure the maintenance of the buildings thereon to the extent necessary for the proper cultivation and working of the land;
- (j) the Committee, and its agents or servants, shall be permitted to enter the property at all reasonable times for the purpose of ascertaining whether the foregoing conditions are being complied with;
- (k) the owner shall not suffer a lessee or tenant to commit a breach of any of the conditions mentioned in sub-paragraphs (g), (h), (i) or (j), and the said conditions shall, so long as they are required to be observed, be deemed to be part of the terms of any lease, agreement for a lease or tenancy of the house and shall be enforceable accordingly.²⁴

- (2) Where any property on which a loan is secured is let and the maximum rental has been determined by the Committee under paragraph (1)(e), the provisions of the Dwelling-Houses (Rent Control) (Jersey) Law 1946,²⁵ shall not apply to the property.
- (3) Where a loan is made for the purpose specified in Article 3(g), until such time as the principal of the loan, together with the interest thereon has been repaid, the following conditions, which shall be included in the security agreement establishing the security interest on which the loan is secured, shall be observed with respect to the shares on which the loan is secured –
 - (a) the shares, if title to them is not vested in the Committee, shall not be sold or otherwise disposed of *inter vivos* except with the consent of the Committee which shall not grant such consent where the person to whom the shares would be transferred is, by virtue of any Regulations made under Article 17, a person to whom a loan may not be made;
 - (b) the owner of the shares, if title to them is not vested in the Committee, shall not, by act or omission on his or her part, except with the consent in writing of the Committee, and subject to any conditions attached to such consent, suffer any security interest or other interest to become charged on the shares other than that held by the Committee;
 - (c) every sum due in respect of principal and interest of the loan and the insurance of the dwelling shall be punctually paid;
 - (d) the owner of the shares shall both occupy and reside in the dwelling and shall not part with possession of the same except with the consent in writing of the Committee;
 - (e) all reasonable steps shall be taken to secure the maintenance of the dwelling and any common parts of the building in which the dwelling is situated, to the extent to which the owner of the shares is responsible therefor;
 - (f) the dwelling shall not be used for any purposes other than those of a private dwelling except with the consent in writing of the Committee and then only for such further purposes and to such extent as may be specified in that consent;
 - (g) the Committee and its agents or servants shall be permitted to enter the dwelling at all reasonable times for the purpose of ascertaining whether the foregoing conditions and any other conditions of the security agreement are being complied with;
 - (h) if and to the extent that ownership of the shares acquired with or with the aid of a loan confers on the owner of those shares any rights including rights to vote at any meeting of the company those rights shall not be exercised without the prior consent in writing of the Committee.²⁶

15 Powers of Committee in event of breach of conditions

- (1) In the event of a breach of any of the conditions mentioned in Article 14, the Committee may apply to the Inferior Number of the Royal Court for an order vesting in the public the ownership of the property in respect of which the breach has been committed:

Provided that the Court shall not make such an order unless the Committee has served on the owner of the property a notice requiring him or her to remedy the breach and he or she has, within one month after the delivery of the notice, failed to comply therewith.

- (2) An order made under paragraph (1) shall include an order for the registration thereof in the Public Registry of Contracts and an order so registered shall have like effect to a contract passed before the Royal Court and shall constitute a valid title to the property to which it relates and to the rights appertaining thereto, and such title shall bear the date of the order of the Court.
- (3) Where any property is vested in the public by virtue of an order made under paragraph (1), it shall be so vested free of all *rentes* and hypothecs, other than legal hypothecs, bearing a date subsequent to that of the contract of creation of the simple conventional hypothec securing the loan.
- (4) An order registered in pursuance of paragraph (2) shall not be renounced for want of insertion in the register of a *décret* if it bears a date prior to that of the insertion on which a “tenant” is confirmed in the tenure of the real estate *en décret*.
- (5) Where any property is vested in the public by virtue of an order made under paragraph (1), the Committee shall, in its discretion, cause it either –
- (a) to be sold to a person who has made an application for a loan; or
 - (b) to be put up for sale by public auction,

and shall, out of the proceeds of the sale, retain any sums due on account of the principal and interest of the loan, and all costs, charges and expenses properly incurred in connection with the vesting of the property and the sale thereof, and shall pay the balance to the Viscount for the benefit of the former owner:

Provided that where the owner is unable to sell the property for a sum sufficient to pay, out of the proceeds of the sale, the principal and interest of the loan then due, and the costs, charges and expenses properly incurred in connection with the vesting of the property and the sale thereof, the Committee may retain the property under its own management and shall not be liable to pay any sum to the former owner.²⁷

- (6) Where any money is paid to the Viscount in accordance with the provisions of paragraph (5), he or she shall immediately cause a notice to be published in 2 newspapers circulating in Jersey, one being a publication in French and the other a publication in English, stating that he or she holds the money on behalf of the former owner (naming the owner) and that any person having a claim against the former owner should take proceedings for the protection of his or her interests within

the period of 6 weeks from the date of the first publication of the notice, and if, within that period no such proceedings have been instituted, or there has not been lodged with the Viscount notice of an intention to institute such proceedings, supported by an affidavit, the Viscount shall pay the money to the former owner.

- (7) Any notice under the proviso to paragraph (1) may be served either –
- (a) by delivering it to the person on whom it is to be served;
 - (b) by leaving it at the usual place of abode of that person;
 - (c) by sending it in a prepaid registered letter addressed to that person at his or her usual place of abode; or
 - (d) if it is not practicable after reasonable enquiry to ascertain the usual place of abode of that person, by delivering it to some person on the property to which the notice relates or, if there is no person on the property to whom it can be delivered, by affixing it, or a copy of it, to some conspicuous part of the property.²⁸
- (8) In the event of a breach of any of the conditions mentioned in Article 14(3) or any other provision of the security agreement which is by virtue thereof made an event of default, the Committee shall without prejudice to any other rights of the Committee under the security agreement, have the power of sale given by Article 8 of the Security Interests (Jersey) Law 1983,²⁹ and may exercise that power in accordance with the provisions of that Article.³⁰

16 False statements and information

If any person, for any of the purposes of this Law, knowingly makes any statement or furnishes any information which is false in a material particular, he or she shall be liable to a fine not exceeding £1,000 or to imprisonment for a term not exceeding 6 months or to both such fine and such imprisonment, and, where a loan, or a reduction in the rate of interest on a loan, has been obtained by means of such false statement or false information, the provisions of Article 15 (with the exception of the proviso to paragraph (1) thereof) shall have effect in relation to the property on which the loan is secured as if a breach of a condition mentioned in Article 14 had been committed.³¹

17 Regulations³²

The States may make Regulations for any purpose for which Regulations may be made under this Law, for restricting the powers conferred on the Committee by this Law or regulating the exercise of such powers, for prescribing the forms of contract to be passed for the purposes of this Law, for providing that in such cases as may be prescribed by the Regulations the costs incurred in connection with the passing of contracts of creation of a simple conventional hypothec to secure a loan or the costs of creating a security interest to secure a loan shall be paid out of the Fund and generally for the purpose of carrying this Law into effect.

18 Citation

This Law may be cited as the Building Loans (Jersey) Law 1950.

ENDNOTES**Table of Legislation History**

Legislation	Year and No	Commencement
Building Loans (Jersey) Law 1950	L.23/1950	20 January 1951
Building Loans (Amendment) (Jersey) Law 1952	L.7/1952	26 April 1952
Building Loans (Amendment No. 2) (Jersey) Law 1954	L.15/1954	24 July 1954
Building Loans (Amendment No. 3) (Jersey) Law 1956	L.29/1956	26 January 1957
Building Loans (Amendment No. 4) (Jersey) Law 1960	L.23/1960	19 November 1960
Building Loans (Amendment No. 5) (Jersey) Law 1963	L.3/1963	16 April 1963
Building Loans (Amendment No. 6) (Jersey) Law 1963	L.6/1963	13 May 1963
Building Loans (Amendment No. 7) (Jersey) Law 1964	L.4/1964	15 May 1964
European Communities (Jersey) Law 1973	L.18/1973	1 September 1973
Building Loans (Amendment No. 8) (Jersey) Law 1976	L.23/1976	3 December 1976
Building Loans (Amendment No. 9) (Jersey) Law 1986	L.28/1986	12 December 1986
Building Loans (Amendment No. 10) (Jersey) Law 1986	L.29/1986	12 December 1986
Loi (1991) sur la copropriété des immeubles bâtis	L.31/1991	1 July 1992 (R&O.8396)
Building Loans (Amendment No. 11) (Jersey) Law 1992	L.10/1992	14 October 1992 (R&O.8459)
Building Loans (Amendment No. 12) (Jersey) Law 1994	L.5/1994	1 January 1995 (R&O.8758)

Table of Renumbered Provisions

Original	Current
4	repealed by L.28/1986; former Article 4(1) substituted by L.7/1952, amended by L.23/1960, substituted by L.18/1973

Original	Current
5	4
5(2A)	4(3)
(3)	(4)
(4)	(5)
5A	5
6(3)	repealed by L.23/1960
11A	12
11B	13
12	14
13	15
14	16
15	17
16	18

Table of Endnote References

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- ¹ Long title amended by L.5/1994
- ² Article 1 definition “company” inserted by L.5/1994
- ³ Article 1 definition “company-owned dwelling” inserted by L.5/1994
- ⁴ chapter 18.180
- ⁵ Article 1 definition “house” amended by L.31/1991
- ⁶ chapter 13.775
- Article 1 definition “security agreement”, “security interest” inserted by L.5/1994
- ⁷ Article 3 amended by L.23/1960, L.5/1994
- ⁸ Article 4(1) amended by L.5/1994
- ⁹ Article 4(2) substituted by L.10/1992; former paragraph amended by L.29/1956, substituted by L.6/1963
- ¹⁰ chapter 15.720
- ¹¹ Article 4(3) inserted by L.10/1992
- ¹² Article 4(4) amended by L.23/1960, L.4/1964
- ¹³ Article 4(5) inserted by L.29/1956
- ¹⁴ Article 5 inserted by L.5/1994
- ¹⁵ Article 7(1) amended by L.15/1954, L.23/1960, L.4/1964, L.5/1994
- ¹⁶ Article 7(2) inserted by L.5/1994
- ¹⁷ Article 7(3) inserted by L.5/1994
- ¹⁸ Article 8 amended by L.23/1960, L.4/1964, L.5/1994
- ¹⁹ Article 9 amended by L.5/1994
- ²⁰ Article 11 substituted by L.5/1994; former Article 11(1) amended by L.31/1991, former Article 11(2) inserted by L.31/1991
- ²¹ chapter 18.180
- ²² Article 12 inserted by L.5/1994
- ²³ Article 13 inserted by L.5/1994
- ²⁴ Article 14(1) amended by L.15/1954, L.23/1960, L.23/1976, L.5/1994
- ²⁵ chapter 18.270
- ²⁶ Article 14(3) inserted by L.5/1994
- ²⁷ Article 15(5) substituted by L.3/1963
- ²⁸ Article 15(7) inserted by L.29/1956
- ²⁹ chapter 13.775
- ³⁰ Article 15(8) inserted by L.5/1994
- ³¹ Article 16 amended by L.29/1956, L.29/1986
- ³² Article 17 substituted by L.23/1960, amended by L.5/1994