



Charities Act 2011

2011 CHAPTER 25

PART 7

CHARITY LAND

Restrictions on mortgages of land in England and Wales

124 Restrictions on mortgages

- (1) Subject to subsection (2), no mortgage of land held by or in trust for a charity is to be granted without an order of—
 - (a) the court, or
 - (b) the Commission.
- (2) Subsection (1) does not apply to a mortgage of any such land if the charity trustees have, before executing the mortgage, obtained and considered proper advice, given to them in writing, on the relevant matters or matter mentioned in subsection (3) or (4) (as the case may be).
- (3) In the case of a mortgage to secure the repayment of a proposed loan or grant, the relevant matters are—
 - (a) whether the loan or grant is necessary in order for the charity trustees to be able to pursue the particular course of action in connection with which they are seeking the loan or grant,
 - (b) whether the terms of the loan or grant are reasonable having regard to the status of the charity as the prospective recipient of the loan or grant, and
 - (c) the ability of the charity to repay on those terms the sum proposed to be paid by way of loan or grant.
- (4) In the case of a mortgage to secure the discharge of any other proposed obligation, the relevant matter is whether it is reasonable for the charity trustees to undertake to discharge the obligation, having regard to the charity's purposes.

Changes to legislation: Charities Act 2011, Section 124 is up to date with all changes known to be in force on or before 22 May 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (5) Subsection (3) or (as the case may be) subsection (4) applies in relation to such a mortgage as is mentioned in that subsection whether the mortgage—
- (a) would only have effect to secure the repayment of the proposed loan or grant or the discharge of the proposed obligation, or
 - (b) would also have effect to secure the repayment of sums paid by way of loan or grant, or the discharge of other obligations undertaken, after the date of its execution.
- (6) Subsection (7) applies where—
- (a) the charity trustees of a charity have executed a mortgage of land held by or in trust for a charity in accordance with subsection (2), and
 - (b) the mortgage has effect to secure the repayment of sums paid by way of loan or grant, or the discharge of other obligations undertaken, after the date of its execution.
- (7) In such a case, the charity trustees must not after that date enter into any transaction involving—
- (a) the payment of any such sums, or
 - (b) the undertaking of any such obligations,
- unless they have, before entering into the transaction, obtained and considered proper advice, given to them in writing, on the matters or matter mentioned in subsection (3) (a) to (c) or (4) (as the case may be).
- (8) For the purposes of this section proper advice is the advice of a person—
- (a) who is reasonably believed by the charity trustees to be qualified by ability in and practical experience of financial matters, and
 - (b) who has no financial interest in relation to the loan, grant or other transaction in connection with which the advice is given.
- ^{F1} ...
- (9) This section applies regardless of anything in the trusts of a charity; but nothing in this section applies to any mortgage—
- (a) for which general or special authority is given as mentioned in section 117(3) (a), or
 - ^{F2}(aa) granted by a liquidator, provisional liquidator, receiver, mortgagee or an administrator.]
 - (b) for which the authorisation or consent of the Secretary of State is required as mentioned in section 117(3)(b).
- (10) Nothing in this section applies to an exempt charity.

Textual Amendments

F1 Words in s. 124(8) omitted (14.6.2023) by virtue of [Charities Act 2022 \(c. 6\), ss. 21\(3\), 41\(4\)](#); S.I. 2023/643, Sch. para. 10

F2 S. 124(9)(aa) inserted (7.3.2024) by [Charities Act 2022 \(c. 6\), ss. 18\(3\)\(a\), 41\(4\)](#); S.I. 2024/265, reg. 3, Sch. 1 para. 4(d)

Changes to legislation:

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Changes and effects yet to be applied to :

- s. 124(9)(b) omitted by [2022 c. 6 s. 18\(3\)\(b\)](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 106(1)-(1B) substituted for s. 106(1) by [2022 c. 6 s. 16\(a\)](#)
- s. 322(2)(ea) inserted by [2022 c. 6 Sch. 2 para. 26](#)
- s. 331A331B and cross-heading inserted by [2022 c. 6 s. 15](#)