



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

The Chief Executive  
County Councils in Wales  
County Borough Councils in Wales

Eich cyf/Your ref:  
Ein cyf/Our ref: A-HCR22-13-001

30 March 2009

Dear Chief Executive

## **HOUSING ACT 1985 - SECTION 438 AND SCHEDULE 16 LOCAL AUTHORITY MORTGAGE INTEREST RATES**

**1. I enclose a copy of this letter for the Director of Finance. I would stress the importance of passing this copy on as quickly as possible. Failure to do so may result in the authority's mortgagors being charged an incorrect rate of interest.**

2. Schedule 16 to the Housing Act 1985 specifies how local authorities must set interest rates on mortgages arranged since 3 October 1980. Authorities must charge whichever is the higher of –

- (a) the Standard National Rate, which is set by the Welsh Ministers, or
- (b) the applicable local average rate, based on the Authority's own borrowing costs.

### **New Standard National Rate**

3. The Welsh Ministers have to set The Standard National Rate of interest "after taking into account interest rates charged by building societies in the United Kingdom and any movement in those rates". The major building societies have announced interest rates ranging from 5.79% to 2.50% for existing borrowers.

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4. The Welsh Ministers have taken into account decreases in mortgage interest rates announced recently by the building societies and,

in exercise of their powers under section 438(1) of, and paragraph 2 of Schedule 16 to, the Housing Act 1985, the Welsh Ministers hereby declare that the Standard National Rate of interest is decreased to **3.13%** per year with effect from **1 April 2009**.

This declaration supersedes that given in the Assembly's letter of 27 January 2009.

### **General Arrangements**

5. All the rates of interest referred to in this letter are applied rates and not Annual Percentage Rates of Charge for Credit (APRs) which authorities have to state in any quotation given to a new borrower, and to include in any advertisement. The APR will normally be greater than the applied rate of interest.

6. If you have any enquiries, please telephone Alan Storey on 01685 729159 or write to him at the above address.

Yours faithfully

**PAUL WEBB**  
Housing Directorate