

Article 14. Preferential mortgage-claims can be assigned to the Land-mortgage Bank when they afford the securities required by this law, and if the debtor undertakes to repay the capital and pay the interest in the manner the law requires. The debtor has the right, on giving the term of notice stipulated in the deed, to demand from the creditor the surrender of the claim to the Land-mortgage Bank. For a surrender of this kind the debtor has only to forward a request to the Land-mortgage Bank, describing accurately the deed of claim which is to be surrendered, as well as the name of the creditor, the date of the mortgages given as security, the amount of the latter, together with the valuation in the rating roll of each separate object. The Municipal Council shall attach to this request a certificate testifying to the accuracy of the estimate given by the Land Office. The correctness of the sum for which the buildings are insured against fire shall be certified to by the Secretary of the Préfecture.

Article 15. The rate of interest of the Land-mortgage Bank shall be at least  $\frac{1}{4}$  per cent. above the maximum interest granted on deposits in the bank.

Article 16. The Land-mortgage Bank, on granting every new loan, collects a sum for meeting the cost of inquiries respecting the required loan.

Article 17. The loans made by the Land-mortgage Bank are repaid and the interest paid, on the redemption principle, by means of annual payments to the amount of at least 6 per cent. of the original capital. From this the interest of the capital, which is still to be paid, is deducted according to the rate of interest on the bank at the time the payment is made; the remainder is employed in reducing the capital. It is nevertheless open to the debtor to pay at any time one or several per cent. more, or even to repay the entire capital. Five per cent. interest shall be exacted on any payments which have not been made within fourteen days of the date on which they have become due.

Article 18. The Land-mortgage Bank can exact the repayment of the entire capital only in the following cases: (1) When the borrower does not pay one or more instalments become due within three months from the date when he has been notified of the first step in the proceedings being taken for this object; (2) when the mortgage has been transferred without his consent; (3) when the Land-mortgage Bank has reason to believe that the mortgage has so diminished in value as not to afford the securities required by article 3, and the mortgager has not, within three months after being called upon to do so, increased the security of the loan to the prescribed amount, or when the existence of the security is not confirmed by a declaration of the Municipal Council given at his cost; (4) when the property mortgaged, wholly or in part, comes into judicial liquidation. In the cases indicated in sections 1, 2, and 4, the repayment must be made after three months' notice given by the Land-mortgage Bank. In the case of section 3, the period of three months fixed for increasing the security shall likewise count as notice to repay.

Article 19. The municipal commune is responsible to the Land-mortgage Bank for the loans which the bank has granted to the amount of the valuation of the Land Registrar of the mortgaged property situated in the communal arrondissement; unless, in terms of article 6, section 5, paragraph 2, the Municipal Council has assigned a less value to the property mortgaged. In this case the responsibility of communes extends only to this latter estimated sum.

Article 20. If the yield of a mortgage legally liquidated, or of a portion of it, does not reach the amount of the valuation of the Land Registrar at which it was estimated at the time of execution—that is, the value named by the Municipal Council—and the Land-mortgage Bank suffer loss in consequence, it may require from the commune the payment in full of the debt on surrendering the deeds and the amount invested. In cases of this kind, and before the mortgaged property is definitely resigned, the commune shall, by legal communication, be given the opportunity of preserving its interest by a final bid. The Land-mortgage Bank may, moreover, on simply offering the sum invested, demand the entire payment of its mortgage when the mortgaged property has not, wholly or in part, been able to be sold by auction, and it is awarded to the bank in payment. In no case, however, is the commune to pay the Land-mortgage Bank more than one year's payment in arrears and the payments become due since the commencement of the proceedings, in addition to the balance of the capital and the cost of the proceedings. The commune has its remedy against the members of the Municipal Council if there has been fraud or negligence on their part.

Article 21. The right given by the preceding articles is not applicable to the municipal commune if the loss experienced by the Land-mortgage Bank is due to an accidental diminution of the value of the property, or to a general lowering in the price of land. Neither can this right be exercised against the commune if it or the Communal Council has informed the Land-mortgage Bank of the diminution in the value of the mortgage, and has placed at its disposition the necessary means of proof, and if thereupon the Bank has not within one month given the debtor the summons provided for in article 18, section 3, as well as the final notice of repayment, and does not further proceed at the expiry of three months.

Special provisions for the six districts of Oberland.

Article 22. The sum which the Land-mortgage Bank is, in conformity with article 85, section 4, of the Constitution, to apply before all in favour of the six districts of Oberhasle, Interlaken, Frutigen, Bas-Timmenthal, Haut-Timmenthal, and Gessenay is fixed at 7,246,400f. The repayments of capital effected each year are placed at the disposal of these districts for new investments.