

undivided properties, nor properties of which the usufruct and the ownership are not combined.

A loan by means of which registered claims are to be repaid is considered as made on first hypothec or mortgage.

If among the claims there are some which cannot be immediately repaid, this circumstance will not prevent the realization of the loan. The contract of loan makes mention of the fact and a sufficient sum remains deposited in the hands of the Company till the moment when the registered claims can be repaid. The sum thus retained yields for the profit of the borrower interest at the rate of five per cent. per annum.

First hypothec or mortgage may be assured to the Company :

1st. By subrogation.

2nd. By grant of priority, or the cession of hypothecary rank conferred by the prior creditor.

Hypothecated or mortgaged real estate which is liable to destruction by fire must be insured at the cost of the borrower ; and the indemnity due in case of loss must be transferred to the Company.

The insurance must be effected with an approved company showing guarantees of soundness ; it must be maintained during the continuance of the loan. The Company reserves the right of paying the annual premiums itself ; and in such case the amount is added to the annuity, or is re-paid half-yearly with the interest.

The borrower may pay before the stipulation term by paying an indemnity on the capital repaid in advance of one and a-half per cent. He profits by the reduction effected at the time by means of his payments of the annuity.

Every partial payment causes a corresponding reduction in the annuity or half-yearly interest.

The Company leaves to the borrower the choice of the notary, so as to avoid any change in professional services. This rule is departed from only in exceptional circumstances.

§ II

LONG TERM LOANS.

The duration of these loans varies from 11 to 50 years, as the borrower may desire.