

thereto. When loans on buildings are concerned, account must be taken, not only of the cadastral valuation (article 3 of the law), but also of the amount of the insurance against fire. In cases where the security consists only of buildings, the loan shall not, as a general rule, exceed half of the sum assured, and in no case more than two-thirds, even though the cadastral valuation would be higher. Buildings insured in the cantonal office can alone be taken as security.

Article 2. If the property to be mortgaged is exposed in part to deterioration or to a diminution in value through natural accidents, the Municipal Council shall state in its certificate (article 6, section 2, of the law) the area and value of the portion so exposed.

Article 3. Within fourteen days on which the loan has been granted, the borrower shall inform the Land-mortgage Bank whether or not he accepts the conditions laid down. In case of acceptance, the date from which interest is payable shall be fixed, at the latest, on the last day of this respite, unless the managers decide otherwise, in a particular case, by reason of exceptional circumstances duly set forth.

Article 4. If a demand is made for the surrender to the said bank of a claim on mortgage (article 14 of the law), the Municipal Council shall give, in addition, a certificate in terms of article 6, sections 1, 2, 4, 5, and 6, of the law.

Article 5. Requests for partial withdrawal shall be addressed, on stamped paper, to the Management of the Land-mortgage Bank. The property for which the withdrawal is requested shall be exactly described, and the area, as well as the cadastral valuation, shall be stated. The Municipal Council shall confirm these particulars, and give its consent to the withdrawal. This consent implies the continuance of the responsibility of the commune for the worth of the cadastral valuation of the securities which remain.

## II. *Extraordinary Employment of Funds.*

Article 6. The extraordinary employment of funds (article 27 of the law) must only take place when these funds cannot be invested on mortgage securities. In general, it is the Administrative Council which determines the conditions and settles the details. Nevertheless, in cases where it is in the interest of the establishment to take immediate action, the Directory is authorized, while conforming to the requirements contained in the articles following, to make extraordinary investments to the extent of 500,000f. Decisions of this nature must be at once brought to the knowledge of the members of the Administrative Council.

Article 7. As regards advances on debentures secured on mortgage, it is resolved as follows: (a) The debentures must be secured on property situated in the canton; (b) the advances must not exceed the two-thirds of the amount of the cadastral valuation of the property which guarantees the debentures as a first mortgage, nor more than five-sixths of the amount of the debentures; (c) if the land is burdened with moneys lent on first mortgage, the advances shall at most amount to a sum which, added to these moneys, would not exceed one-half of the cadastral valuation; moreover, particular care shall be taken to ascertain that the interest on the first mortgage is regularly paid; (d) as a general rule, the interest on investments of this kind shall be at a higher rate than for loans on landed property.

Article 8. In the purchase of Swiss securities preference shall be given to those which afford the best security.

## III. *Receipt of Moneys on Interest.*

Article 9. The Land-mortgage Bank receives on deposit, and according to its requirements, moneys on which it gives interest—(a) upon deposit certificates for fixed terms, in which the date of repayment shall be fixed, so that the Land-mortgage Bank shall be protected against a simultaneous press of demands for repayment; (b) upon deposit certificates repayable at any time upon three months' notice. A lower rate of interest shall nevertheless be paid for these deposits than those indicated in paragraph (a).

Article 10. A register shall be kept of the deposit-certificates given. More detailed arrangement is left on this point to the Directory. These certificates of deposit shall be signed by the manager, the accountant, and the cashier, or, if they be unable, by their substitutes (articles 3 and 8 of the regulations of management); and, according to the depositor's wish, made out in his name or that of the bearer.

Article 11. Deposit-certificates may be transferred by the creditors. Nevertheless, as regards documents which are payable to order, the Land-mortgage Bank is responsible for this transfer only when it is so stated in the document itself, and notice thereof has been given to the bank.

Article 12. Interest to the creditors is reckoned from the date of the deposit.

Article 13. The interest due can be drawn at the Land-mortgage Bank, at the Canton Bank, and at the District Receiver's office of the canton, on surrendering the coupons.

Article 14. The repayment of the capital takes place at the Land-mortgage Bank upon a declaration made in due time, and upon the surrender of the receipted certificate of deposit and unpaid coupons.

Article 15. The conditions upon which the establishment receives moneys on deposit shall from time to time be published in the most suitable manner.

Article 16. In cases where there would be need of funds in the establishment (article 29 of