TITLE XI.
MORTGAGE.

CHAPTER I.
GENERAL PROVISIONS.

714. — A contract of mortgage is a contract whereby a person, called the mortgagor, agrees to assign a property to another person, called the mortgagee, as security for the performance of an obligation, without delivering the property to the mortgagee.

The mortgagee is entitled to be paid out of the mortgaged property in preference to ordinary creditors and even though the ownership of the property has been transferred to a third person.

ILLUSTRATION. — I. — A has made a contract with B according to which it is agreed that A's house is sold to B with right of redemption for 3,000 baht but that will remain in possession of the house and will pay an interest of 1% per month on the 3,000 baht until he has reimbursed that price to B. It is obvious that this so-called sale with right of redemption is made by way of security for reimbursement of the price which is only lent to A. The contract entered into between A and B cannot therefore be considered as a contract of sale with right of redemption but, in case of discussion, it shall be considered as a contract of mortgage : that is to say A remains the owner, and is at the same time the mortgagor, of his house, B has over the house a right of mortgage and he cannot

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The mortgagee is entitled to be paid out of the mortgaged property in preference to ordinary creditors and even though the ownership of the property has been transferred to a third person.

ILLUSTRATION.—I.—*A has made a contract with B according to which it is agreed that A's house is sold to B with right of redemption for 3000 baht but that A will remain in possession of the house and will pay an interest of 1% per month on the 3000 baht until he has reimbursed that price to B. It is obvious that this so-called sale with right of redemption is made by way of security for reimbursement of the price which is only lent to A. The contract entered into between A and B cannot therefore be considered as a contract of sale with right of redemption but, in case of discussion, it shall be considered as a contract of mortgage: that is to say A remains the owner, and is at the same time the mortgagor, of his house, B has over the house a right of mortgage and he cannot*