

# Williams v Morgan [1906]

## Evidence

The defendant was a loan debtor secured on property and the creditor was a claimant's predecessor. The mortgage agreement provided that the main amount of the loan would be due on the 1st of January, 1914. This agreement also provided that the interest profit should be paid once in two years. In 1906, the claimant sued the defendant on the mortgage foreclosure.

## Problematics

The claimant declared the condition on the interest profit payment, once in two years, was breached and this gave him the right for foreclosure, even though the main loan was not due yet. The defendant declared that there could not be a place for the penalty, as the legitimate right for mortgage redemption was not finished yet.

## Resolution

The Court proclaimed that the condition that the main loan should be due on the 1st of January, 1914, is indisputable. The condition that the principal would not be claimed in the case of the regular payment of the interest every two years was clear as well. The Court could not oblige the principal to pay the main loan beforehand if there were delays with the payment of the interests. If the conditions of the mortgage agreement are fully or partially breached, the defendant's property rights are legible and foreclosure happens independently of whether the time for the main loan payment has come or not.

However, in this case, after the agreement revision, the Court proclaimed that all of its conditions were breached. The condition to pay interests once in two years could not be imported into the mortgage redemption agreement. This is why the defendant's property rights stayed legible. Hence, there should be no penalty until the aforementioned date of the 1st of January, 1914, when the main loan was due.

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