

KEY

UNIT 11

1. Find the synonyms in the unit.

- a) borrower - DEBTOR
- b) lender - CREDITOR
- c) legal burden (general) - LIEN
- d) to change into – TO CONVERT INTO
- e) to fix to sg – TO TIE INTO, TO ATTACH TO
- f) to base a charge on assets – TO ESTABLISH
- g) burden on real property - MORTGAGE
- h) to freeze into fixed charge – TO CRYSTALLISE

2. Complete the sentences with words or expressions from the unit.

- a) When businesses use FLOATING CHARGES, it does not affect their ability to use the charged asset as normal. The borrower may dispose, sell or transfer in the normal course of business. Only if the company fails to repay the loan or goes into liquidation does the lender become able to seek satisfaction from the underlying asset.
- b) MORTGAGE ensures that if the debtor fails to pay the installments in due time, the bank may foreclose on the property.
- c) The ownership of the PLEDGED goods or assets stays with the owner and the goods or assets will be returned to the owner when the loan is repaid.
- d) A LIEN serves to guarantee an underlying obligation, such as the repayment of a loan.
- e) CRYSTALLISATION is the process by which a floating charge security converts into a fixed charge security.
- f) If a company takes out a mortgage on a building, the mortgage is a FIXED CHARGE, and the business cannot sell, transfer or dispose of the underlying asset (the building) until it repays the loan or meets other conditions outlined in the mortgage contract.