Bureau of Experts at the Council of Ministers

Official Translation Department

Civil Transactions Law

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Translation of Saudi Laws

NOTES:

1. This translation is provided for guidance. The governing text is the Arabic text.
2. The translation of Saudi laws takes the following into consideration:
   - Words used in the singular form include the plural and vice versa.
   - Words used in the masculine form include the feminine.
   - Words used in the present tense include the present as well as the future.
   - The word “person” or “persons” and their related pronouns (he, his, him, they, their, them, and who) refer to a natural and legal person.

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For any comments or inquiries, please contact the Official Translation Department at:

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Civil Transactions Law

Preliminary Chapter

Section 1: Application of this Law

Article 1

1. The provisions of this Law shall apply to all matters addressed thereby in letter and spirit. In cases where none of the provisions of this Law can be applied, the General Rules provided for in the Concluding Provisions shall apply, and in the absence of a relevant general rule, the provisions derived from Sharia that are most consistent with this Law shall apply.
2. The application of the provisions of this Law shall not prejudice any specific legal provision.

Article 2

All periods and deadlines provided for in this Law shall be calculated according to the Hijri calendar.

Section 2: Persons

Sub-section 1: Natural Persons

Article 3

1. The legal personality of a human being shall commence from the time he is born alive and shall end upon his death.
2. The rights of an unborn child shall be determined by legal provisions.

Article 4

Missing and absent persons and persons of unknown parentage shall be subject to the legal provisions related thereto.

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Article 5

The names, surnames, families, relatives, and nationalities of persons shall be subject to the legal provisions related thereto.

Article 6

1. Lineal kinship is the relation between ascendants and descendants.
2. Collateral kinship is the relationship between persons of a common ancestry without being descendants of one another.

Article 7

1. In determining the degree of lineal kinship, each generation of descendants up to the ancestor shall be counted as a degree without counting such ancestor. As for collateral kinship, the degree of kinship shall be counted by the number of generations of descendants upwards from one descendant to the common ancestor and then downwards from the common ancestor to the other descendant. Each generation of descendants, excluding the common ancestor, shall be counted as a degree of kinship.
2. The relatives of a spouse shall be considered of the same type and degree of kinship in relation to the other spouse.

Article 8

A person's domicile shall refer to his place of habitual residence. A person may have more than one domicile at the same time. In the absence of a habitual residence, the place where the person is currently located shall be deemed his domicile; if the person's current place is unknown, the last known place where he was located shall be deemed his domicile.

Article 9

The place where a person practices a trade or profession shall be deemed his domicile with regard to the management of such trade or profession.

Article 10

The domicile of a fully or partially incompetent person, or a missing or absent person shall be the domicile of his legal representative. A partially incompetent person may have his own domicile with regard to dispositions he has the legal capacity to perform.

Article 11

1. A person may elect a domicile for a certain act; the elected domicile shall be the domicile of all matters relating to such act, unless it is explicitly restricted to certain acts to the exclusion of others.
2. An elected domicile may be established only in writing.

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Article 12

1. A fully competent person is a person who has reached the age of majority, has full mental capacity, and has not been interdicted.
2. The age of majority shall be 18 years according to the Hijri calendar.

Article 13

1. An incompetent person is a person who is non-discerning due to young age or idiocy.
2. A person under the age of seven shall be deemed a non-discerning person.

Article 14

Partially incompetent persons are as follows:

a) A minor who has reached the age of discernment but has not reached the age of majority.
b) A lunatic: A person who is deficient in reason but has not reached the point of idiocy.
c) A person interdicted for being a spendthrift or for being imprudent.

Article 15

Fully or partially incompetent persons shall be subject to the legal provisions governing guardianship or trusteeship, as the case may be.

Article 16

No person may waive his competency or modify its provisions.

Sub-section 2: Legal Persons

Article 17

Legal persons are the following:

a) The State.
b) Public agencies and institutions and entities that are granted legal personality pursuant to legal provisions.
c) Endowments.
d) Companies that are granted legal personality pursuant to legal provisions.
e) Civil and cooperative associations and civil organizations that are granted legal personality pursuant to legal provisions.
f) Any entity that is granted legal personality pursuant to legal provisions.

Article 18

1. A legal person shall, within the limits prescribed by law, enjoy all rights, except for the rights inherent to a natural person.
2. A legal person shall have the following:
   a) Independent financial capacity.
   b) Legal capacity within the limits specified in the document establishing it or as specified in legal provisions.
   c) The right to litigation.
   d) An independent domicile. Such domicile shall be the place where its main office is located; however, the place where a legal person's branch is located may be deemed a domicile thereof with respect to the activity of such branch.
   e) A nationality, subject to legal provisions.
3. A legal person shall have a representative to express its will.

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Section 3: Things and Property

Article 19

Any material or non-material thing may be deemed the subject of financial rights, except for things that cannot be possessed due to their nature or things which are prohibited from being the subject of financial rights pursuant to legal provisions.

Article 20

Property is anything that has a non-negligible material value in dealings, whether it is an asset, usufruct, or right.

Article 21

1. Fungibles are things the individual units of which are identical or similar enough to become interchangeable upon the performance of an obligation without any difference considered significant according to custom.
2. Non-fungibles are things the individual units of which differ significantly in characteristics or value and such difference is considered significant according to custom or whose equivalents are rarely circulated.

Article 22

1. A real property is a fixed thing that cannot be moved without damaging or altering its form; any other thing shall be deemed movable.
2. A movable property shall be deemed immovable by destination if the owner of such property places it in a real property owned thereby for the purpose of serving or utilizing the real property on a permanent basis, even if it is not permanently attached thereto.

Article 23

Consumables are things which, depending on the purpose for which they were prepared, are either consumed or expended. Things intended for sale in commercial stores shall be deemed consumables.

Article 24

Public property shall be subject to the legal provisions related thereto.

Section 4: Types of Rights

Article 25

Financial rights are either in personam or in rem.

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Article 26

1. A right in rem is either original or ancillary.
2. Original rights in rem are the rights of ownership, usufruct, use, habitation, easement, and endowment as well as any other right deemed as such pursuant to legal provisions.
3. Ancillary rights in rem are the rights of pledge and priority rights as well as any other right deemed as such pursuant to legal provisions.

Article 27

Rights associated with non-material things shall be subject to the legal provisions related thereto.

Section 5: Exercise of Right

Article 28

A person who lawfully exercises his right shall not be held liable for any harm arising therefrom.

Article 29

1. A person may not exercise his right in an abusive manner.
2. A person's exercise of his right shall be deemed abusive in the following cases:
   a) If the right is exercised only to harm others.
   b) If the benefit of exercising the right is substantially disproportionate to the harm it causes to others.
   c) If the right is exercised unlawfully or for other than the intended purpose.

Part 1: Obligations (Personal Rights)

Chapter 1: Sources of Obligation

Section 1: Contract

Article 30

The provisions of this Section shall apply to nominate and innominate contracts, without prejudice to the legal provisions governing specific contracts.

Article 31

A contract is concluded by the concurrence of an offer and acceptance to create a legal effect, subject to the legal provisions governing the conclusion of contracts.

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Sub-section 1: Elements of a Contract

First: Consent

Article 32

Consent is attained when the mutual intent of two or more parties who have the legal capacity to conclude contracts is expressed by any means indicating such intent.

1. Expression of Intent

Article 33

1. Offer and acceptance shall be expressed by any means indicating intent.
2. Intent may be expressed verbally, in writing, by a discernible sign, or by exchange, and it may be expressed explicitly or implicitly, unless otherwise required by legal provisions, agreement, or the nature of the dealing.

Article 34

1. The display of goods and services and the indication of their prices shall be deemed an offer, unless proven otherwise.
2. An advertisement indicating prices shall not be deemed an offer, unless evidence that it is intended as an offer exists.

Article 35

1. An offeror may withdraw his offer before an acceptance is made, unless such offer is for a specified period.
2. If the offer is not for a specified period and the offeror withdraws his offer, the offeror shall notify the offeree of the withdrawal; otherwise, he shall compensate the offeree for any harm he sustains. Such compensation shall not include any loss of expected gain from the contract from which he withdraws.

Article 36

1. An offer shall expire in the following cases:
   a) If the offeror withdraws the offer in accordance with the provisions of Article 35 of this Law.
   b) If the offeree rejects the offer explicitly or implicitly; any modification to the acceptance shall be deemed a rejection constituting a new offer.
   c) If the offeror or the offeree dies, or if either of them loses his capacity before the acceptance is made, even if the offer is for a specified period.
   d) If the acceptance does not meet the offer according to custom, or if the period specified by the offeror for acceptance lapses without an acceptance.
2. If the acceptance is made after the expiration of the offer, the contract shall not be deemed concluded, and said acceptance shall be deemed a new

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offer.

Article 37

1. The silence of an offeree shall not be deemed an acceptance, unless an agreement or presumptive evidence indicating acceptance exists.
2. Silence shall be deemed an acceptance if the contracting parties had a prior dealing and the offer relates to such dealing, or if the offer is for the sole benefit of the offeree.

Article 38

1. If the contracting parties are in the same place or are in two different places communicating through live communication means, the contract shall be deemed concluded at the time and place where the acceptance is made, unless agreed otherwise.
2. If the contracting parties are not in each other's presence, the contract shall be deemed concluded at the time and place where the offeror becomes aware of the acceptance, unless agreed otherwise.

Article 39

Without prejudice to legal provisions, a contract shall not be concluded at auction except after the bid is awarded. A bid is canceled when a higher bid is made, even if the higher bid is subsequently void, or if the auction closes without a bid being awarded.

Article 40

Acceptance in adhesion contracts shall be deemed made upon the acknowledgment of the offeror's non-negotiable conditions.

Article 41

1. If a contract is negotiated, such negotiation shall not result in an obligation to conclude the contract. However, a party that negotiates or terminates the negotiation in bad faith shall be held liable for any harm incurred by the other party; such liability shall not include compensation for any loss of expected gain from the contract subject of the negotiation.
2. The lack of seriousness in negotiation or the deliberate failure to make a material disclosure in the contract shall be deemed negotiation in bad faith.

Article 42

1. If the contracting parties agree on the material matters in the contract and agree to postpone agreement on the non-material matters, such agreement shall be sufficient to deem the acceptance as having met the offer. Disagreement over the non-material matters shall not affect the conclusion of the contract, unless the parties stipulate that conclusion of the contract is conditional upon agreement on such matters.
2. If the contracting parties fail to agree on the non-material matters, the court shall decide on such matters in accordance with legal provisions, the nature

of the dealing, and custom.

Article 43

1. A promise by either or both parties to conclude a contract in the future shall not be binding, unless the parties agree on the material matters in said contract and the deadline for its conclusion, and the conditions of the contract are met at the time such promise is made, including any formalities required by legal provisions for such contract.
2. If the promisor fails to fulfill his promise and the promisee demands fulfillment thereof and the terms of the contract are met, a judgment by the court shall, if issued, stand in place of the contract.

Article 44

1. A deposit paid at the time of concluding a contract shall mean that only the payer of the deposit has the right to withdraw from the contract and that, upon his withdrawal, he may not recover the deposited amount, unless agreed otherwise.
2. If the contracting parties do not set a deadline for withdrawal from the contract, the court shall set a deadline according to custom and the circumstances of the contract.
3. If the payer of the deposit remains silent until the expiration of the deadline or if he fails to perform his obligations prior to such expiration, he shall be deemed to have withdrawn from the contract.

Article 45

A framework agreement is a contract under which the contracting parties determine the basic terms governing any contracts concluded between them in accordance with the provisions of such agreement; the framework agreement shall be deemed part of the contracts concluded by the contracting parties.

Article 46

If the contracting parties make in the contract an explicit or implicit reference to the provisions of a model document, to specific rules, or to any other document, the same shall be deemed part of the contract.

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2. Legal Capacity of Contracting Parties

Article 47

A person shall have the legal capacity to make dispositions, unless deemed fully or partially incompetent by law.

Article 48

1. A minor, even if he is discerning, and an idiot or lunatic shall be deemed interdicted by law.
2. Imposition of interdiction on spendthrifts and imprudent persons and the

removal thereof shall be pursuant to a court ruling. The court may announce its judgment if it finds an interest in doing so.

Article 49

Dispositions made by a non-discerning minor shall be deemed void.

Article 50

1. If the dispositions made by a discerning minor are completely to his advantage, such dispositions shall be valid; if they are completely to his disadvantage, they shall be void.
2. If the dispositions made by a discerning minor are neither completely to his advantage nor completely to his disadvantage, such dispositions shall be valid; however, his guardian, trustee, or the minor himself may, upon attaining the age of majority, request such dispositions be invalidated.

Article 51

1. If a minor attains the age of 15, his guardian or trustee may, without prejudice to the provisions of Articles 54 and 55 of this Law, give him part of his property and authorize him to make financial dispositions. Such authorization shall not be invalidated by the death or dismissal of the authorizing guardian or trustee. The court may authorize the minor to make such dispositions if his guardian or trustee refuses to grant such authorization.
2. A discerning minor who has been granted an authorization in accordance with the provisions of paragraph (1) of this Article shall have the same status as a person who has reached the age of majority with regard to the dispositions for which he was authorized.

Article 52

1. The dispositions of a lunatic shall be deemed to be the same as those of a discerning minor.
2. The dispositions of an idiot shall be deemed to be the same as those of a non-discerning minor.

Article 53

The dispositions of a spendthrift or an imprudent person who are under interdiction shall be deemed to be the same as those of a discerning minor; however, their dispositions before the interdiction shall be deemed valid, unless such dispositions resulted from exploitation or collusion.

Article 54

Matters relating to guardianship and trusteeship shall be subject to the legal provisions related thereto.

Article 55

The dispositions of guardians and trustees that are within the limits prescribed

by legal provisions shall be deemed valid.

Article 56

If a partially incompetent person uses fraudulent methods to conceal his incompetence, he shall be liable for compensating the other contracting party for any harm sustained thereby as a result of the nullification of the contract.

3. Defects of Consent

Article 57

A contracting party may demand nullification of the contract if he has made a material mistake without which he would not have consented to the contract, especially if such mistake relates to the subject of the contract, the other contracting party or the capacity thereof, or the legal provision.

Article 58

A contracting party's mistake shall not be taken into consideration, unless the other contracting party has made the same mistake, was aware of its occurrence, or could have easily discovered it.

Article 59

The validity of a contract shall not be affected by a mere written or mathematical error.

Article 60

A person who makes a mistake may not invoke such mistake in a manner contrary to good faith and he shall remain bound by the contract he intends to conclude if the other contracting party shows his willingness to perform such contract.

Article 61

1. Deception is the use of fraudulent means by a contracting party to induce the other party to conclude a contract that he would not have otherwise concluded.
2. Non-disclosure shall be deemed a deceptive act if it is done to intentionally conceal a matter that had it been known to the deceived party he would not have concluded the contract.

Article 62

A deceived person may demand the nullification of the contract if the deceptive act relates to a material matter that had he known thereof he would not have consented to the contract.

Article 63

If the deceptive act was committed by a non-contracting party, the deceived party may not demand nullification of the contract, unless it is established that the other contracting party knew or should have known of the deceptive act.

Article 64

Duress is the unlawful act of threatening a person using physical or moral means to coerce said person to act against his will.

Article 65

Duress is deemed to have occurred if the life, honor, or property of the party under duress is threatened with serious and imminent danger, or if the threat is made against others and the party under duress would not have concluded the contract in the absence of such duress.

Article 66

In assessing the extent of duress, the age of the person under duress as well as his social and health status and any other circumstance that may affect the gravity of duress shall be taken into consideration.

Article 67

1. A contracting party under duress may demand nullification of the contract if the act of duress is committed by the other contracting party.
2. If the act of duress is committed by a non-contracting party, the contracting party under duress may not demand nullification of the contract, unless it is established that the other contracting party knew or should have known of the duress.

Article 68

If a contracting party exploits the apparent vulnerability or urgent need of the other contracting party in order to conclude an unconscionable contract, the court may, upon a petition by the aggrieved contracting party and subject to the circumstances of the case, reduce his obligations, increase the obligations of the other contracting party, or nullify the contract. A claim relating to the unconscionability of a contract shall be filed within 180 days from the date of concluding said contract; otherwise, it shall not be heard.

Article 69

1. Unconscionability occurs when consideration increases or decreases contrary to the usual practice; it shall be determined according to custom.
2. A contracting party may not demand nullification of the contract on the basis of unconscionability, except in relation to the property of a fully or partially incompetent person or as prescribed by legal provisions. The other contracting party may avoid nullification of the contract if he takes measures

the court deems sufficient to eliminate unconscionability.
3. A contract concluded by way of auction may not be challenged on the basis of unconscionability alone.

Second: Subject and Cause of Contract

Article 70

The subject of an obligation may be the transfer of a right in rem or an action or omission.

Article 71

The subject of an obligation may be a thing in the future the type and quantity of which are specified. Except for cases permitted by law, the estate of a living person may not be the subject of a transaction prior to such person's death, even if the transaction is initiated by him or with his consent.

Article 72

1. The subject of an obligation must satisfy the following conditions:
   a) The subject in itself shall be feasible.
   b) The subject shall not be in violation of public policy.
   c) The object shall be a specific thing, a thing the type and quantity of which are specified, or a thing that may be specified.
2. The contract shall be null and void if its subject fails to satisfy the conditions stipulated in paragraph (1) of this Article.

Article 73

1. If the contracting parties fail to determine the quantity of the subject, and the contract includes what the court may use to determine such quantity, the court shall make its determination on such basis.
2. If the contracting parties fail to agree on the quality level of a thing and there is no custom or presumption to determine such level, the debtor shall deliver the thing with an average quality.

Article 74

1. The contract may include any condition acceptable to the contracting parties if it meets the terms provided for in Article 72(1) of this Law.
2. If the contract includes an invalid condition, the invalidity shall be limited to such condition. However, a contracting party may demand nullification of the entire contract if, in the absence of such condition, he would not have consented to the contract.

Article 75

Any contract concluded on unlawful grounds shall be deemed null and void if such grounds are explicitly stated in the contract or if they can be inferred from the contracting circumstances.

Article 76

Any contract the grounds for which are not stated shall be deemed to be based on legitimate grounds, unless proven otherwise.

Sub-section 2: Contract Nullification and Nullity

First: Right of Nullification

Article 77

If a legal provision provides one of the contracting parties with the right to demand nullification of a contract, the other party may not invoke such right.

Article 78

The right to demand nullification of a contract may be forfeited by explicit or implicit ratification if such ratification is made by the holder of the right. If the contract is ratified, the ratification shall be deemed effective from the date on which the contract was concluded.

Article 79

1. A claim for the nullification of a contract shall not be heard upon the lapse of one year from the date of knowledge of the reason for nullification. If the reason for nullification is partial incompetence or duress, the claim shall not be heard upon the lapse of one year from the date the partially incompetent person becomes fully competent or the date the duress ceases to exist.
2. Except for cases of partial incompetence, a claim for nullification of a contract shall not be heard upon the lapse of 10 years from the date of concluding the contract.

Article 80

Any person with interest may notify the party having the right to nullify the contract to express his intent to either ratify or nullify the contract within a period not exceeding 90 days from the date of such notification. Such right shall be forfeited if the holder of the right fails to express his intent within said period without justification.

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Second: Nullity

Article 81

1. In case of nullity of a contract, any person with interest may invoke such nullity. The court may, upon its own motion, nullify said contract. Nullity shall not be extinguished by ratification.
2. A claim of nullity shall not be heard upon the lapse of 10 years from the date of concluding the contract. Any person with interest may demand the nullity

of the contract at any time.

Third: Effects of Contract Nullification and Nullity

Article 82

In the case of contract nullification or nullity, the contracting parties shall be reinstated to their status prior to the conclusion of the contract. If reinstatement is not possible, compensation may be granted.

Article 83

If a contract is nullified or becomes null and void due to the partial or full incompetence of a contracting party, said party shall be liable to return only the significant benefit accrued thereto as a result of the implementation of the contract.

Article 84

If a part of the contract becomes null and void or may be nullified, nullity shall be limited to such part, unless it is established that the contracting party would not have consented to the contract without such part; in such case, he may demand nullification of the contract.

Article 85

If a null contract contains the elements of another contract, the other contract shall be deemed concluded if the contracting parties seem to have intended to enter into such contract.

Article 86

1. The invalidation of a contract shall not be invoked against the particular successor of a contracting party if said successor acquires in good faith an in-kind right by way of exchange.
2. A particular successor shall be deemed to have acted in good faith if, at the time of concluding the contract, he had no knowledge of the reason for nullification of the contract of his predecessor and he would not have been able to attain such knowledge even if he exercised the level of care a reasonable person would exercise under similar circumstances.

Sub-section 3: Agency in Contracting

Article 87

1. A contract may be concluded by an agent, unless legal provisions stipulate otherwise.
2. Concluding contracts by an agent may be made pursuant to a judicial ruling or legal provision, or by agreement.

Article 88

An agent may not exceed the limits set out in the document establishing his agency, whether said document is a contract, judicial ruling, or legal provision.

Article 89

1. If a contract is concluded by an agent, the person of the agent shall be considered with regard to defects of consent and with regard to the effect that the knowledge of matters or lack thereof would have on the status of the contract.
2. If the agency is by agreement and the principal gives the agent specific instructions to conclude a contract, the principal may not invoke the ignorance of his agent regarding matters the knowledge or ignorance of which affects the contract if the principal knows or should have known such matters.

Article 90

If an agent, within the limits of his agency, concludes a contract in the principal's name, the rights and obligations arising from such contract shall accrue to the principal.

Article 91

If an agent fails to disclose his capacity as an agent/such to the other contracting party at the time of concluding the contract, the effects of the contract shall not accrue to the principal, whether as a creditor or debtor, unless the existence of such agency should have been known by the other party, or if said party is indifferent to whether he concludes the contract with the principal or the agent.

Article 92

If the agent and the other contracting party are ignorant of the expiration of the agency at the time of concluding the contract, the rights and obligations arising from said contract shall accrue to the principal.

Article 93

An agent may not, pursuant to the agency, conclude a contract with himself, whether for his own account or for the account of a third party, unless he is authorized to do so; the principal may ratify such contract.

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Sub-section 4: Effects of Contract

Article 94

1. A valid contract may not be terminated or amended except by agreement or pursuant to a legal provision.

2. The rights created under a contract shall become effective immediately upon conclusion thereof and shall not be contingent on payment or otherwise, unless a legal provision stipulates otherwise. The contracting parties must perform their obligations under the contract.

Article 95

1. A contract shall be implemented as per its provisions and in a manner consistent with good faith practices.
2. A contract shall be binding on a contracting party not only in terms of its provisions, but also in relation to other requirements as prescribed by legal provisions, custom, and the nature of the contract.

Article 96

If a contract is concluded by way of adhesion and it contains arbitrary conditions, the court may amend such conditions or exempt the adhering party therefrom, as required by equity. Any agreement to the contrary shall be deemed null and void.

Article 97

1. In case of extraordinary events which were unforeseeable at the time of contracting and which make the fulfillment of a contractual obligation excessively onerous on the part of the debtor in such a way that it may cause heavy losses, the debtor may, without undue delay, invite the other party to negotiate.
2. The request for negotiation shall not grant the debtor the right to not perform his contractual obligations.
3. If no agreement is reached within a reasonable period, the court may, after taking into consideration the relevant circumstances and the interests of both parties, reduce the onerous obligation to a reasonable level.
4. Any agreement contrary to the provisions of this Article shall be deemed null and void.

Article 98

1. The effects of a contract shall be binding on the contracting parties and the universal successor, without prejudice to the provisions relating to inheritance, unless the contract, nature of the dealing, or legal provisions indicate that such effects are not binding on the universal successor.
2. If a contract creates personal rights and obligations related to a thing that is later transferred to a particular successor, such rights and obligations shall be transferred to such successor along with such thing if they are inherently associated therewith and the particular successor is aware of such rights and obligations at the time of the transfer.

Article 99

A contract shall not impose obligations on a third party, but may create rights for such party.

Article 100

1. If a person undertakes to commit a third party to a particular obligation, such party shall not be bound thereby.
2. If the third party consents to be bound by the undertaking, the consent shall take effect only from the time it is made, unless it appears that the consent was explicitly or implicitly intended to take effect as of the time the undertaking was made.
3. If the third party refuses to be bound by the undertaking, the obligor shall compensate the obligee if compensation is justified. The obligor may avoid such compensation by performing his undertaking, if possible.

Article 101

1. A person may enter into a contract in his own name that stipulates obligations for the benefit of a third party if he has a personal interest, whether material or moral, in the performance of such obligations.
2. A stipulation that is in the interest of a third party shall grant said party a direct right to demand the obligor to fulfill the obligations, unless agreed otherwise. The obligor may invoke against the beneficiary any defense arising from the contract.
3. The stipulator may demand the obligor to perform the obligations for the benefit of the beneficiary.

Article 102

1. Unless agreed otherwise, the stipulator, but not his creditors or heirs, may revoke the stipulation, replace the beneficiary with another beneficiary, or transfer the benefit to himself, unless the beneficiary informs the obligor or the stipulator of his acceptance of the stipulation, or unless such act is detrimental to the obligor's interest.
2. If the stipulation is revoked, the obligor shall not be released from liability towards the stipulator, unless the parties explicitly or implicitly agree to such discharge.

Article 103

If a stipulation is made for the benefit of a third party, such party may be a person to be specified in the future or a person not specifically specified at the time of concluding the contract, provided that it is possible to specify such person upon the performance of the stipulated obligation.

Sub-section 5: Interpretation of Contract

Article 104

1. If a statement in a contract is unambiguous, the meaning thereof may not be altered on grounds of interpretation to meet the intent of the contracting parties.
2. If a contract is subject to interpretation, the mutual intent of the contracting parties must be met rather than relying solely on the literal meaning of the

text; the interpretation shall take into consideration custom, the circumstances of the contract, the nature of the dealing, the nature of previous dealings between the contracting parties, and the status of the contracting parties and the expected level of trust between them. All of the contract terms must be consistent and must not contradict each other.

3. In case of doubt in interpretation, the doubt shall be interpreted in favor of the party bearing the burden of the obligation or stipulation; in adhesion contracts, the doubt shall be interpreted in favor of the adhering party.

Sub-section 6: Contract Termination

First: Agreement

Article 105

The contracting parties may, by mutual agreement, terminate a contract wholly or partially, and such termination shall be subject to the terms of the contract.

Second: Option Clause

Article 106

1. A contract may be concluded with an option to withdraw therefrom. The party holding such option may withdraw from the contract within the specified period, provided that he notifies the other party of such withdrawal. If the option to withdraw is invoked by the holder thereof, the contract shall be deemed terminated. If the option period is not specified, the court shall determine said period according to custom and the circumstances of the contract.
2. The option to withdraw from a contract shall be forfeited if the holder thereof, explicitly or implicitly, relinquishes such option, or upon the lapse of the option period. If the option is held by both contracting parties and the option of one of the parties is forfeited, the other party's option shall remain in effect.

Third: Breach of Obligation

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Article 107

If a contracting party in a bilateral contract fails to perform his obligation, the other contracting party may, after notifying the breaching party, demand implementation or termination of the contract, and may claim compensation in either case, if applicable. The court may dismiss the petition for termination if the unperformed part is insignificant compared to the obligation.

Article 108

A creditor may, by agreement, have the right to terminate a contract upon the debtor's breach of his obligations without a judicial ruling. The creditor shall, despite the agreement, notify the debtor of his intention to terminate the

contract, unless the contracting parties explicitly agree otherwise.

Article 109

Contracts of exchange shall be deemed concluded on the basis that the subject of the contract is free from any defect other than defects accepted by custom. If a defect not accepted by custom is detected in such subject, this shall be deemed a breach of obligation.

Fourth: Impossibility of Performance

Article 110

1. If the performance of an obligation in a bilateral contract becomes impossible for a reason beyond the debtor's control, said obligation and the corresponding obligation shall be extinguished, and the contract shall be automatically terminated.
2. If only part of the obligation is impossible to perform, the obligation shall be extinguished only for such part and its corresponding obligation. Such provision shall apply to temporary impossibilities in time-based contracts. The creditor may, in either case, demand termination of the contract. The court may dismiss the petition for termination if the part is insignificant compared to the obligation.

Fifth: Effects of Contract Termination

Article 111

1. In cases of contract termination, the contracting parties shall be reinstated to their status prior to the conclusion of the contract. If reinstatement is not possible, the court may order payment of compensation.
2. Termination of a time-based contract shall not have a retroactive effect. The court may order payment of compensation, if applicable.

Article 112

Termination of a contract may not be invoked against the particular successor of a contracting party if the successor acquires in good faith a right in rem.

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Article 113

Without prejudice to legal provisions, clauses relating to dispute settlement and non-disclosure shall remain valid even after the termination of the contract, unless agreed otherwise.

Sixth: Defense of Non-performance

Article 114

If, in bilateral contracts, the corresponding obligations are due, a contracting

party may refuse to perform his obligations if the other contracting party fails to perform his corresponding obligation.

Section 2: Unilateral Acts

Article 115

A person may unilaterally commit to an obligation in cases provided for in legal provisions.

Article 116

Unilateral acts shall be subject to the provisions governing the contract; except for provisions which require mutual intent for the creation of an obligation, unless stipulated otherwise by legal provisions.

Article 117

1. Any person who promises the public a specific reward for performing a particular act shall be obligated to grant the reward to the person who performs the act in accordance with the announced conditions, even if said person acted without knowing about the reward or being motivated thereby.
2. If the promisor does not specify a deadline for performing the act, he may withdraw his promise by announcing such withdrawal in the same manner he announced the promise or by making a public announcement. However, the right to receive the reward shall not be prejudiced by the withdrawal for any person who performs the required act prior to the announcement of the withdrawal. The right to file a claim for the reward shall be forfeited upon the lapse of 90 days from the date of the withdrawal announcement.

Section 3: Harmful Acts

Article 118

Subject to specific legal provisions governing liability, the provisions of this Section shall apply to liability arising from a harmful act committed by a natural or legal person.

Article 119

Civil liability shall not prejudice criminal liability, and the penalty shall have no impact on determining the scope of civil liability nor the estimation of compensation.

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Sub-section 1: Liability for Personal Acts

Article 120

Any fault causing harm to a third party shall entail liability for compensation.

Article 121

If a harmful act is attributed to its perpetrator, the harm shall be deemed to have resulted from such act, unless proven otherwise.

Article 122

1. A discerning person shall be liable for any harmful act he commits.
2. If harm is caused by a non-discerning person and no other person can be held liable for such harm or compensation from the person liable for such harm cannot be obtained, the non-discerning person shall be liable for compensation the value of which shall be determined by the court.

Article 123

A person who causes harm while legitimately defending life, honor, or property shall not be liable for such harm, provided that such defense does not exceed the extent necessary to prevent the assault; otherwise, said person shall be liable for compensation the extent of which shall be determined by the court.

Article 124

A person who causes harm to a third party in order to avoid a greater imminent harm to himself or to others shall be liable for compensation the value of which shall be determined by the court.

Article 125

A person shall not be liable for harm the cause of which is established to have been for a reason beyond said person's control, such as force majeure or a fault committed by a third party or the aggrieved party, unless agreed otherwise.

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Article 126

A public servant shall not be held liable for any action he carries out that causes harm to a third party if such action is carried out in compliance with a legal provision or an order issued by his superior, provided that such compliance is mandatory or that the public servant believes it to be mandatory based on acceptable justifications, and he proves that he had reasonable grounds to believe that said action was lawful and that it was carried out with reasonable care and caution.

Article 127

If multiple persons are liable for a harmful act, they shall be jointly and severally

liable for compensation. The court shall determine the share of compensation to be incurred by each person in accordance with the rules provided for in this Section. If such determination is infeasible, liability shall be equally distributed among them.

Article 128

If an aggrieved party, by his own fault, contributes to or aggravates the harm, his right to compensation shall be wholly or partially forfeited, in proportion to his contribution to the harm.

Sub-section 2: Liability for Third-Party Acts

Article 129

1. A person who is required by law, agreement, or judicial ruling to supervise a minor or a person with a mental or physical impairment shall be liable for any harm caused by the person under his supervision, unless the supervisor establishes that he exercised reasonable care or that such harm cannot be avoided even if reasonable care is exercised.
2. A superior shall be liable to an aggrieved party for any harm the fault of which is attributed to his subordinate during the course of his work or as a result of such work, provided that the superior has actual authority to supervise and direct the subordinate, even if he did not choose to be his superior.
3. The person who pays compensation on behalf of the person causing the harm in the cases provided for in paragraphs (1) and (2) of this Article shall have the right of recourse against the person who caused the harm to the extent of said person's liability for the compensation.

Sub-section 3: Liability for Harm Caused by Things

Article 130

The custodian of an animal shall be liable for any harm caused by such animal, unless it is established that such harm was due to a reason beyond his control.

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Article 131

The custodian of a building shall be liable for compensating any harm caused by the complete or partial collapse of said building, unless it is established that such harm is not due to negligence in maintenance, the old age of the building, or a defect therein.

Article 132

If a thing, due to its nature or pursuant to a legal provision, requires special care to prevent any harm that it may cause, the custodian of said thing shall be liable for any harm caused thereby, unless it is established that the harm was due to a reason beyond his control.

Article 133

A person who is at risk of harm from a particular thing may demand the custodian of said thing to take the measures necessary to prevent such risk. If the custodian fails to take such measures in a timely manner, the person at risk may obtain permission from the court to implement such measures at the expense of the owner of the thing. In case of urgency, the person at risk may take the necessary measures without obtaining the court's permission.

Article 134

A person shall be deemed to be the custodian of a thing if he has actual authority over it, whether directly or through a third party, even if said person is non-discerning. The owner of a thing shall be presumed to be its custodian, unless it is established that custodianship has been transferred to another person.

Article 135

The right to use public utilities may be exercised provided that no harm is caused to a third party. If a person exercising such right causes harm to a third party and such harm is preventable, such person shall be deemed liable.

Sub-section 4: Compensation for Harm

Article 136

Compensation shall fully cover the harm; it shall restore the aggrieved party to his original position or the position he would have been in had the harm not occurred.

Article 137

The harm for which a person is liable for compensation shall be determined according to the aggrieved party's loss, whether the loss is incurred or in the form of lost profits, if such loss is a natural result of the harmful act. Such loss shall be deemed a natural result of the harmful act if the aggrieved party is unable to avoid such harm by exercising the level of care a reasonable person would exercise under similar circumstances.

Article 138

1. Compensation for a harmful act shall include compensation for moral harm.
2. Moral harm shall include physical or psychological harm sustained by a natural person as a result of an infringement on his body, freedom, honor, reputation, or social standing.
3. The right to compensation for moral harm may not be transferred to a third party, unless its value is determined pursuant to a legal provision, agreement, or judicial ruling.
4. The court shall assess the moral harm sustained by an aggrieved party,

taking into consideration the type and nature of such harm and the person of the aggrieved party.

Article 139

1. Compensation shall be estimated in cash. However, the court may, based on the circumstances and upon the petition of the aggrieved party, order that compensation be paid in the form of a similar property or that the situation be restored to its original condition, or it may issue an order related to the harmful act.
2. The court may rule that compensation be paid in installments or in the form of regular payments. In both cases, the court may issue a ruling obligating the debtor to provide sufficient security.

Article 140

If a harmful act results in severe and irreparable damage that renders the thing unusable for its intended purpose, the aggrieved party may retain said thing or leave it to the person who caused the harm; in both cases, the aggrieved party shall be entitled to compensation.

Article 141

If the court is unable to make a final estimate of the compensation, it may make an initial estimate and grant the aggrieved party the right to demand reconsideration of said estimate within a period specified by the court.

Article 142

If the harm results in death or bodily harm, the amount of compensation shall be determined pursuant to the provisions of liability as determined by Sharia in crimes resulting in death or bodily harm.

Article 143

1. A claim for compensation arising from a harmful act may not be heard after the lapse of three years from the date the aggrieved party becomes aware of the harm and the identity of the person liable for such harm. In all cases, such a claim may not be heard after the lapse of 10 years from the date of the occurrence of the harm.
2. If the claim for compensation arises from a crime, such claim may be heard as long as the criminal case can be heard.

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Section 4: Unjust Enrichment

Article 144

Any person, even if non-discerning, who is enriched without a legitimate cause at the expense of another person shall, to the extent of his enrichment, be liable to compensate the other person for the loss he sustains. Such liability shall subsist even if the enrichment ceases afterwards.

Sub-section 1: Undue Payments

Article 145

1. Any person who receives an undue amount as repayment shall return such amount.
2. A person who paid an undue amount shall not be entitled to recover such amount if he was aware that it was undue, unless said person was partially incompetent or made such payment under duress.

Article 146

Undue payments may be recovered if made in the performance of an obligation the purpose of which was not realized or ceased to exist, or in the performance of an obligation that is not yet due and the payer was not aware of the due date.

Article 147

An undue payment may not be recovered if the repayment was made by a person other than the debtor and, as a result, the creditor, acting in good faith, is no longer in possession of the debt instrument or the security for such debt or fails to initiate a claim against the original debtor until the lapse of the statute of limitation. In such case, the third party who made the repayment shall have the right of recourse against the original debtor in accordance with this Law.

Article 148

If the person who received the undue payment acted in good faith, he shall be obligated to return only the amount he received. If, however, such person acted in bad faith, he shall be obligated to return the amount he received along with any fruits thereof that he collected or negligently failed to collect as of the date on which he acted in bad faith.

Article 149

If the person who receives the undue payment lacks the legal capacity to conclude contracts, he shall be liable only to the extent of his enrichment.

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Sub-section 2: Officious Intermeddling

Article 150

Officious intermeddling is when a person intentionally performs an urgent act for the account of another person without being obligated to do so.

Article 151

Officious intermeddling shall be deemed to have occurred even if the intermeddler, while performing an act for himself, performs an act for another person due to the inseparability of both acts.

Article 152

The provisions of agency shall apply if the beneficiary approves the acts performed by the officious intermeddler.

Article 153

An officious intermeddler shall proceed with the work he has initiated until the beneficiary is able to perform it on his own, and shall, as soon as possible, inform the beneficiary of his intermeddling.

Article 154

An officious intermeddler shall exercise reasonable care and shall be liable for any harm arising from his own fault. The court may reduce the amount of compensation if justified.

Article 155

If an officious intermeddler assigns all or part of the work to a third party, he shall be liable for the assignee's actions, without prejudice to the beneficiary's right of recourse against the assignee.

Article 156

An officious intermeddler shall return to the beneficiary anything he received as a result of the intermeddling and shall provide him with an account of his action.

Article 157

1. An officious intermeddler shall be deemed an agent of the beneficiary if he exercises reasonable care in the performance of the work, even if the desired result is not achieved. In such case, the beneficiary shall carry out the undertakings which the intermeddler entered into on his behalf and shall compensate the intermeddler for his undertakings, reimburse him for any expenses he incurs that are deemed necessary and useful and are required by the circumstances of the work, and compensate him against any harm he sustains in the performance of such work.
2. An officious intermeddler shall not be entitled to payment for his work, unless it falls within his profession.

Article 158

1. If an officious intermeddler dies, his heirs, if competent, or their agent, if they are aware of the officious intermeddling, shall inform the beneficiary of the death of their testator and shall take all measures necessary to achieve the beneficiary's interest under the given circumstances.
2. If a beneficiary dies, the officious intermeddler shall remain committed to his heirs to the same extent as he was to their testator.

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Sub-section 3: Non-hearing of Claim

Article 159

A claim arising from unjust enrichment, undue payments, or officious intermeddling shall not be heard after the lapse of three years from the date on which the creditor becomes aware of his right. In all cases, a claim may not be heard after the lapse of 10 years from the date on which the right arises.

Section 5: The Law

Article 160

Obligations arising directly and solely from this Law shall be subject to the legal provisions giving rise to such obligations.

Chapter 2: Effects of Obligation

Article 161

A debtor shall perform his obligation when it becomes due; if he fails to do so, such obligation shall be enforced against him provided the legal requirements for enforcement are satisfied.

Article 162

If an obligation does not meet the legal requirements for enforcement, the debtor shall remain liable therefor on a religious basis. If the debtor performs said obligation voluntarily, such performance shall be deemed valid and shall not be considered a donation or an undue payment.

Article 163

A religious-based obligation shall be deemed a valid ground on which the debtor can create a legal obligation.

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Section 1: Performance In-Kind

Article 164

1. A debtor shall, after being notified, be obligated to perform his obligation in-kind if possible.
2. If a performance in-kind is onerous to the debtor, the court may, upon his request, limit the creditor's right to compensation if this does not entail severe harm to the creditor.

Article 165

1. If an obligation does not relate to a specific thing but to its type, said obligation shall not pertain to a specific thing of the same type, unless it is apportioned.
2. If a debtor fails to perform his obligation, the creditor may obtain a thing of the same type at the debtor's expense with the court's permission or, in urgent circumstances, without its permission, without prejudice to the creditor's right to compensation.

Article 166

1. An obligation to transfer a right in rem shall include the obligation to deliver the thing and to safekeep it until it is delivered. The debtor shall be liable if such thing is destroyed or damaged before it is delivered.
2. If the subject of an obligation is an action and such action requires the delivery of a thing, the debtor shall be liable if he, after being notified, fails to deliver such thing until it is destroyed or damaged, unless it is established that the destruction or damage would have occurred even if the thing was delivered to the creditor.

Article 167

If the obligation is the performance of an action, the following provisions shall apply:

a) If the agreement or the nature of the action requires that the debtor perform the obligation himself, the creditor may refuse performance of the action by any other person.
b) If the debtor fails to perform his obligation, the creditor may petition the court for permission to perform the obligation at the debtor's expense if such performance is possible. The creditor may, in urgent circumstances, perform such obligation at the debtor's expense without the court's permission.
c) A court ruling shall stand in place of the performance of the obligation if the nature of the obligation so requires.

Article 168

If a debtor is required to safekeep or manage a thing, or to exercise due care in performing his obligation, he shall be deemed to have performed his obligation if he exercised reasonable care, even if the intended purpose was not achieved, unless a legal provision stipulates otherwise. However, if a specific result is required, the obligation shall be deemed to have been performed only if said result is achieved.

Article 169

If a debtor breaches his obligation to refrain from a certain action, the creditor may request remedy of such breach, together with compensation, if applicable. The creditor may petition the court for permission to remedy such breach at the debtor's expense.

Section 2: Performance by Compensation

Article 170

1. If performance in-kind is not possible, a judgment for compensation shall be issued against the debtor; this shall include cases where performance is delayed by the debtor until the creditor no longer benefits from such performance.
2. A creditor may, if performance in-kind is delayed by the debtor, specify a reasonable deadline for performance. The creditor may request compensation for non-performance if the debtor fails to perform the obligation prior to such deadline.
3. A judgment for compensation, as provided for in paragraphs (1) and (2) of this Article, shall not be issued if the debtor establishes that non-performance is due to a reason beyond his control.

Article 171

If the debtor delays the performance of his obligation, he shall compensate the creditor for any harm he incurs due to such delay, unless it is established that the delay was due to a reason beyond his control.

Article 172

If the creditor, due to his own fault, contributes to or aggravates the harm arising from the failure or delay in performing the obligation, Article 128 of this Law shall apply.

Article 173

1. An agreement may be made to exempt a debtor from paying compensation for harm arising from his failure or delay in performing his contractual obligation, unless it is caused by an act of fraud or gross negligence by the debtor.
2. No agreement may be made to exempt a party from liability for a harmful act.

Article 174

The parties may agree that the effects of force majeure be borne by the debtor.

Article 175

Compensation shall be due only after the debtor is notified, unless an agreement or a legal provision stipulates otherwise.

Article 176

Notification of the debtor is not required in the following cases:

a) If the parties, explicitly or implicitly, agree that the maturity date of the debt is deemed a notification of the debtor.
b) If performance of the obligation becomes impossible or fruitless due to an

act by the debtor.
c) If the subject of the obligation is payment of compensation arising from a harmful act.
d) If the subject of the obligation is to return a thing the debtor received unlawfully and he was aware of such unlawfulness.
e) If the debtor states in writing that he will not perform his obligation.

Article 177

Notification shall be made by any means agreed upon by the contracting parties or as prescribed by law, including the filing of a claim or any other judicial proceeding.

Article 178

The contracting parties may specify in advance the amount of compensation whether in the contract or in a subsequent agreement, unless the subject of the obligation is a cash amount. The right to compensation shall not require notification.

Article 179

1. A compensation that is contractually agreed upon by the parties shall not be payable if the debtor proves that the creditor has sustained no harm.
2. The court may, upon a petition by the debtor, reduce the compensation if the debtor establishes that the agreed-upon compensation was excessive or that the original obligation was partially performed.
3. The court may, upon a petition by the creditor, increase the amount of compensation to the extent necessary to cover the harm if the creditor establishes that an act of fraud or gross negligence by the debtor is what caused the harm to exceed the agreed-upon compensation.
4. Any agreement in violation of the provisions of this Article shall be null and void.

Article 180

If the amount of compensation is not specified in a contract or a legal provision, it shall be determined by the court in accordance with the provisions of Articles 136, 137, 138, and 139 of this Law. However, if the obligation arises from the contract, the debtor who has not committed any act of fraud or gross negligence shall be liable only for compensating harm that could have been anticipated at the time of contracting.

Section 3: Performance Securities

Article 181

1. All of the debtor's property shall serve as security for the payment of his debts. Creditors shall be *pari passu* in such security; no creditor shall have priority except pursuant to a legal provision.

2. Creditors may agree to determine priority in the collection of debts in a manner not inconsistent with legal provisions.

Sub-section 1: Creditor's Use of Debtor's Rights (Indirect Claim)

Article 182

1. A creditor may, even if his debt is not due, use the debtor's rights, except for rights that are specifically associated with his person or which are not subject to attachment, provided that the debtor has not exercised such rights and that his failure to do so would cause his debts to exceed the value of his property.
2. A creditor shall not be required to notify the debtor of the use of his rights. However, if a claim is filed in the name of the debtor, the creditor shall be joined in said claim.
3. A creditor shall be deemed an agent of the debtor in the use of his rights. Any benefit arising from the use of such rights shall accrue to the debtor's property and shall serve as security for all his creditors.

Sub-section 2: Claim for Invalidation of Debtor's Dispositions of Creditors' Rights

Article 183

1. If a debtor's disposition causes his debts to exceed the value of his property, any creditor whose debt is due and who is adversely harmed by such disposition may demand the invalidation of the disposition if it is a donation or if it is an exchange and the debtor and his successor in the exchange are aware that the debts exceed the value of the debtor's property.
2. Paragraph (1) of this Article shall apply to the successor's disposition if it is a donation or if it is an exchange and the other party in the exchange is aware that the debts exceed the value of the debtor's property.

Article 184

Any person who receives a right from a debtor whose debts exceed the value of his property may be released from a claim for invalidation of the debtor's disposition if such person makes a deposit equivalent to the value of the received right with an entity to be designated by the Minister of Justice.

Article 185

1. If the disposition of a debtor whose debts exceed the value of his property is carried out only to unlawfully give priority to one creditor over another, such disposition shall only result in denying the creditor such priority.
2. If a debtor whose debts exceed the value of his property pays the debt of any of his creditors prior to the maturity date of the debt, the other creditors may demand the invalidation of the payment of such debt. However, if the payment is made after the debt's maturity date, the other creditors may not

demand the invalidation of the payment of such debt, unless such payment is done in collusion with said creditor.

Article 186

If a creditor alleges that the debtor's debts exceed the value of his property, such creditor shall only be required to prove the amount of debts payable by the debtor; the debtor may refute such allegation by proving that he has property the value of which equals or exceeds such debts.

Article 187

If a ruling is issued to invalidate a disposition made by a debtor whose debts exceed the value of his property, all creditors who are prejudiced by such disposition shall benefit from such ruling.

Article 188

A claim for the invalidation of a debtor's disposition shall not be heard upon the lapse of one year from the date on which the creditor becomes aware of the reason for invalidation. In all cases, no claim shall be heard upon the lapse of 10 years from the date of the disposition.

Article 189

1. If a simulated contract is concluded, the bona fide creditors of the contracting parties and their particular successors may invoke such contract; they may also invoke the real contract and establish that the contract that prejudiced them was simulated.
2. If the interests of the concerned parties are in conflict, and some invoke the simulated contract while others invoke the real contract, priority shall be given to the parties invoking the simulated contract.

Article 190

If the contracting parties conceal a real contract with a simulated contract, the real contract shall be the contract enforceable between the contracting parties and their universal successors.

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Sub-section 3: Retention of Property

Article 191

A debtor who undertakes an obligation may refuse to perform such obligation if the creditor fails to perform an obligation which arose as a result of the debtor's obligation and is associated therewith and the creditor does not provide adequate security for the performance of such obligation.

Article 192

Any person who makes necessary or useful expenditures for another person's property which is lawfully in his possession may retain such property until he recovers all amounts due to him.

Article 193

1. Any person who retains a thing shall safekeep it and shall provide an account of its proceeds.
2. If there are concerns that the retained thing may be destroyed or damaged, or if it has been retained for a period deemed long according to custom, the person retaining such thing may sell it after obtaining the court's permission, or without its permission in case of urgency; in such case, the right of retention shall be transferred to its price.

Article 194

The right to retain a thing shall not give the person retaining it the priority to collect his debt therefrom over other creditors.

Article 195

1. The right of retention shall cease if the thing retained is destroyed, the person retaining the thing receives his right from the debtor, or the thing ceases to be in the possession of the person retaining it.
2. The person retaining a thing may, if such thing ceases to be in his possession without his knowledge or despite his objection, petition the court to restitute said thing within 30 days from the date on which he becomes aware of the same and prior to the lapse of one year therefrom.

Sub-section 4: Insolvency

Article 196

Insolvency of a debtor shall be subject to the legal provisions related thereto.

Chapter 3: Modalities of Obligation

Section 1: Condition and Term

Sub-section 1: Condition

Article 197

An obligation shall be conditional if its existence or extinction is dependent upon the occurrence of a probable future event.

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Article 198

If an obligation is dependent upon a *de facto* event, it shall be deemed valid. However, if the obligation is conditional upon an impossible event, the condition shall be deemed invalid and the obligation, as a result, shall become invalid.

Article 199

An obligation shall not arise if it is dependent upon a condition the purpose of which is to induce an unlawful act.

Article 200

An obligation shall cease to exist if it is dependent upon a suspensive condition that makes its existence reliant on the sole discretion of the obligor.

Article 201

An obligation that is dependent on a suspensive condition may not be enforced unless such condition is fulfilled, and such obligation may not be enforceable prior to the fulfillment of the condition. The creditor may take any measure necessary to safeguard his rights.

Article 202

If a resolutory condition is satisfied, the obligation shall be extinguished and the creditor shall return anything he received. If returning the same is impossible for a reason attributable to the creditor, the creditor shall be liable for compensation. Any act of management performed by the creditor shall remain in effect even after the condition is satisfied.

Article 203

If a condition is satisfied, its effect shall apply as of the time the obligation was created, unless the intention of the contracting parties or the nature of the contract indicates that the existence or extinction of the obligation relates only to the time the condition was satisfied, and unless performance of the obligation before the condition is satisfied was not possible for a reason beyond the debtor's control.

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Sub-section 2: Term

Article 204

1. An obligation shall be subject to a term if its enforcement or extinction is dependent upon a future and certain event.
2. An obligation that is subject to a term shall only be enforceable on its maturity date. The creditor may, prior to such date, take any measure necessary to safeguard his right, including demanding a security if he has reasonable grounds to believe the debtor may become insolvent.

3. An obligation shall be extinguished upon the expiration of the resolutory term without any retroactive effect.

Article 205

A debtor's right to the term shall be forfeited if an insolvency judgment is rendered against him, if he fails to provide the agreed-upon security, or if the security provided becomes insufficient due to his actions or through no fault of his own, unless he takes action to supplement such security.

Article 206

1. A debt may be paid prior to its maturity date by the party in whose interest the term was set, unless such payment causes harm to the other party.
2. If it is unclear whether the term is in the interest of the debtor or the creditor, it shall be deemed to be in the interest of the debtor.
3. If a debtor pays his debt prior to its maturity date and a third-party right arises on the paid debt, the debt shall return to be a deferred debt.

Article 207

A deferred debt shall not become due upon the creditor's death; it shall become due upon the debtor's death, unless the debt is secured by an in-kind security, the heirs provide a sufficient in-kind or personal security, or the creditor agrees to keep his debt deferred.

Article 208

If a debtor's right to the term is forfeited in accordance with legal provisions, and if it is found, upon concluding the contract, that the term has an effect on increasing the debt, the court shall reduce such increase, taking into consideration the forfeited part of the term, the cause of the forfeiture, and the nature of the dealing.

Article 209

If the agreement stipulates that the payment of the debt be made only when the debtor is solvent, the court shall set the term for payment, taking into consideration the debtor's current and future resources and the care a reasonable person would exercise for the fulfillment of his obligations. The term shall not be enforced if the debtor's solvency is established.

Section 2: Obligations with Multiple Subjects

Article 210

1. An obligation shall be deemed an alternative obligation if its subject includes multiple things the performance of any of which releases the debtor. The debtor shall have the right to choose the thing to perform, unless an agreement or a legal provision stipulates otherwise.

2. If the party who has the right to choose, whether a creditor or a debtor, fails to choose, or if the right to choose is held by multiple persons, whether creditors or debtors, and they fail to agree on a choice, the court shall set a deadline for choosing the subject of the obligation. If such deadline lapses, the right to choose shall devolve to the other party.

Article 211

1. An obligation shall be deemed a facultative obligation if its subject includes only one thing and the debtor has the right to substitute such thing with another.
2. The original thing, not the substitute, shall be the only subject of the obligation, and shall determine its nature.

Section 3: Multiple Parties to an Obligation

Sub-section 1: Solidarity among Creditors

Article 212

Solidarity among creditors shall be established only by agreement or pursuant to a legal provision.

Article 213

1. Solidary creditors may jointly or severally demand the debtor to pay the debt in full.
2. A debtor may object to the demand of one of his solidary creditors by raising objections that relate to said creditor as well as objections common to all creditors; however, he may not raise against said creditor objections that relate to another creditor.

Article 214

Any part of the debt received by a solidary creditor shall belong to all the creditors and shall be divided among them in proportion to their respective shares in the debt, unless otherwise stipulated in a legal provision or an agreement.

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Article 215

A debtor may pay the debt to any of the solidary creditors, unless one of the creditors, or more, notifies the debtor not to pay his share of the debt to a specific creditor and this does not harm the debtor.

Article 216

If a debtor is discharged from liability towards one of the solidary creditors for a reason other than payment of the debt, he shall not be discharged from liability towards the other creditors except in proportion to the share of such creditor.

Article 217

If a solidary creditor carries out an act that is harmful to the other creditors, such act shall not take effect against such creditors.

Article 218

Solidarity among creditors shall not preclude the division of the debt among the heirs of any of them. Solidarity in the debt shall devolve to each heir in proportion to his share in the estate; if, however, the debt is indivisible, solidarity in the whole debt shall devolve to each heir.

Sub-section 2: Solidary Debt

Article 219

A debt shall be deemed solidary among several creditors if it arises from the same cause. A debt shall also be deemed solidary if it devolves by inheritance to more than one heir.

Article 220

Each partner in a solidary debt shall have the right to claim his share therein and the other partners may share the collected debt in proportion to their respective shares and pursue the debtor for the remainder of the debt, unless one of the partners explicitly or implicitly relinquishes his claim in the collected debt to the collecting partner and pursues the debtor for his share; in such case, said partner shall not have the right of recourse against the collecting partner.

Article 221

If a partner collects his share in a solidary debt and then disposes of it, the other partners shall have the right of recourse against said partner for their share in the collected debt. If said share is destroyed while in the possession of the collecting partner through no fault of his own, he shall not be required to compensate the partners for their shares therein; in such case, he shall be deemed to have received his full share of the debt, and the remainder of the debt shall be due to the other partners.

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Sub-section 3: Solidary Liability among Debtors

Article 222

Solidary liability among debtors shall be established only by agreement or pursuant to a legal provision.

Article 223

Solidary liability among debtors shall be established even if the debts of some

of them are deferred, dependent upon a condition, or associated with any modality affecting the debt, and the debts of others are due or devoid of any modality.

Article 224

If a solidary debtor pays the debt, such debtor and the other debtors shall be discharged from liability.

Article 225

1. A creditor may demand payment of his debt from all or some of the solidary debtors, taking into consideration the modalities affecting the debt with regard to each debtor.
2. Demanding payment from a solidary debtor shall not preclude demanding payment from the other debtors.
3. A solidary debtor may object to any demand for payment by raising only objections that relate to him or objections that are common to the debtors.

Article 226

A solidary debtor may not invoke any set-off between the creditor and another solidary debtor except to the extent of the other debtor's share.

Article 227

If the share of a solidary debtor is extinguished by confusion, the debt shall not be extinguished with respect to the other debtors except to the extent of said debtor's share.

Article 228

1. If the creditor releases a solidary debtor only from his share of the debt, said debtor, along with the other debtors, shall be released from the debt to the extent of his share, but he shall not be released from solidary liability.
2. If the creditor releases a solidary debtor from solidary liability, said debtor shall remain liable only for his share of the debt and the creditor may not demand the debtor to pay the share of the other debtors. The other debtors shall have the right of recourse against the released debtor for the payments made on his behalf due to their solidary liability.
3. If the creditor fully releases a solidary debtor from the debt, such release shall include both the debt and the solidary liability, unless the circumstances or the nature of the dealing indicates that the release is limited to either the debt or the solidary liability.

Article 229

If a creditor releases a solidary debtor, whether from the debt or from solidary liability, the other debtors shall, in case there is an insolvent debtor among them, have the right of recourse against such debtor to the extent of his share in the debt of the insolvent debtor. However, if the creditor releases such debtor

from all liability related to the debt, the creditor shall bear the debtor's share in the debt of the insolvent debtor.

Article 230

1. A claim against a solidary debtor that is barred due to the lapse of the statute of limitations shall only benefit the other debtors to the extent of such debtor's share.
2. A creditor may not invoke the interruption or suspension of the statutory period pertaining to a solidary debtor against the other debtors.

Article 231

1. A solidary debtor shall, in the performance of an obligation, be liable only to the extent of his actions.
2. If the creditor notifies a solidary debtor or files a judicial claim against him, this shall have no effect on the other solidary debtors. If, however, a solidary debtor notifies the creditor, the effect thereof shall extend to the remaining debtors.

Article 232

Any settlement concluded by a solidary debtor with the creditor shall be enforceable against the other debtors, unless the settlement establishes a new obligation against them or increases their existing obligation; in such case, the settlement shall not be enforced against any debtor without his ratification.

Article 233

A solidary debtor's acknowledgment of his share in the debt shall not be binding on the other solidary debtors. If the debtor refuses to take an oath tendered by the creditor, or if he tenders the oath to the creditor and the latter takes the oath, the oath refused by the debtor or taken by the creditor shall not affect the other solidary debtors. However, if the debtor takes an oath tendered by the creditor, the effect thereof shall extend to the other debtors.

Article 234

1. If a solidary debtor pays more than his share in the debt, his right of recourse against any of the remaining debtors for the excess payment shall be limited to the share of such debtor, even if the payer assumes the position of the creditor by way of subrogation.
2. The shares of solidary debtors shall be equal with respect to their claims of recourse against one another, unless an agreement or a legal provision stipulates otherwise. If only one debtor benefits from the debt, said debtor shall bear the debt in full against the other debtors.
3. If a solidary debtor is found to be insolvent, the debtor who pays the debt shall, along with the solvent debtors, bear the effects of such insolvency, each to the extent of his share.

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Sub-section 4: Indivisibility of Obligation

Article 235

An obligation shall be indivisible if the subject thereof cannot be divided due to its nature, or if the purpose intended by the contracting parties is to perform the obligation indivisibly.

Article 236

In case of an indivisible obligation with multiple debtors, each debtor shall be liable for the full payment of the debt. The debtor who pays the debt shall have the right of recourse against the other debtors, each to the extent of his share.

Article 237

In case of an indivisible obligation with multiple creditors or multiple heirs of a creditor, each creditor or heir may demand the full performance of the obligation. If a creditor or heir objects to such demand, the debtor shall be liable for the performance of the obligation to all the creditors or heirs collectively or to deposit the thing subject of the obligation with an entity to be designated by the Minister of Justice. The other creditors or heirs shall have the right of recourse against the creditor for whom the obligation was performed, each to the extent of his share.

Chapter 4: Transfer of Obligation

Section 1: Assignment of Right

Article 238

A creditor may assign his right to another person, unless otherwise stipulated by a legal provision, an agreement, or the nature of the obligation. The debtor’s consent shall not be required for the assignment to take effect.

Article 239

An assignment of right shall not be valid except in regard to the part that can be subject to an attachment.

Article 240

An assignment of right shall be effective against a debtor or a third party only if the debtor accepts such assignment or is notified thereof by any means prescribed by law. The effectiveness of such assignment against a third party requires the debtor's written and dated acceptance.

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Article 241

The right shall be transferred to the assignee along with its modalities, attached rights, and securities.

Article 242

1. If an assignment is for consideration, the assignor warrants only the existence of the assigned right at the time of making the assignment, unless agreed otherwise.
2. If an assignment is without consideration, the assignor does not warrant the existence of the right.

Article 243

An assignor does not warrant a debtor's solvency, unless there is a specific agreement thereon. If the assignor warrants the solvency of the debtor, such warrant shall only cover solvency at the time of making the assignment, unless agreed otherwise.

Article 244

If an assignee with a warrant exercises the right of recourse against an assignor pursuant to Articles 242 and 243 of this Law, the assignor shall not be required to pay more than the amount received from the assignee in addition to any expenses incurred, even if agreed otherwise.

Article 245

A debtor may invoke against an assignee the defenses that he could have invoked against the assignor at the time the assignment became effective against him; he may also invoke any defenses arising from the assignment contract.

Article 246

In case of multiple assignments of a single right, precedence shall be given to the earlier assignment to take effect against a third party.

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Article 247

If an attachment against a debtor is made before an assignment becomes effective against a third party, the assignment shall, with respect to the attachment creditor, be deemed a second attachment; in such case, the right shall be divided between the assignee and the attachment creditor in the same manner distribution is made among creditors.

Section 2: Assignment of Debt

Article 248

Assignment of debt is a contract that requires the transfer of an obligation from an assignor to an assignee.

Article 249

1. An assignment of debt shall take effect if there is an agreement between an assignor and an assignee, and shall not be enforceable against a creditor, unless he accepts the assignment.
2. If the creditor does not accept the assignment, the assignee shall be liable towards the assignor for the performance of the obligation to the creditor, unless agreed otherwise or the circumstances indicate that the enforcement of the assignment is conditional upon the creditor's acceptance.

Article 250

A debt may be assigned by agreement between an assignor and a creditor; it shall not be enforceable against an assignee unless he agrees to the assignment. If the assignee is indebted to the assignor for a debt equal to the assigned debt, such assignment shall be enforceable against the assignee and third parties, in accordance with Article 240 of this Law.

Article 251

A debt shall be assigned to an assignee along with its modalities and attached rights, and the assignor shall be released from the debt.

Article 252

The securities of an assigned debt shall subsist; this shall not, however, apply to securities provided by third parties. Solidary debtors shall remain liable after deducting the assignor's share from the debt.

Article 253

An assignee may invoke against the creditor the same defenses that the assignor could have invoked against the creditor as well as the defenses arising from the assignment contract; however, he may not assert defenses relating to the person of the assignor.

Article 254

An assignor shall warrant the assignee's solvency at the time of making the assignment if the assignment is between the assignor and the creditor; he shall also warrant the assignee's solvency at the time the assignment becomes effective if it is between the assignor and the assignee, unless agreed otherwise.

Section 3: Assignment of Contract

Article 255

A party to a contract may assign to others his capacity as a contracting party, provided that the other contracting party consents thereto. Consent may be granted in advance if the assignor specifies the contract to be assigned; in such case, the assignment shall take effect against the obligee if he is notified by the assignor.

Article 256

If the obligee consents to the assignment of the contract, the assignor shall be discharged from liability towards him with respect to any future obligation. If, however, the obligee does not consent to such assignment, the assignor shall perform the contract jointly with the assignee, unless agreed otherwise or the circumstances indicate that the enforcement of the assignment is conditional upon the obligee's consent.

Article 257

1. An assignee may assert against an obligee the defenses related to the debt, but he may not assert the defenses relating to the person of the assignor.
2. An obligee may assert against an assignee all the defenses that he could have asserted against an assignor.

Article 258

If an obligee does not discharge an assignor from liability, all the agreed-upon securities shall be retained. However, if the obligee discharges the assignor from liability, the securities provided by others shall not be retained, and solidary debtors shall remain liable after deducting the assignor's share from the debt.

Chapter 5: Extinguishment of Obligation

Section 1: Extinguishment by Performance

Sub-section 1: Parties to the Performance

Article 259

Performance may be made by any of the following:

a) The debtor, his agent, or any other person with interest in the performance, unless a legal provision stipulates otherwise.
b) A person with no interest in the performance; however, the creditor may refuse such performance if the debtor notifies the creditor of his objection thereto.

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Article 260

1. Performance shall be deemed valid if made by the owner of the thing used in the performance of the obligation.
2. Performance shall not be deemed valid if made by a fully incompetent person. However, it shall be deemed valid if made by a partially incompetent person using a thing owed thereby, unless such performance causes harm to said person.

Article 261

A person who pays the debt of another person and does not intend such payment as a donation shall have the right of recourse against the debtor to the extent of the payment, unless it is made without the debtor's authorization and the debtor proves that he has an interest in objecting to such payment.

Article 262

A person who pays to the creditor the debt of another person shall subrogate the creditor if:

a) he is obligated to pay the debt along with or on behalf of the debtor;
b) he is a creditor and he pays a debt to another creditor who has priority over him due to an in-kind security, even if he holds no security;
c) a legal provision grants him the right of subrogation; or
d) he and the creditor agree, whether at the time of payment or prior thereto, that he subrogates the creditor, even if the debtor objects thereto.

Article 263

1. If the person paying the debt subrogates a creditor, the rights of the creditor shall be transferred to him, including the modalities, attached rights, and securities of the debt as well as the defenses asserted. The subrogation shall be limited to the paid debt.
2. If subrogation is limited to a part of the debt, the creditor shall have priority over the person paying the debt in satisfying the remainder of the debt, unless agreed otherwise.

Article 264

If a debtor pays his debts to some of his creditors during his terminal illness and his estate is not sufficient to pay his debt to the other creditors, said creditors shall have the right of recourse against those whose debts have been paid and share with them the received payments in proportion to their respective shares.

Article 265

1. Payment shall be made to the creditor or to his agent. Any person who provides the debtor with a letter of discharge issued by the creditor shall have the capacity to collect the debt, unless it is agreed that the payment be made personally to the creditor.
2. If the creditor is fully or partially incompetent, the debtor shall be discharged

only by paying the debt to the creditor's guardian or trustee. Payment may be made to a partially incompetent creditor if the obligation was created with the authorization of his trustee or guardian and the trustee or guardian did not preclude payment to such person.

Sub-section 2: Rejection of Performance

Article 266

If a creditor rejects without justification a valid tender of performance, fails to perform the acts required for performance, or notifies the debtor that he will not accept the performance, the debtor may notify him in accordance with this Law.

Article 267

If the creditor is notified, he shall bear the effects of the destruction or damage of the thing and the debtor shall have the right to deposit such thing at the creditor's expense and to claim compensation for the harm.

Article 268

1. A tender shall only be valid if it fully covers the debt due and its costs, as specified in the contract or as per the type of debt.
2. A tender may be made during a court hearing without further proceedings if the relevant creditor is present; this shall be deemed a notification.
3. Deposits ordered by the court shall take into consideration the nature of the thing deposited, whether depositing the thing itself or placing it under receivership; the creditor shall be notified thereof.

Article 269

If the subject of performance is a perishable thing or the cost of its deposit or custody is excessive, the debtor may with the court's permission or, without its permission in urgent circumstances, sell the thing at the market price or at auction if the sale at the market price is not possible. Deposit of the proceeds shall serve as a deposit of the thing itself.

Article 270

A deposit or a similar action shall be sufficient without the need for a tender in the following cases:

a) If the debtor does not know the creditor's identity or domicile.
b) If the creditor is fully or partially incompetent and has no agent to accept the performance.
c) If the debt is disputed between multiple persons.
d) If there are other reasons the court deems justifiable.

Article 271

1. If a valid tender is made and is followed by a valid deposit, such tender shall

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serve as a performance of the obligation and shall produce all the effects of performance from the time the tender is made; in such case, the debtor may not rescind such performance.
2. The creditor shall bear the costs of the tender and deposit.

Sub-section 3: Subject, Time, Place, and Expenses of Performance

Article 272

Performance shall be made using the original subject of the debt. The creditor shall not be compelled to accept a substitute, even if it is of greater value.

Article 273

1. A debtor may not compel a creditor to accept partial payment of a single debt, unless a legal provision or an agreement stipulates otherwise.
2. If part of the debt is disputed and the creditor accepts the collection of the undisputed part, the debtor may not refuse payment of such part.

Article 274

1. If a debtor owes multiple debts of the same kind to the same creditor and the payment made by the debtor is not sufficient to settle all such debts, the debtor may impute payment to the debt he intends to pay, unless an agreement or a legal provision precludes such imputation.
2. If the debtor makes no imputation, as specified in paragraph (1) of this Article, and it is not possible to reach the debtor, payment shall be imputed to the debt due or soon to be due. If all debts are due or deferred to the same time, payment shall be imputed to the debt that is most burdensome to the debtor. If the debts are equally burdensome, the creditor may designate the debt to which payment is imputed.

Article 275

1. Performance shall be made promptly upon the obligation becoming due, unless an agreement or a legal provision stipulates otherwise.
2. Absent a specific provision, the court may, in certain circumstances, grant the debtor a grace period to perform his obligation if his circumstances so require and such deferment does not cause severe harm to the creditor.

Article 276

If an obligation is deferred and no deadline is set for its performance, the court shall, at the request of the creditor or the debtor, set a deadline as per custom and the nature of the dealing.

Article 277

The place of performance, if not designated by an agreement or a legal provision, shall be designated as follows:

a) If the obligation is contractual, the place of performance shall be the place

where the obligation is created. However, if the subject of the obligation is a specific thing, it shall be delivered to the place where it was located at the time the obligation was created.

b) If the obligation is non-contractual, the place of performance shall be the debtor's domicile at the time of performance, or the place where he conducts his business if the obligation relates to such business.

Article 278

A debtor shall bear the expenses of performance, unless an agreement or a legal provision stipulates otherwise.

Article 279

Any person who pays a debt or part thereof may demand a receipt for the paid debt. If the creditor refuses, the debtor, or any party with interest, may deposit the debt with the entity designated by the Minister of Justice.

Section 2: Extinction of Obligations by Equivalent Methods of Payment

Sub-section 1: Novation

Article 280

1. Performance of an obligation may be rendered by novation upon the agreement of the parties.
2. Novation shall be subject to the provisions governing the relevant type of contract, as the case may be, and governing the performance of obligations.

Sub-section 2: Set-off

Article 281

A debtor may set off the amount of a debt payable to his creditor by any amount the creditor owes the debtor even if the cause of each debt is different, provided that the subject of each debt is cash or fungibles of the same type and nature and that both debts are not disputed, may be claimed in court, and may be subject to attachment.

Article 282

Set-off shall only take place when asserted by a party with interest and may not be waived until the right thereto is established.

Article 283

A debtor may assert a set-off even if the place of payment of each debt is different. In such case, the debtor shall compensate the creditor for any harm he sustains due to his inability, as a result of the set-off, to collect his dues or

pay off his debt at the designated place.

Article 284

The set-off shall extinguish the two debts to the extent of the lesser debt from the time they become eligible for set-off.

Article 285

If any of the conditions stipulated in Article 281 of this Law is not satisfied, the set-off shall only take place upon the agreement of the parties.

Article 286

Set-off may not prejudice the rights acquired by third parties.

Article 287

If a depositor is indebted to a depositary or a lender is indebted to a borrower, no set-off shall take place between the debt and the deposit, nor between the debt and the borrowed thing, even if the debt is of the same type as the deposit or the borrowed thing, except with the agreement of the parties.

Article 288

If a claim for either debt is not heard due to the lapse of the statute of limitations at the time of asserting the set-off, this shall not preclude such set-off from taking place if its conditions are met before the lapse of the statute of limitation.

Article 289

If a debtor pays a debt even if he has the right to set-off such debt against a debt owed to him, he may not hold the securities of the latter debt in a manner that causes harm to others, unless, based on reasonable grounds, he was not aware of the existence of such right at the time of payment.

Sub-section 3: Confusion

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Article 290

1. If the qualities of the creditor and debtor are united in a single person with respect to a single debt, the debt shall be extinguished to the extent of the confusion.
2. If a creditor is an heir of the debtor, confusion shall not apply, and said creditor shall be treated in the same manner as all other creditors in collecting his debt from the estate.

Article 291

If the cause for uniting the qualities of the creditor and debtor ceases to exist

and cessation has a retroactive effect, the debt shall return to its original condition.

Section 3: Extinguishment of Obligation without Performance

Sub-section 1: Discharge

Article 292

1. An obligation shall be extinguished if the creditor discharges the debtor from the debt. Such discharge shall not be conditional upon the debtor's consent; if, however, the discharge is rejected by the debtor, the debt shall become due again.
2. Discharge shall apply only to existing debts, even if not due.

Article 293

Discharge shall be subject to the substantive provisions of donations and shall not require a specific form.

Sub-section 2: Impossibility of Performance

Article 294

A debtor's obligation shall be extinguished if he proves that his failure to perform is caused by a fortuitous event that makes performance impossible. The corresponding obligation, if any, shall also be extinguished.

Sub-section 3: Non-hearing Due to Statute of Limitations

Article 295

A right shall not be extinguished due to the statute of limitations, but any claim for such right made against a party denying it shall not be heard upon the lapse of 10 years, except for cases provided for by a legal provision or the exceptions provided for in this Sub-section.

Article 296

Without prejudice to any legal provision, a claim for any of the following rights made against a party denying such rights may not be heard upon the lapse of five years:

a) Rights of professionals, such as physicians, lawyers, and engineers, for professional services they rendered and for expenses they incurred.
b) Renewable periodic rights, such as the rent of real property, wages, regular payments, and the like. As an exception, a claim may not be heard upon the lapse of 10 years if the right is a revenue in the possession of a holder acting

in bad faith or a revenue an administrator of an endowment must pay to a beneficiary.

Article 297

Without prejudice to any legal provision, a claim for any of the following rights made against a party denying such rights may not be heard upon the lapse of one year:

a) Rights of merchants for goods and services provided to persons not trading therein.
b) Rights of owners of establishments designated to accommodate guests, restaurants, and the like, which arise from engaging in such activities.
c) Rights of wage-earners from daily and non-daily wages and from the cost of the things they provide.

Article 298

A claim shall not be heard upon the lapse of the specified periods with respect to the rights stipulated in Article 296(a) and Article 297 of this Law, even if the same type of dealing continues between the holders of such rights and obligees. If a document of any such right is executed, a claim for such right shall not be barred until the lapse of 10 years from the document execution date.

Article 299

Absent a legal provision, the statute of limitations shall commence from the date the right becomes due.

Article 300

1. The statute of limitations shall be interrupted whenever grounds preventing initiation of the claim exist.
2. Grounds for the interruption of the statute of limitations include bona fide negotiations between the parties which continue beyond the lapse of such period, or a moral impediment hindering such claim.

Article 301

In case of multiple creditors of a single debt and none of the creditors claims his right, the statute of limitations shall apply only to the creditors without an excuse.

Article 302

The statute of limitations shall be suspended in the following cases:

a) If the debtor explicitly or implicitly acknowledges the right.
b) If a claim is filed before a judicial body, including a court lacking jurisdiction.
c) If the creditor initiates any other judicial proceeding to assert his right.

Article 303

If a right is transferred from a person to his successor, the statute of limitations shall not be suspended.

Article 304

1. If the statute of limitations is suspended, a new statute of limitations the period of which is similar to the original one shall commence from the time the effect of the cause of suspension terminates.
2. If a judicial ruling establishes a right, or if the right is one of the rights provided for in Article 296(a) or Article 297 of this Law, and the statute of limitations is suspended due to the debtor's acknowledgment of the debt, the new statute of limitations shall be 10 years, unless said right includes renewable periodic rights that are not payable until the judicial ruling is rendered.

Article 305

1. No agreement may be made to shorten or extend the statute of limitations.
2. A debtor may not relinquish his right to assert the statute of limitations before such right is established in his favor.
3. The debtor's renunciation of his right to assert the statute of limitations against some creditors shall not be effective against the remaining creditors if such renunciation causes harm to them.

Article 306

The court's decision to not hear a claim due to the lapse of the statute of limitations shall be made only upon a petition by the debtor or a party with interest.

Part 2: Nominate Contracts

Chapter 1: Contracts relating to Ownership

Section 1: Contract of Sale

Article 307

Sale is a contract under which a seller transfers ownership of the sold item to a buyer in return for a cash amount.

Sub-section 1: Sold Item and Price

Article 308

1. The sold item must be known to the buyer whether by viewing the item or by

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being provided with a description of its identifying features.
2. If the buyer's knowledge of the sold item is indicated in the contract of sale, he shall not have the right to demand nullification of the contract due to lack of knowledge, unless he establishes that he was deceived by the seller.

Article 309

1. If the sale is by sample, the sold item must be identical to the sample.
2. If the sample is lost or damaged while in the possession of any of the contracting parties, even if the fault is not attributable thereto, and the parties disagree on whether or not the sold item is identical to the sample, the assertion of the other party shall prevail, unless proven otherwise by the party in whose possession the sample was lost or damaged.

Article 310

A sale may be conditional upon trial for a specific period. If the parties to the sale do not specify such period, a reasonable trial period shall apply. The seller shall enable the buyer to try the sold item, and the buyer shall have the right to terminate the sale even without trying such item, provided that he notifies the seller of the termination during the trial period.

Article 311

If the buyer explicitly or implicitly relinquishes his right to terminate the sale, uses the sold item during the trial period beyond its normal uses, or fails to terminate the sale during the agreed-upon trial period, or if such item is destroyed or damaged by the buyer after taking delivery thereof, the sale shall be enforceable at the agreed-upon price at the time of its conclusion.

Article 312

If the agreement or the circumstances indicate that the sale which is conditional upon trial is dependent upon the buyer's acceptance of the sold item, the sale shall only take effect upon his acceptance.

Article 313

Estimation of the sale price may be made only on the basis of valid pricing criteria.

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Article 314

If the contracting parties agree to determine the sale price based on the market price, the market price shall be determined according to the time and place of sale. If no market exists at the place of sale, reference shall be made to the place where the prices of its market are deemed applicable according to custom.

Article 315

If the contracting parties fail to set a price for the sold item, the sale shall not be nullified if the circumstances indicate that the parties intended to apply the market price or the price applied in the dealings between them.

Article 316

1. If the seller's capital is used as a basis to set the price of an item sold by way of *Murabaha* (cost-plus sale), *Wadhi'ah* (sale at a price lower than the actual cost), or *Tawliyah* (at-cost sale), the seller must indicate any effect on his capital. The buyer may demand nullification of the contract if the seller conceals a matter that has an effect on said capital.
2. If the capital is not set at the time of concluding the contract and the price is proven to be extremely unconscionable to the buyer, the buyer may demand nullification of the contract. The seller may avoid such nullification if he takes measures the court deems sufficient to eliminate unconscionability.

Article 317

1. The price shall be payable at the time of sale, unless the parties agree to a deferred payment or payment in installments for a definite term.
2. If the payment is deferred or to be made in installments, the term shall commence from the date of the contract, unless agreed otherwise.

Sub-section 2: Effects of Sale Contract

First: Obligations of the Seller

Article 318

1. Ownership of a sold item shall be transferred to the buyer upon conclusion of the sale, without prejudice to the provisions of Articles 655, 656, and 657 of this Law.
2. Transfer of ownership shall not be precluded due to the sale of items in bulk, even if the price thereof is determined based on an estimation of the sold items.

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Article 319

The seller shall take any action necessary to transfer the ownership of a sold item to the buyer and shall refrain from any action that would render such transfer impossible or burdensome.

Article 320

1. The seller may, if the payment is deferred or made in installments, require that the transfer of ownership to the buyer be conditional upon the seller's receipt of the payment in full, even if the sold item is delivered.
2. If the seller receives the payment in full, the buyer shall be deemed the owner of the sold item from the date the sale is concluded.

Article 321

1. The seller shall deliver the sold item to the buyer in its condition at the time of sale and shall bear the costs of delivery, unless agreed otherwise.
2. The seller shall deliver the sold item unencumbered by any right to a third party that the buyer is not aware of.

Article 322

Delivery of the sold item shall include its appurtenances, things permanently attached thereto, and other things deemed by custom to be ancillary thereto, even if they are not stated in the contract.

Article 323

1. If the amount of a sold item is specified at the time of conclusion of the contract and it appears that such amount has a shortfall or surplus with no agreement on how to address such shortfall or surplus, the following shall apply:
   a) If the sold item is an item that is adversely affected by division and the named price is determined on a lump sum basis rather than by unit price, the surplus shall belong to the buyer and the shortfall shall not entail a reduction in the price. In other cases, the shortfall shall be borne by the seller, and he may recover the surplus in-kind if the sold item is not adversely affected by division, or he may recover the amount paid if the sold item is adversely affected by division.
   b) If the buyer's purchase entails a surplus that grossly exceeds his needs, or if the shortfall negates the purpose of his purchase that had he been aware thereof he would not have concluded the contract, he may demand termination of the sale.
2. A claim for terminating the contract or for reducing the price or completing the payment shall not be heard upon the lapse of one year from the date of delivery of the sold item.

Article 324

A sold item shall be deemed delivered if placed in the possession of the buyer, or if the seller allows the buyer to take possession of the sold item and benefit therefrom without hindrance, provided the seller notifies the buyer thereof. Such delivery shall be made in accordance with the nature of the sold item.

Article 325

If a sold item is in the possession of the buyer in any capacity or for any reason prior to the sale, such possession shall be deemed delivery of the item, unless agreed otherwise.

Article 326

The following cases shall be deemed delivery of a sold item:

a) If the parties to the sale agree to the case in which the buyer is deemed to

have taken delivery of the sold item.
b) If a legal provision provides for the case in which the buyer is deemed to have taken delivery of the sold item.
c) If the seller retains, with the buyer's consent, the sold item in his possession after the sale for a reason other than ownership.

Article 327

A buyer shall be deemed to have taken delivery of a sold item and shall be bound to pay its price if the sold item is destroyed or damaged due to his own action prior to delivery. If the seller has the right to withdraw from the contract and decides to exercise such right, he may have recourse against the buyer for compensation.

Article 328

If a sold item is destroyed wholly or partially prior to delivery due to an action by the seller or a third party, the buyer may request termination of the sale, conclude the sale and have the right of recourse for compensation against the person who caused the destruction, or request that only the sale of the destroyed part be terminated.

Article 329

1. If a sold item is destroyed prior to delivery due to a cause not attributable to the parties of the sale or to a third party, the sale shall be terminated and the buyer shall be reimbursed.
2. If destruction is limited to part of the sold item, the sale of only the destroyed part shall be terminated and the buyer shall be reimbursed for such part. The buyer may request termination of the sale for the remainder of the sold item and recover the price in full.

Article 330

1. The seller shall warrant the buyer against any infringement on his part against all or part of the sold item.
2. The seller shall warrant that all or part of the sold item is free from any third-party rights if such rights were established prior to the conclusion of the sale contract or devolved to a third party from the seller.

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Article 331

1. A claim of ownership over a sold item prior to its delivery may be filed against the seller or the buyer, or both.
2. If a claim of ownership over a sold item is filed against the buyer, he shall promptly notify the seller, and the seller shall join in the lawsuit.
3. If the seller is notified in a timely manner and joins the lawsuit or fails to do so and, in either case, a judgment is rendered establishing that the sold item is owned by a third party, the seller shall be bound by the warranty of title, unless he establishes that the judgment is a result of an act of deception or gross negligence on the part of the buyer.

4. If the buyer fails to notify the seller of the claim in a timely manner and a judgment is issued against the buyer, the buyer's right of recourse under the warranty of title shall be forfeited if the seller establishes that the claim of ownership would have been dismissed had he joined the lawsuit.

Article 332

A buyer's right of recourse under the warranty of title shall not be affected if he, in good faith, either acknowledges a third party's claim of ownership or settles the claim prior to a court judgment, provided that he notifies the seller of the claim in a timely manner and the seller fails to join in the lawsuit, unless the seller proves that the plaintiff's claim is without merit.

Article 333

If a buyer makes a financial settlement with the party claiming ownership of the sold item before a court judgment is issued in his favor, the seller may be released from the warranty by reimbursing the buyer an amount equal to the settlement amount and expenses.

Article 334

If it is established that the entire sold item is owned by a third party, such party shall, if he ratifies the sale, have the right of recourse against the seller for the price, and the sold item shall devolve to the buyer.

Article 335

If it is established that the entire sold item is owned by a third party and such party does not ratify the sale, the buyer may demand the following from the seller:

a) The amount paid for the sold item.
b) The value of the yields that the buyer is required to reimburse the party claiming ownership.
c) Expenses incurred by the buyer for the benefit of the sold item for which the party claiming ownership is not required to compensate the buyer.
d) Luxurious expenses if the seller acted in bad faith.
e) Compensation for any other harm arising from the establishment of ownership.

Article 336

If ownership of part of the sold item is established to a third party and such ownership adversely affects the remaining part, the buyer may request termination of the sale. However, if the buyer decides to retain the sold item or if the remaining part is not adversely affected by the establishment of ownership, the buyer's right of recourse under the warranty of title shall be limited to the part to which ownership is established.

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Article 337

1. An agreement may be made to relieve the seller from warranty of title or to limit or extend such warranty, except in cases where such liability arises from an act made by the seller or concealed thereby.
2. An agreement to relieve the seller from warranty of title shall not preclude the buyer's right of recourse against the seller for the amount paid, unless it is established that the buyer was aware of the grounds for ownership at the time of the sale.

Article 338

1. A seller shall, upon delivery, warrant that the sold item is free from any redhibitory defect that would diminish its value or render it unfit for its intended use contrary to what is specified in the contract or what can be perceived according to its nature or its particular use. The seller shall be liable for such defect, even if he is unaware of its existence.
2. If the sold item proves to be defective, the buyer shall have the right to either request termination of the sale or to retain the sold item and have recourse against the seller for the price difference, which is the difference between the sale price of the item with and without the defect. The seller may avoid payment of such difference by providing an identical item free from defects.
3. The buyer shall, in the cases provided for in paragraph (2) of this Article, have the right to compensation for any harm he incurs, if applicable.

Article 339

A seller shall not warrant any defect in the sold item in the following cases:

a) The defect is known to the buyer at the time of sale or would have been discovered by a reasonable person upon inspection, unless the seller warrants to the buyer that the product is free from a certain defect or the seller deliberately conceals such defect.
b) The defect is accepted by custom.
c) The defect occurs after delivery, unless the cause thereof existed prior to delivery.
d) The sale was made at auction by judicial or administrative authorities.

Article 340

1. If the buyer takes delivery of the sold item, he shall inspect its condition as soon as possible in a manner that is typical in such dealing. The buyer shall, within a reasonable period, notify the seller of any defect under warranty; otherwise, the buyer shall be deemed to have accepted the sold item as is.
2. If the buyer discovers a defect that cannot be discovered by reasonable inspection, he shall notify the seller as soon as such discovery is made; otherwise, the buyer shall be deemed to have accepted the sold item as is.

Article 341

1. If the buyer explicitly or implicitly accepts a defect, he shall relinquish the right to terminate the sale and the right of recourse against the seller for the price difference.

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2. The buyer shall relinquish his right to terminate the sale, but he may have the right of recourse for the price difference in the following cases:
   a) If he disposes of the sold item in such a way as to lose ownership thereof. However, if he regains possession of said item prior to claiming the price difference, his right to termination shall not be relinquished.
   b) If he creates third-party rights over the sold item which do not result in his loss of ownership, and it is not possible to clear the item from such rights within a reasonable period.
   c) If the sold item is destroyed or becomes defective by his own action or after taking delivery thereof.
   d) If he makes an integral addition to the sold item that is not automatically generated from said item, whether prior to or after taking delivery.

Article 342

If multiple items are sold in bulk, and a defect is found in some of the items and division of said items would not result in any harm, the buyer may demand termination of the sale of the defective part; he may also retain such part and demand the price difference from the seller. The buyer may not, however, demand termination with respect to all of the sold items, unless it is established that he would not have concluded the contract had he known of the defective part.

Article 343

An agreement may be made to exempt the seller from the warranty against defects or to limit or extend such warranty, unless the seller has intentionally concealed the defects.

Article 344

1. A claim for warranty against defects may not be heard upon the lapse of 180 days from the date of delivery of the sold item, unless the seller's warranty extends beyond such period.
2. A seller may not assert the lapse of the period provided for in paragraph (1) of this Article if it is established that he fraudulently concealed the defect.

Second: Obligations of the Buyer

Article 345

A buyer shall pay the price of a sold item prior to taking delivery thereof, unless agreed otherwise.

Article 346

1. A seller may retain possession of the sold item until he receives the due amount from the sale price, even if the buyer offers a pledge or surety. If such item is destroyed or damaged while in the possession of the seller, the buyer shall be liable therefor.
2. If the seller consents to the deferral of payment, he shall relinquish his right

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to retain possession of the sold item and shall deliver it to the buyer.

Article 347

1. If the buyer takes delivery of the sold item prior to paying its due price and the seller is aware of such delivery and does not attempt to prevent it, this shall be deemed a consent of such delivery.
2. If the buyer takes delivery of the sold item prior to paying its due price without the seller's consent, the seller may redeem such item. If the item is destroyed or damaged while in the possession of the buyer, the buyer shall be deemed to have taken delivery thereof and the seller may, if he decides to exercise his right of redemption, demand compensation from the buyer.

Article 348

A buyer shall pay at the place of delivery the price that is due at the time of delivery of the sold item; if the price is not due at the time of delivery, it shall be paid at the place where the contract was concluded, unless agreed otherwise.

Article 349

1. If a claim of ownership over a sold item is filed against a buyer on grounds of a right established prior to the sale or a right which devolved to the party claiming ownership from the seller, the buyer may withhold payment until the seller provides adequate security for reimbursing the amount paid if such right is established. The seller may petition the court to order the buyer to deposit such amount with an entity to be designated by the Minister of Justice in lieu of the security.
2. The provisions of paragraph (1) of this Article shall apply if the buyer discovers a defect in the sold item that is under the seller's warranty.

Article 350

If a deadline for payment is set in the sale contract and the seller stipulates that the sale will be terminated if no payment is made by said deadline and the buyer fails to meet the deadline, the sale shall be deemed terminated if the seller so elects without the need for notification, unless agreed otherwise.

Article 351

The buyer shall take delivery of the sold item at the place where it is located at the time of sale, and shall transport said item without delay taking into account the time needed for transportation, unless agreed otherwise.

Article 352

The buyer shall bear the costs of payment, delivery of the sold item, and the sale contract and registration thereof, unless agreed otherwise.

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Sub-section 3: Sale during Terminal Illness

Article 353

1. Terminal illness means an illness whereby a person becomes unable to conduct his affairs and death is likely to be caused thereby and actually results therein.
2. Terminal illness includes cases in which a person is at the risk of death and which are likely to cause death, even if the person is not sick.

Article 354

1. The sale or purchase made between a terminally ill person and any of his heirs which is based on favoritism shall not be deemed effective vis-a-vis other heirs with regard to the part affected by such favoritism, unless they ratify such sale or purchase.
2. The sale or purchase made between a terminally ill person and a person other than his heirs which is based on favoritism shall not be deemed effective vis-a-vis the heirs with regard to the part affected by favoritism that exceeds one-third of the estate upon death, including the sold item, unless the heirs ratify such sale or purchase, or the assignee returns an amount sufficient to complete two-thirds of the estate.

Article 355

Invalidation of a sale made by a terminally ill person may not be invoked if the buyer's disposition of the sold item confers upon a bona fide party an in-kind right over the sold item in return for a consideration, without prejudice to the heirs' right of recourse against the buyer for an amount sufficient to complete two-thirds of the estate or for the price of a similar item.

Sub-section 4: Sale by an Agent to Himself

Article 356

Subject to legal provisions, an agent may not purchase for himself anything that he is entrusted to sell in his capacity as an agent, whether in his own name or in the name of another person, even by way of auction, unless he is authorized to do so, nor may a broker or expert, or a person of a similar capacity, do the same with the property they are entrusted to sell or valuate.

Article 357

A sale made in the cases provided for in Article 356 of this Law shall not take effect against the party for whose benefit the sale is made, unless ratified thereby. Said party may not invoke invalidation of the sale against a particular successor if said successor acquires in good faith an in-kind right as consideration.

Sub-section 5: Sale of Litigious Rights

Article 358

1. A judge, a public prosecution member or a person of a similar capacity, or a court clerk, may not acquire, whether in his own name or in the name of another person, a litigious right or part thereof; if such acquisition is made, the contract shall be deemed null and void.
2. A lawyer may not acquire, whether in his own name or in the name of another person, a litigious right or part thereof if his agency relates thereto; if such acquisition is made, the contract shall be deemed null and void.
3. A right shall be deemed litigious if a lawsuit is filed regarding the subject thereof or if a dispute of merit relating to such right arises.

Sub-section 6: Sale of Third Party Property

Article 359

1. If a person sells without authorization a specific thing that he does not own, the sale shall not take effect against the owner. If the owner ratifies said sale, it shall take effect against him, without prejudice to the rights of third parties.
2. The buyer may demand nullification of the sale, unless ownership of the sold item devolves to the seller after the contract is concluded, or the owner approves the sale.

Article 360

If a buyer is unaware that the sold item is not owned by the seller, and the court rules to nullify the sale, the buyer may demand compensation, even if the seller acted in good faith.

Section 2: Contract of Exchange

Article 361

Exchange is a contract under which the parties transfer to each other ownership of property other than cash.

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Article 362

Each of the parties to a contract of exchange shall be deemed a seller with respect to the property transferred by him and a buyer with respect to the property transferred to him.

Article 363

A contract shall remain a contract of exchange even if cash is paid to make up for the difference in the value of one of the transferred properties, unless the value of such property is less than the amount of cash paid; in such case; the

contract of exchange shall be deemed a sale contract.

Article 364

The costs of a contract of exchange shall be equally shared by the parties, unless agreed otherwise.

Article 365

A contract of exchange shall be subject to the provisions governing the contract of sale in a manner not inconsistent with the nature of the exchange contract.

Section 3: Gift Contract

Sub-section 1: Establishing a Gift Contract

Article 366

Gift is a contract under which a donor, during his lifetime, transfers to a donee the ownership of a property without consideration.

Article 367

1. A donor may require the donee to perform a specific obligation.
2. If the donor requires a consideration from the donee, the contract shall be deemed a commutative contract and shall be subject to the provisions governing commutative contracts as per the nature of the consideration.

Article 368

1. If the gift is a real property, the gift contract shall be deemed concluded only if it is notarized in accordance with legal provisions.
2. If the gift is a movable property, the gift contract shall be deemed concluded only if it is notarized in accordance with legal provisions, or by receipt thereof even without notarization.

Article 369

A gift contract shall not be enforceable if the gift is not owned by the donor, unless the owner ratifies such contract.

Article 370

A gift may take the form of discharging a debtor from debt.

Article 371

A partner may give to his partner or to a third party as a gift his share in a property owned in common, whether a real property or a movable property, even if such gift is divisible.

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Sub-section 2: Effects of a Gift Contract

Article 372

A donor shall not warrant the ownership of the gift nor warrant such gift against any defect; he shall, however, be liable for any harm the donee sustains due to the deliberate concealment of the existence of issues relating to ownership or existence of defects or due to warranting the absence of such issues or defects.

Article 373

If the gift is conditional upon the performance of an obligation for the benefit of the donor or a third party, the donee shall perform such obligation.

Article 374

If an in-kind right is attached to a gift and such right is for the payment of a debt owed by the donor or by a third party, the donee shall pay such debt only to the extent of the value of such gift, unless agreed otherwise.

Article 375

The donee shall bear the costs of the gift contract as well as the delivery and transportation of the gift, unless agreed otherwise.

Sub-section 3: Revocation of Gift

Article 376

1. The donor may revoke his gift if the donee agrees to return the gift.
2. If the donee refuses to return the gift, the donor may file a petition with the court in the following cases:
   a) If the gift is made to a child by one of his parents, if revocation is justified.
   b) If the donor reserves to himself the right of revocation in specific cases where the purpose for revocation is legitimate.
   c) If the gift is explicitly or implicitly conditional upon the performance of an obligation and the donee fails to perform such obligation.

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Article 377

The right of revocation provided for in Article 376 of this Law shall expire if either party to the gift contract dies prior to revocation.

Article 378

1. Upon revocation of the gift, the donor may recover such gift as well as its yields from the time the donee agrees to return such gift or from the time of filing a claim in cases where the donor has the right of revocation.
2. A donee may not recover any gift-related costs he incurs, except for useful expenses, to the extent of the increased value of the gift, and for necessary

expenses.

Article 379

Upon revocation of the gift, the donor may not recover the gift in the following cases:

a) If the donee disposes of the gift in a manner that entails transfer of ownership; however, if such disposition is limited to part of the gift, the donor may recover the remaining part.
b) If a significant integral addition is made to the gift, or if the donee makes changes to the gift in a manner that changes its description or nature.
c) If the gift is destroyed while in the possession of the donee; however, if only part of the gift is destroyed, the donor may recover the remaining part.

Article 380

If a donor has no right to recover the gift in accordance with the provisions of Article 379 of this Law, he shall not be entitled to the value of such gift, unless the gift is conditional upon the performance of an obligation and the donee fails to perform such obligation. In such case, the donor shall be entitled to the value of the gift at the time his right to recover such gift is forfeited.

Article 381

If a donor is entitled to revoke his gift and the gift, while in the possession of the donee, was destroyed after being notified to return said gift, the donee shall compensate the donor.

Section 4: Loan Contract

Article 382

Loan is a contract under which a lender transfers ownership of a fungible thing to a borrower, provided that the borrower returns a thing of the same kind to the lender.

Article 383

A loan contract may not be deemed concluded unless the borrower receives the borrowed thing.

Article 384

1. The lender in a loan contract must be a fully competent person.
2. A guardian or trustee may not lend or borrow the property of any person under his custody, except in accordance with legal provisions.

Article 385

Any condition requiring the payment of interest upon conclusion of a loan

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contract or the deferral of payment shall be deemed null and void.

Article 386

1. The lender shall not warrant the ownership of the loaned property nor warrant such property against any defect; he shall, however, be liable for any harm the borrower sustains due to the deliberate concealment of the existence of issues relating to ownership or the existence of defects or due to warranting the absence of such issues or defects.
2. If the borrowed property while in the possession of the borrower is established to be owned by a third party, the borrower's obligation to return to the lender a property of the same kind shall be waived.
3. If a defect is found in the borrowed property and the borrower decides to keep said property, he shall only return the value of such property in its defective condition.

Article 387

1. If a loan has a specific maturity date or purpose, the borrower shall not be obligated to repay the loan prior to said date or prior to the lapse of the reasonable period for utilizing the borrowed property for similar purposes.
2. If a loan does not have a specific maturity date or purpose, the borrower shall repay the loan upon the lender's request, unless repayment is prejudicial to the borrower; in such case, he shall repay the loan only upon the lapse of the reasonable period for utilizing similar property.

Article 388

The borrower shall return to the lender a property similar to the borrowed property in amount, type, and condition upon the lapse of the loan term. If the borrower fails to return a similar property, he shall refund its value as of the day of concluding the loan.

Article 389

The borrower shall repay the loan at the place where the loan was concluded, unless agreed otherwise.

Article 390

The costs of the loan and the repayment shall be borne by the borrower, unless agreed otherwise.

Section 5: Reconciliation Contract

Article 391

Reconciliation is a contract whereby the parties thereto settle an existing dispute or avoid a potential dispute by relinquishing their respective claims or part thereof.

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Article 392

1. A party to a reconciliation contract must have the legal capacity to dispose of the rights provided in the contract for a consideration.
2. If reconciliation involves the relinquishment of any right for no consideration, the party relinquishing his right must be fully competent.

Article 393

Notwithstanding the provisions of Article 392(1) of this Law, if an authorized discerning minor is party to a reconciliation contract, such contract shall not be deemed valid if the reconciliation causes the minor material harm.

Article 394

The subject of a reconciliation shall be a thing for which a consideration may be collected.

Article 395

Reconciliation shall be deemed valid even if it involves an unknown right, provided that lack of knowledge does not preclude delivery and the knowledge of such right cannot be attained within a short period of time due to the nature, amount, and location of the right.

Article 396

Reconciliation over rights shall be deemed valid regardless of whether the defendant admits, denies, or declines to admit or deny such rights.

Article 397

1. Reconciliation may be reached on part of the rights claimed by either party.
2. Reconciliation may be reached on the deferral of a claimed debt or part thereof without interest, or on the early repayment of the debt and the reduction of its amount.

Article 398

If a contracting party claims a right held by the other contracting party and the latter makes a similar claim, such parties may reach reconciliation whereby each party retains the right held thereby.

Article 399

Reconciliation shall not create a new right for any of the parties with respect to the rights subject of reconciliation. However, a consideration for reconciliation relating to other than such rights shall create a right which shall be subject to the provisions of commutative contracts as per the nature of the consideration and the relinquished right.

Article 400

Statements in a reconciliation contract relating to relinquishment shall be subject to narrow interpretation within the purview of the right subject of the dispute.

Article 401

A reconciliation contract shall result in the extinguishment of the rights and claims relinquished by either party; the parties to the reconciliation or their heirs may not renege on the contract.

Article 402

The effects of reconciliation shall be limited to the disputed rights which are settled by the reconciliation.

Section 6: Competition Contract

Article 403

Competition is a contract under which a person undertakes to award the winner a prize and where winning depends on the competitor's effort.

Article 404

The obligation to provide the award in a competition may be borne by some of the competitors or by a third party; it may not, however, be borne by all the competitors.

Article 405

If the competition is held between two teams, each team shall be deemed a single person vis-a-vis the obligation to provide the award.

Article 406

Any agreement entailing gambling shall be deemed null and void.

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Chapter 2: Usufruct Contracts

Section 1: Lease Contract

Sub-section 1: Establishing a Lease Contract

Article 407

Lease is a contract that enables the lessor to provide, in return for rent, a non-

consumable thing to a lessee to use and enjoy for a specified period.

Article 408

1. A leased thing, whether a specific thing or a thing of a specific type, may be a property, usufruct, or right.
2. A leased thing may be a common share.

Article 409

Rent may be determined on the basis of valid pricing criteria, or may be a specific amount together with a known percentage of the output or the profit.

Article 410

A lease contract may stipulate that rent be paid in advance, be deferred, or be paid in installments.

Article 411

1. If the lease contract is concluded for a specific thing that comprises multiple units and the rent is for the total units without specifying the rent for each unit, and it is found that the number of units is more or less than the number stated in the contract, the rent shall be as specified in the contract without any increase or decrease. In the event that the number of units is less than the units stated in the contract, the lessee may demand termination of the contract.
2. If the rent of each unit is specified in the contract and the actual number of units does not match the number stated in the contract, the lessee shall, in the case of extra units, pay the rent specified for such units, and the lessor shall, in the case of missing units, reduce the rent for such units. The lessee may, in either case, demand termination of the contract.
3. If the decrease or increase in the number of units is insignificant and has no effect on the intended usufruct, the lessee may not demand termination of the contract.

Article 412

The lease term shall commence from the date specified in the contract, or from the date of concluding the contract if no date is specified.

Article 413

If the lease term is not specified and the rent is based on a time unit, the lease contract shall be deemed valid until the end of such unit. Otherwise, the court shall determine the lease term according to custom and the circumstances of the contract.

Article 414

The term of a lease contract may be determined based on a future event.

Article 415

If the lease term expires and it is established that there is an urgent need for extension, such term shall be extended only to the extent of such need, provided that the lessee pays the rent of a similar thing for such period, unless agreed otherwise.

Sub-section 2: Obligations of the Lessor

Article 416

1. The lessor shall deliver the leased thing and its appurtenances in a condition that allows full use and enjoyment of such thing.
2. Delivery shall be made by enabling the lessee to enjoy the leased thing without interruption. Such enjoyment shall remain in effect until the lease term expires.

Article 417

The lessor may refuse delivery of the leased thing until he receives the rent payable in advance.

Article 418

Delivery of the leased thing and its appurtenances shall be subject to the same provisions to which the delivery of sold items is subject, unless agreed otherwise.

Article 419

1. The lessor shall perform all necessary repairs required for the full use and enjoyment of the leased thing, including repairing any defects that would affect such use and enjoyment.
2. If the lessor, after being notified, fails to perform the repairs provided for in paragraph (1) of this Article, the lessee may, without prejudice to his right to demand termination of the lease or reduction of the rent, obtain the court's permission to perform the repairs and he may demand reimbursement from the lessor for the costs of such repairs to the extent that is customarily acceptable. If such repairs are urgent or customarily deemed minor, the lessee may, without obtaining the court's permission, perform the repairs and deduct their costs from the rent to the extent accepted by custom. In all cases, the lessee shall provide the lessor with an account of such repairs.
3. The lessor and the lessee may reach an agreement contrary to the provisions stipulated in paragraphs (1) and (2) of this Article.

Article 420

If a leased thing is completely destroyed during the lease term, the lease contract shall be automatically terminated.

Article 421

If, during the term of the lease, the leased thing is partially destroyed or becomes in a condition that adversely affects its use and enjoyment for reasons not attributable to the lessee, the lessee may demand termination of the lease contract or reduction of the rent.

Article 422

1. If a lessee, with the lessor's permission, makes additions or repairs for the benefit of the leased thing, he may demand reimbursement from the lessee for the costs of such additions or repairs to the extent that is customarily acceptable, even if reimbursement is not stipulated by the lessee, unless agreed otherwise.
2. If the additions made by the lessee are for his own benefit, he may not demand reimbursement from the lessor, unless agreed otherwise.

Article 423

1. The lessor shall refrain from any action that interrupts the lessee's full use and enjoyment of the leased thing during the term of the lease, including making changes to the leased thing that would render it unusable for the purpose for which it is leased; otherwise, he shall be deemed liable therefor. Interruption caused by a subordinate of the lessor shall be deemed caused by the lessor.
2. The lessor shall warrant the leased thing against any interruption by a third party if such interruption is based on legal grounds.
3. If the interruption provided for in paragraphs (1) and (2) of this Article prevents the lessee's full or partial enjoyment of the leased thing, the lessee may demand termination of the lease or reduction of the rent, without prejudice to his right to compensation.

Article 424

1. The lessor shall not be obliged to warrant the leased thing against any interruption caused by a third party if it is not based on legal grounds. If, however, the cause of such interruption is not attributable to the lessee, and if such interruption prevents the lessee's use and enjoyment of the leased thing, the lessee may demand termination of the lease or reduction of the rent.
2. If an act by a public entity adversely affects the use and enjoyment of the leased thing, the lessee may demand termination of the lease or reduction of the rent, without prejudice to his right to claim compensation from the lessor if the reason for such act is attributable to him.

Article 425

1. The lessor shall warrant against defects in the leased thing that prevent or adversely affect the use and enjoyment thereof.
2. The lessor shall not warrant against defects that are accepted by custom or of which the lessee was aware at the time of contracting.

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Article 426

If the defect fully or partially prevents the lessee's use and enjoyment of the leased thing, the lessee may demand termination of the lease or reduction of the rent, without prejudice to his right to compensation.

Article 427

An agreement that includes an exemption from or limitation of the warranty against interruption or the warranty against defects shall be deemed null and void if the lessor deliberately conceals the reason for such exemption or limitation.

Article 428

A leased thing may be sold and such sale shall not affect the rights of the lessee.

Sub-section 3: Obligations of the Lessee

Article 429

1. The lessee shall pay the rent on the agreed dates. If no such dates are agreed upon, the rent shall be paid upon delivery of the leased thing. If the term of the lease contract is divided into time periods, the rent shall be paid at the beginning of each period.
2. Rent shall not be due for any period that lapses prior to delivery of the leased thing, unless the delay in delivery is attributable to the lessee.

Article 430

1. The lessee shall exercise reasonable care in maintaining the leased thing.
2. The lessee shall compensate the lessor for any harm to the leased thing caused by his transgression or negligence. In the event of multiple lessees, each lessee shall be liable for the harm caused by his transgression or negligence.

Article 431

The lessee shall use the leased thing within the limits agreed upon in the contract. If no agreement is made, he shall use the leased thing according to its intended purpose.

Article 432

The lessee may not make any alteration to the leased thing without the lessor's consent, unless such alteration is necessary for the repair of the leased thing and does not cause harm thereto.

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Article 433

The lessee shall, during the term of the lease, maintain the leased thing according to custom, unless agreed otherwise.

Article 434

1. The lessee may not prevent the lessor from carrying out the repairs necessary for the maintenance of the leased thing if he is notified in a timely manner prior to the lessor’s commencement of such repairs.
2. If the repairs carried out by the lessor as specified in paragraph (1) of this Article adversely affect the lessee's use and enjoyment, the lessee may demand termination of the contract or reduction of the rent.

Article 435

1. The lessee shall return the leased thing to the lessor at the end of the lease contract in the same condition as it was at the time of delivery, except for normal wear and tear.
2. If the lessee unrightfully retains in his possession the leased thing, the lessor shall be entitled to the prevailing rental rate of a similar thing, without prejudice to his right to compensation.

Article 436

1. If the lessee adds for his benefit structures or plants to the leased thing even with the lessor’s permission and the lessor and lessee did not agree that such additions will remain in place after the lapse of the lease term, the lessor may, at the end of the lease contract, demand removal of the same at the lessee’s expense, together with compensation, if applicable. The lessor, however, may keep such additions against payment of their value as removed or payment of the amount of appreciation of the leased thing due to such additions.
2. The lessee may demand the removal of the structures or plants he added if the removal does not cause harm to the leased thing, even if the lessor objects thereto.

Article 437

The lessee may not sublease the leased thing in whole or in part nor assign the contract to a third party without the lessor’s authorization or ratification.

Article 438

The lessee who is permitted to sublease the leased thing or assign the contract to a third party shall adhere to restrictions on the use and enjoyment of the leased thing in terms of type and duration.

Article 439

If the lessee assigns his lease contract, the assignee shall subrogate the lessee with respect to all the rights and obligations arising from the assigned contract.

Sub-section 4: Termination of Lease Contract

Article 440

1. A lease contract shall terminate upon the expiration of its specified term, unless automatic renewal is stipulated.
2. If the lease contract expires and the lessee continues to use and enjoy the leased thing with the lessor's explicit or implicit consent, the lease contract shall be deemed renewed under its original conditions and warranties, except for warranties provided by third parties. The term of the renewed lease contract shall be determined in accordance with the provisions of Article 413 of this Law.
3. Unless the lease contract is renewed in accordance with paragraphs (1) and (2) of this Article, if the lessor demands an increase in the rent and the leased thing remains in the possession of the lessee after the term of the lease expires without objecting to such increase, the lessee shall pay such increase from the expiration date of the previous lease contract, and the lease contract shall be deemed renewed under its original conditions and warranties, except for warranties provided by third parties. The term of the renewed lease contract shall be determined in accordance with the provisions of Article 413 of this Law.

Article 441

1. A lease shall not terminate by the death of either contracting party.
2. The heirs of a lessee may demand termination of the contract within a reasonable period if they establish that the death of the testator has made meeting the obligations of the lease contract difficult and beyond the estate's resources, or that the lease contract exceeds their needs, or that the contract was concluded based on considerations relating to the person of the testator.
3. The lessor may demand termination of the lease contract if the lessee dies and the contract was concluded based on considerations relating to the person of the lessee.

Article 442

1. A lease contract may be terminated by either contracting party if an urgent matter relating thereto arises; in such case, the terminating party shall compensate the other party for any harm arising from such termination.
2. If the lessor demands termination of the lease contract, the lessee shall not be obligated to return the leased thing until he receives compensation or adequate security.

Sub-section 5: Agricultural Lease

Article 443

Lands may be leased for agricultural purposes and the type of crops cultivated thereon may be either specified or left to the determination of the lessee.

Article 444

An agricultural lease shall not take effect while the land is occupied with crops that are lawfully cultivated by a person other than the lessee but are not ready for harvesting. If such crops are ready for harvesting or if they are not lawfully cultivated, the land may be leased and the owner of the crops shall be required to remove them.

Article 445

A land occupied with crops may be leased, provided that the term of the lease commences upon the land becoming vacant.

Article 446

If a person leases a land for agricultural purposes, the lease shall include its appurtenances, things permanently attached thereto, and other things deemed by custom to be ancillary thereto; it shall not, however, include agricultural tools and equipment, unless agreed otherwise.

Article 447

A person who leases a land for agricultural purposes without agreeing on the genus and type of plants to be cultivated may cultivate such land throughout the seasons of the year.

Article 448

If the term of an agricultural lease expires before the crops are ready for harvesting for a reason not attributable to the lessee, he may maintain the land at prevailing market rental rate until the crops are harvested, unless agreed otherwise.

Article 449

1. The lessor shall make any repairs necessary to enable the lessee to utilize the land.
2. The lessee shall carry out any maintenance necessary for the utilization of the land, including the maintenance of wells, waterways, drains, and roads. If the lease includes agricultural tools and equipment, the lessee must use and maintain the same according to custom.
3. The lessor and the lessee may reach an agreement contrary to the provisions stipulated in paragraphs (1) and (2) of this Article.

Article 450

1. If all the crops are destroyed prior to harvest due to force majeure, the lessee may request a waiver of the rent.
2. If part of the crops are destroyed due to force majeure, and such destruction results in a substantial decrease in the yields of the land, the lessee may request a reduction of the rent.

3. The lessee may not request a waiver or reduction of the rent if he is compensated for the harm he sustains.

Section 2: Loan for Use Contract

Sub-section 1: Establishing a Loan for Use Contract

Article 451

Loan for use is a contract under which a lender enables a borrower to use a non-consumable thing for a specified period or for a specific purpose without consideration, provided that he returns it to the lender.

Article 452

A loan for use contract shall only be deemed concluded upon receipt of the lent thing.

Article 453

1. If the term or purpose of the loan for use is specified, the borrower shall not be obligated to return the lent thing prior to the expiration of the term or the lapse of the reasonable period for the utilization of the thing for similar purposes.
2. If the term or purpose of the loan for use is not specified, the borrower shall return the lent thing upon the lender's request, unless such return causes harm to the borrower; in such case, he shall be entitled to retain said thing until the cause of harm ceases to exist. If said term exceeds the reasonable period for the utilization of a similar thing, the borrower shall pay the rent of a similar thing for the extra period.

Sub-section 2: Effects of Loan for Use Contract

Article 454

A lender shall not warrant the ownership of the lent thing nor warrant such thing against any defect; he shall, however, be liable for any harm the borrower sustains due to the deliberate concealment of the existence of issues relating to ownership or the existence of defects or due to warranting the absence of such issues or defects.

Article 455

The borrower shall, in safekeeping the lent thing, exercise the same level of care as he would in safekeeping his own property, provided that such care is on par with that of a reasonable person.

Article 456

The borrower shall bear the costs of the lent thing and its regular maintenance as well as the costs for returning such thing to the lender, unless agreed otherwise.

Article 457

1. If the loan for use is not bound by time, place, or type of utilization, the borrower may use the lent thing in the normal manner.
2. If the loan for use is bound by time or place, the borrower shall comply with such limitation. If the type of utilization is specified, the borrower may not exceed normal utilization.

Article 458

The borrower may not dispose of the lent thing in a manner that confers a third party right on the thing itself or its usufruct, except with the lender's permission.

Sub-section 3: Termination of Loan for Use Contract

Article 459

A loan for use contract shall terminate upon the death of the lender or the borrower, and shall not be transferred to their heirs, unless agreed otherwise.

Article 460

1. A loan for use contract shall terminate upon the expiration of the agreed-upon term or the fulfillment of the purpose of the lending.
2. If the borrower returns the lent thing prior to the expiration of the loan for use contract, the lender shall take delivery of the same, unless such delivery causes harm.

Chapter 3: Work Contracts

Section 1: Contract for Service

Sub-section 1: Establishing a Contract for Service

Article 461

Contract for service is a contract under which a contractor makes a thing or carries out work for a fee without being a subordinate or an agent of the client.

Article 462

The contractor may carry out the work using materials provided by him or by the client.

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Sub-section 2: Obligations of the Contractor

Article 463

1. If the client stipulates that the contractor provides all or part of the materials, the contractor shall ensure that the materials provided meet the agreed-upon requirements and specifications. In the absence of an agreement on specific requirements and specifications, the contractor shall ensure that the materials provided are sufficient for the intended purpose according to custom.
2. If the materials are provided by the client, the contractor shall exercise reasonable care in safekeeping the materials, observe technical standards in performing his work, and return to the client any unused materials.

Article 464

The contractor shall bear the costs of the tools and equipment necessary to carry out the work, unless agreed otherwise.

Article 465

The contractor shall complete the work in accordance with the terms of the contract and within the agreed-upon period. If the contract does not include specific terms or a specific period for completion, the contractor shall complete the work in accordance with the prevailing standards and within a reasonable period as required by the nature of the work.

Article 466

1. If a contractor breaches the terms of the contract during the course of the work, the client may notify the contractor to comply with the terms and correct the work within a reasonable period set by the client. If such period lapses without correction, the client may assign another contractor to complete or correct the work at the expense of the original contractor, in accordance with the provisions of Article 167 of this Law, or may demand termination of the contract.
2. The client may demand the immediate termination of the contract if the defect cannot be corrected or if there is a delay in the commencement or progress of the work whereby the work cannot be completed within the agreed-upon period.

Article 467

1. If a thing is destroyed or damaged prior to its delivery to the client due to a reason not attributable to the contractor, the contractor may not demand payment of the agreed-upon fee or reimbursement of the expenses incurred, unless the client was in breach of his obligation to take delivery of the work at the time of destruction or damage.
2. If the materials are provided by the client and the thing is destroyed or damaged prior to its delivery due to a reason not attributable to the contractor, the client may not demand from the contractor payment of the

value of such materials, unless the contractor prior to the destruction or damage was notified that he was in breach of his obligation to deliver the work and it is not established that the thing would have been destroyed or damaged had he delivered it without breaching his obligation.

Sub-section 3: Obligations of the Client

Article 468

If the contractor completes the work and makes it available to the client, the client must take delivery thereof. If, despite being notified, the client fails to take delivery of the work without a legitimate reason and the thing, while in the contractor's possession, is destroyed or damaged for reasons not attributable to the contractor's transgression or negligence, the contractor shall not be liable for compensation.

Article 469

1. The client shall pay the fees upon taking delivery of the agreed-upon work, unless agreed otherwise.
2. If the work consists of multiple phases or if the fee is determined per unit, the client shall pay the contractor for the completed work after inspection and acceptance thereof, provided that the work completed is distinguishable or is significant to the work as a whole.

Article 470

1. If a contract is concluded according to a unit-based measurement and it becomes apparent during the course of the work that the estimated measurement must be significantly exceeded in order to execute the agreed-upon design plan, the contractor shall immediately notify the client thereof and of any expected increase in the fees. If the contractor fails to do so, he shall forfeit his right to demand payment for any expenses incurred in excess of the estimated value.
2. If the additional number of units required for the execution of the design plan is considerable, the client may, without delay, withdraw from the contract and suspend execution, provided that the contractor is paid for the work he completed as estimated in accordance with the terms of the contract.

Article 471

1. If a service contract is concluded to execute an agreed-upon design plan for a lump sum fee, the contractor may not demand any increase in fees, even if there is an increase in the prices of the materials used in the work, the wages of workers, or other expenses.
2. The contractor may not demand any increase in fees if an amendment or addition is made to the design plan, unless such amendment or addition is made due to the client's fault or is made with his permission and he agrees to the increase in fees.
3. If there is any disruption to the balance of contractual obligations of both the

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client and the contractor due to general exceptional circumstances that could not have been anticipated at the time of concluding the contract, and the basis upon which the estimate was determined becomes no longer valid, the court may, upon consideration of the circumstances and the interests of the parties, order restoration of the contractual balance, including extending the execution period or increasing or decreasing the fees, or it may order termination of the contract.

Article 472

If the contractor's fee is not specified in the contract, he shall be entitled to receive a fee similar to that paid for equivalent work as well as the cost of any materials he provides which are necessary for the work.

Sub-section 4: Subcontracting

Article 473

1. A contractor may assign the execution of all or part of the work to a subcontractor, unless legal provisions, the agreement, or the nature of the work determine otherwise, or unless the person of the contractor was a decisive factor in the conclusion of the contract.
2. The contractor shall remain liable to the client.

Article 474

A subcontractor may not demand the client to pay him any amounts due to the contractor, unless referred by the contractor.

Sub-section 5: Termination of Contract for Service

Article 475

A contract for service shall terminate upon completion of the agreed-upon work.

Article 476

Either contracting party may demand termination of the contract for service in the event of an exigent matter that affects his obligation in the performance of the contract; in such case, the terminating party shall compensate the other party for any harm sustained.

Article 477

If the contractor commences execution of the work but fails to complete it for a reason not attributable to him, he shall be paid for the completed work and for any expenses he incurs for the uncompleted work to the extent of the benefit accrued to the client.

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Article 478

1. A contract for service shall terminate upon the contractor's death if it is stipulated that the contractor executes the work himself or if the person of the contractor was a decisive factor in the conclusion of the contract.
2. If the stipulation stated in paragraph (1) of this Article is not included in the contract and the contractor's person was not a decisive factor in the conclusion of the contract, the client may demand termination of the contract if the heirs do not possess sufficient capabilities to execute the work.
3. The heirs shall, in the cases provided for in paragraphs (1) and (2) of this Article, be paid for the completed work and for any expenses incurred for the uncompleted work to the extent of the benefit accrued to the client.

Section 2: Employment Contract

Article 479

An employment contract shall be subject to the legal provisions related thereto.

Section 3: Power of Attorney Contract

Sub-section 1: Establishing a Power of Attorney Contract

Article 480

Power of attorney is a contract under which a principal appoints an agent to act on his behalf in legal dispositions.

Article 481

A power of attorney may be absolute, restricted, conditional, or deferred to a future term.

Article 482

A power of attorney shall not be deemed valid if it is worded using general terms without specifying the type of legal disposition subject thereof.

Article 483

A special power of attorney for a specific type of legal disposition shall be deemed valid even if the subject of such disposition is not specified, except where the disposition is a donation.

Article 484

Any act other than acts of management shall require a special power of attorney that specifies the type of the act and the dispositions the agent is authorized to perform.

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Article 485

The post authorization of a disposition shall be deemed a power of attorney for such disposition established prior thereto.

Sub-section 2: Obligations of the Agent

Article 486

1. An agent shall, pursuant to the power of attorney contract, be granted the right of disposition on all matters specified in the contract as well as any matter incidental thereto according to the nature of the disposition, the will of the contracting parties, and custom.
2. Property received by the agent for the account of his principal shall be deemed a deposit.
3. The agent shall not be deemed to have exceeded the limits of his power of attorney if the disposition he makes entails a greater benefit to the principal, unless such limits are intended by the principal.

Article 487

1. If the power of attorney is gratuitous, the agent shall exercise the same care as he would in the conduct of his own affairs and shall not be required to exceed the care of a reasonable person.
2. If the power of attorney is for a fee, the agent shall exercise reasonable care in the performance of such power of attorney.

Article 488

1. If there are multiple agents and each agent is appointed pursuant to a separate contract, each agent may act unilaterally on the matter for which he is appointed, unless the principal stipulates that they do not act unilaterally.
2. If there are multiple agents and they are all appointed pursuant to a single contract but are not authorized by the principal to act unilaterally, they shall act jointly.
3. Multiple agents shall be jointly and severally liable if the power of attorney is indivisible, or if the harm sustained by the principal is the result of their common fault. Said agents shall not, even if they are jointly and severally liable, be liable for any act of an agent who exceeds the limits of his power of attorney or who acts arbitrarily in the performance thereof.

Article 489

1. An agent may not delegate to a third party all or part of the powers with which he is entrusted, unless authorized to do so by the principal; in such case, the sub-agent shall be deemed an agent of the original principal.
2. An agent who is authorized to appoint a third party without designating a particular party shall be liable to the principal only for the fault arising from his selection of said party or for any harm sustained as a result of his instructions.
3. The principal and his agent shall have the power to dismiss the sub-agent

appointed by the agent. Dismissal of the original agent shall result in the dismissal of the sub-agent.

Article 490

An agent appointed to purchase a thing the price of which is not specified may not purchase it for more than the market price.

Article 491

1. An agent appointed to purchase a specific thing may not purchase said thing for his own account. The purchase shall be deemed made for the principal's account, even if the agent declares that the purchase is made for his own account.
2. An agent may not, without the principal's authorization, purchase his own property or the property of his ascendants, descendants, or spouse, nor the property of a person the agent, in dealing with him, would make a gain or avoid a loss.

Article 492

1. If an agent makes a purchase at an unconscionable price or at a price higher than the price specified by the principal, the contract shall, if not ratified by the principal, be deemed concluded for the benefit of the agent. If, however, the contract is ratified by the principal, it shall be enforceable against him and he may demand compensation from the agent.
2. A purchase shall be deemed made for the agent's account if the agent declares, in the presence of the principal, that he purchased the thing for his own account.

Article 493

If the agent pays the price of a sold item from his own funds, he may demand reimbursement from the principal, along with the reasonable expenses he incurs in the performance of the power of attorney.

Article 494

1. If the principal sets for his agent a particular sale price for an item, the agent may not sell said item at a lower price. If, however, the principal does not set a price, the agent may not sell the item at a price lower than the market price.
2. If the agent sells the item at a price lower than the set price without the principal's authorization, the sale shall not be enforceable against the principal and the principal may not invoke the invalidity of the sale against a bona fide buyer. If the principal ratifies the sale, it shall be enforceable against him and he may demand compensation from the agent.

Article 495

1. The agent may not, without the principal's authorization, purchase for his own account the thing he was appointed to sell.
2. The agent may not, without the principal's authorization, sell a thing to his

ascendants, descendants, or spouse, nor sell it to a person the agent, in dealing with him, would make a gain or avoid a loss.

Article 496

1. The agent may not sell the principal's property for a deferred payment, except with an explicit or implicit authorization.
2. If the agent sells a property for a deferred payment, he may demand a pledge or surety from the buyer against the deferred payment, even if the principal did not authorize him to make such demand.

Article 497

The agent shall update the principal with information relating to the performance of the power of attorney and shall provide him with an account thereof, unless the agreement or the nature of the dealing between the parties requires otherwise.

Sub-section 3: Obligations of the Principal

Article 498

The principal shall, upon completion of the work, pay the agent the agreed-upon fees. If the fees are not agreed upon, the agent shall be entitled to the prevailing market fees if he normally works for a fee; otherwise, the power of attorney shall be deemed to be gratuitous.

Article 499

The principal shall reimburse the agent for any expenses he incurs in the normal performance of the power of attorney.

Article 500

1. The principal shall be liable for any obligations the agent undertakes in the normal performance of the power of attorney.
2. The principal shall be liable for any harm sustained by the agent in the normal performance of the power of attorney, unless such harm is due to the agent's fault.

Article 501

The provisions governing contracting by agency provided for in this Law shall apply to the relationship of the principal and the agent with a third party dealing with such agent.

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Sub-section 4: Termination of Power of Attorney Contract

Article 502

A power of attorney contract shall terminate upon completion of the work subject of the power of attorney, expiration of the term of the power of attorney, or the death or loss of competence of the principal or the agent.

Article 503

The principal may, at any time, dismiss his agent or restrict his powers, unless the power of attorney is issued for the benefit of the agent or a third party; in such case, the principal may not dismiss or restrict the powers of the agent without the consent of the party for whose benefit the power of attorney is issued. In all cases, the principal shall notify the agent of the dismissal and restriction.

Article 504

If the power of attorney is for a fee and the principal dismisses the agent at an inappropriate time or without an acceptable justification, he shall compensate the agent for any resulting harm he sustains.

Article 505

1. The agent may withdraw from the power of attorney if no third party has an interest therein, provided that he notifies the principal of such withdrawal.
2. The agent may not withdraw from the power of attorney if a third party has an interest therein, unless he has substantial justification for such withdrawal. In case of withdrawal, the agent must notify the third party and provide him with adequate time to take any action he deems appropriate to protect his interest.
3. In all cases, the agent shall continue to perform the acts he commenced until he becomes certain that no harm may be sustained by the principal; otherwise, he shall be liable for compensation.
4. If the power of attorney is for a fee and the agent withdraws therefrom at an inappropriate time or without an acceptable justification, he shall be liable to compensate the principal for any harm arising therefrom, even if such withdrawal occurs prior to commencing an act under the power of attorney.

Section 4: Deposit Contract

Sub-section 1: Establishing a Deposit Contract

Article 506

Deposit is a contract under which a depositary safekeeps a depositor’s property provided that the same property is returned to the depositor.

Article 507

A depositary shall receive no fee for safekeeping the deposited property, unless agreed otherwise.

Article 508

If a deposit is gratuitous, the deposit contract shall be deemed concluded only upon receipt of the deposited property.

Sub-section 2: Obligations of the Depositary

Article 509

1. A depositary shall, in safekeeping a deposited property, exercise the same level of care he would exercise in safekeeping his own property and shall not be required to exceed the care of a reasonable person. If the deposit is for a fee, he shall exercise the care of a reasonable person.
2. The deposited property may be safekept by the depositary himself or by any of his dependents whom he entrusts to safekeep his own property, unless the deposit is for a fee.

Article 510

A depositary may, only in exigent circumstances, deposit the deposited property with a third party without the depositor's authorization, and shall recover said property once the exigent circumstances cease to exist.

Article 511

A depositary may not use a deposited property or confer a third party right thereon without the depositor's authorization.

Sub-section 3: Obligations of the Depositor

Article 512

If the deposit is for a fee, the depositor shall pay the agreed-upon fee on the date on which the deposit terminates, unless agreed otherwise.

Article 513

1. The depositor shall reimburse the depositary for any necessary expenses he incurs for the safekeeping of the deposited property, unless agreed otherwise.
2. If the depositor is absent, the depositary may refer the matter to the court to decide on the measures to be taken with regard to the deposited property.

Article 514

The depositor shall, unless agreed otherwise, bear the expenses of returning and delivering the deposited property and shall compensate the depositary for any harm he sustains from safekeeping the deposited property, unless said harm results from the depositary's transgression or negligence.

Sub-section 4: Termination of Deposit Contract

Article 515

1. If the deposit is gratuitous, the depositary may return the deposited property and the depositor may recover the same at any time, provided that the return and recovery of the deposited property is not carried out at an inappropriate time.
2. If the deposit is for a fee, the depositor may not return the deposited property prior to the expiration of the term of the deposit. The depositor, however, may recover the deposited property at any time if he pays the agreed-upon fee in full and no condition preventing such recovery exists.

Article 516

A deposit contract shall, unless the parties agree otherwise, terminate upon the expiration of the agreed-upon term, the return of the deposited property, whether by mutual consent or pursuant to a court decision, or upon the depository's death.

Section 5: Receivership Contract

Article 517

Receivership is a contract under which a receiver safekeeps and manages disputed property and returns such property along with its yields to its rightful owner.

Article 518

A receiver shall be appointed by agreement of the concerned parties. If no agreement is reached, the court may appoint a receiver if it believes that leaving the property in the possession of its holder poses imminent risk.

Article 519

If the concerned parties agree to place the property under the receivership of two or more receivers, neither receiver may separately safekeep or manage the property, nor dispose of its yields without obtaining authorization from the other receivers.

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Article 520

A receivership contract or a receivership judgment shall determine the receiver's rights and obligations; in the absence of such determination, the provisions stipulated in this Section and the provisions governing deposit and power of attorney contracts, as the case may be, shall be applied in a manner not inconsistent with the nature of the receivership.

Article 521

A receiver shall exercise reasonable care in safekeeping and managing the property under his receivership.

Article 522

A receiver may not, in other than safekeeping and management acts, dispose of any property under his receivership without the consent of the concerned parties or the permission of the court; court permission shall not be required in exigent circumstances.

Article 523

A receiver shall update the concerned parties with information relating to the performance of his task, and shall provide them with an account thereof on the dates and in the manner agreed upon by the parties or as ordered by the court.

Article 524

A receiver may recover any expenses he incurs in the performance of his task to the extent accepted by custom.

Article 525

A receiver shall be entitled to the agreed-upon fee upon completion of the task. If no fee is agreed upon, he shall be entitled to the prevailing market fee for such task.

Article 526

1. If receivership is gratuitous, a receiver may withdraw therefrom at any time, provided that he notifies the concerned parties of such withdrawal and continues to perform his tasks until he becomes certain that the withdrawal would not cause harm to the concerned parties; otherwise, he shall be liable for compensation.
2. If receivership is for a fee and the receiver withdraws therefrom, the receiver shall be liable for compensation for any harm sustained due to his withdrawal if such withdrawal was made at an inappropriate time or without an acceptable justification, even if it is made prior to commencing a task.

Article 527

1. Receivership shall terminate pursuant to an agreement by the concerned

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parties or a court order or upon the expiration of its term, if specified.
2. The receiver shall, upon termination of the receivership, deliver the property, along with its yields, to the person agreed upon by the concerned parties or the person appointed by the court.

Chapter 4: Partnership Contracts

Article 528

1. Partnership contracts provided for in this Chapter shall be made in writing; otherwise, they shall be deemed null and void. A contracting party may not invoke nullity of the contract against a third party; nullity shall have no effect on the contracting parties, unless one of the parties petitions the court for nullity of the partnership contract. In such case, the contract shall be deemed null and void from the date of filing the lawsuit.
2. The provision of paragraph (1) of this Article shall apply to any amendment to the partnership contracts provided for in this Chapter.

Section 1: Company Contract

Sub-section 1: Establishing a Company Contract

Article 529

1. Company is a contract under which two or more partners participate in an enterprise by contributing property or work, or both, to share any profit realized or loss incurred from such enterprise.
2. The provisions of this Section shall not apply to companies subject to specific legal provisions.

Article 530

1. The contribution of a partner, or part thereof, may not be in the form of influence, reputation, or creditworthiness.
2. If a partner’s contribution is not in the form of cash, the value of his contribution shall be determined based on its value at the time of concluding the contract or on the basis of valid assessment criteria agreed upon by the partners.
3. If a partner's contribution is in the form of a debt owed by a third party, the partner’s obligation to provide such contribution may not be extinguished unless such debt is collected and delivered to the partners.

Article 531

1. A company may be established between the partners on the basis of joint and several liability with regard to the property or work they are obligated to contribute for the company’s benefit; the contribution of each partner to the company’s capital shall be in proportion to the liability borne thereby, unless agreed otherwise.

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2. The contribution of partners may be in the form of property or work, and it may also be in the form of equipment and tools necessary for the work.

Article 532

The share of each partner shall be determined according to his contribution as stated in the company contract. A partner may not increase his share in the company beyond the contribution stated in the contract without the approval of the other partners.

Article 533

If the contribution of a partner is a right of ownership or any other in-kind right, the provisions governing sale contracts shall apply to the warranty of title and warranty against loss or defect. If the contribution is solely in the form of a usufruct right to a property, the provisions governing lease contracts shall apply.

Sub-section 2: Effects of Company Contract

Article 534

1. Profits shall be divided among the partners in proportion to each partner's share in the company, unless agreed otherwise.
2. Losses shall be divided among the partners in proportion to each partner's share in the company.

Article 535

A condition stipulating that a partner's share in the profits is a fixed amount or that a partner does not benefit from profits or is exempted from losses shall be deemed null and void.

Article 536

Partners may agree on the manner of distributing dividends and the due dates thereof, provided that such distribution takes place upon verification of the integrity of the company's capital.

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Article 537

1. Partners may appoint from among themselves or others a person to manage the company's affairs and assets on their behalf.
2. Unless agreed otherwise, if the partners do not appoint a person to manage the company's affairs and assets, each partner shall be deemed an agent of the other partners in such management in order to achieve the purpose for which the company was established without consulting with the other partners. Each partner shall have the right to object to any act prior to completion thereof. Partners with majority shares shall have the right to reject an objection.

Article 538

Each partner or his designee shall have access to the company's books and documents, and any agreement to the contrary shall be deemed null and void.

Article 539

1. The person in charge of the management of the company or the disposition of its assets on behalf of the partners shall exercise the level of care he would in the conduct of his own business, unless he receives a fee or a share of the profit for his work; in such case, the care he exercises may not be less than that of a reasonable person.
2. The person in charge of the management of the company or the disposition of its assets on behalf of the partners may not act in a manner that causes harm to the company or violates the powers vested in him or the purpose for which the company was established.

Article 540

The person in charge of the management of the company or the disposition of its assets on behalf of the partners may not gift or lend the company’s assets without authorization.

Article 541

1. A partner shall refrain from retaining for himself any of the company's assets or using the same for his own benefit; otherwise, he shall be liable to compensate the other partners for any harm resulting therefrom.
2. If a partner makes a payment to the company out of his own funds or makes useful expenses due to urgent circumstances, he shall be entitled to recover such payment or expenses.

Article 542

A partner’s creditor may demand satisfaction of his debt from said partner’s share of distributable profits or his share of the company’s assets after liquidation. Said creditor may demand the sale of an adequate number of the partner’s shares to satisfy his debt, provided that such sale does not cause harm to the other partners. The other partners shall have preemptive right to purchase such shares.

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Article 543

1. Subject to the provisions of Article 91 of this Law, if the activities of a company result in a debt related to its purpose and the company’s assets are not sufficient to pay the debt, the partners shall be liable for the payment of such debt from their own funds, each in proportion to his share in the company.
2. The company contract shall not require the partners to be jointly and severally liable, unless they agree otherwise.

Sub-section 3: Termination of Company Contract

Article 544

1. The company contract shall terminate when the purpose for which it was established ceases to exist or upon the expiration of its term. The term may be extended upon the agreement of the partners prior to its expiration.
2. If the term of the company expires or the purpose for which it was established ceases to exist, and the partners continue to engage in any of the activities for which the company was established, the contract shall be deemed renewed under its original terms, except for the terms related to specifying the company term; in such case, the company shall be subject to the provisions governing a company with an unspecified term.
3. The creditor of any partner may object to the renewal of the company contract. In such case, renewal of the contract shall not take effect against said creditor.

Article 545

1. If the term of a company is not specified, a partner may withdraw therefrom at any time, provided that he notifies, in writing, all the partners of his intention to withdraw within a reasonable period of time and provided that his withdrawal is not an act of fraud or made at an inappropriate time.
2. If the term of a company is specified, a partner may not withdraw from the company prior to the expiration of such term. The court may, upon the partner's petition and provision of acceptable justification, remove him from the company, provided that he compensates the partners for any harm they sustain as a result thereof.

Article 546

1. Partners may include in the company contract the method of removing partners from the company and the procedures therefor.
2. Any partner may, upon the existence of acceptable justifications, petition the court for the removal of one or more partners from the company.

Article 547

1. A company contract shall terminate upon a partner's death, interdiction, insolvency, or withdrawal, or upon the initiation of a liquidation proceeding against him.
2. Partners may agree that, upon a partner's death, the company shall continue to exist with the heirs of the deceased partner, even if the heirs include a fully or partially incompetent person.
3. The partners may agree that, upon a partner's death, interdiction, insolvency, or withdrawal, or upon the initiation of any liquidation proceeding against him, the company shall continue to exist with the remaining partners.

Article 548

If a company continues to exist among the partners except for one partner, said

partner’s share in the company shall be valued as of the time the grounds for termination of his partnership occurred; said partner or his heirs shall be paid in cash, unless agreed otherwise.

Article 549

1. The company's assets shall be liquidated and divided pursuant to the proceedings agreed upon by the partners.
2. If the partners fail to agree on the liquidation proceedings, any person with interest may petition the court for liquidation and distribution of proceeds. The court may specify the liquidation proceedings, taking into consideration the nature of the assets to be liquidated, and may, if necessary, appoint a liquidator.
3. Division of company assets shall be subject to the rules relating to the division of property owned in common.

Section 2: Mudaraba Contract

Sub-section 1: Establishing a Mudaraba Contract

Article 550

Mudaraba is a contract under which a capital owner places a property in the custody of a mudaraba agent to invest it in a business activity against a common share of the profit.

Article 551

1. A debt owed by a mudaraba agent to a capital owner may serve as a mudaraba capital.
2. If the mudaraba capital provided by the capital owner is in a form other than cash, its value shall be assessed at the time of concluding the contract or in accordance with valid assessment criteria agreed upon by the contracting parties.

Sub-section 2: Effects of Mudaraba Contract

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Article 552

A capital owner shall deliver the mudaraba capital to the mudaraba agent and shall enable him to manage and dispose of such capital.

Article 553

A mudaraba agent shall, upon receipt of the mudaraba capital, have the right to manage and dispose of such capital, in accordance with the provisions of Articles 539, 540, and 541 of this Law and subject to the mudaraba contract concluded between him and the capital owner.

Article 554

A mudaraba agent shall provide the capital owner with information related to the mudaraba and with an account thereof upon expiration of its term; if the term of the contract is not specified, said information shall be provided at the end of each year, unless agreed otherwise.

Article 555

1. If a mudaraba contract is bound by time, place, type of activity, or the like, the mudaraba agent shall comply with such limitations.
2. If a mudaraba contract is absolute, the mudaraba agent shall be authorized to act according to custom.

Article 556

1. A mudaraba agent may not commingle the mudaraba capital with his own property, nor deliver such capital to a third party for the purpose of mudaraba, unless accepted according to custom or the capital owner authorized him to act at his discretion.
2. In cases where the mudaraba agent is authorized to commingle the mudaraba capital with his own property, the profit shall be calculated *pro rata* to the commingled capital and shall be distributed among the contracting parties in accordance with the provisions of this Section.

Article 557

1. The capital owner shall solely bear any loss in the mudaraba capital, and any condition to the contrary shall be deemed null and void.
2. If a loss in the mudaraba capital occurs while in the custody of the mudaraba agent without any transgression or negligence on his part, he shall not be required to compensate the capital owner.
3. In the event of any transgression or negligence on the part of the mudaraba agent, he shall compensate the capital owner for any loss in the mudaraba capital and any resulting harm.

Article 558

1. The profit share of each contracting party shall be determined by agreement.
2. If no agreement is made to determine the profit share of each contracting party, such share shall be determined according to custom. In such case, a contracting party may terminate the mudaraba contract in accordance with Article 562(1) of this Law.

Article 559

1. A mudaraba contract may not stipulate a fixed amount of profit for either contracting party.
2. The contracting parties may agree that a certain amount of the profit be equally divided between them and that one of the parties is entitled to any profit in excess of such amount, or they may agree on a variable profit share based on the amount of profit realized from the mudaraba in accordance with

valid determination criteria.
3. The contracting parties may agree that either party be paid a specified fee for the performance of a particular task, in addition to his share in the profit.

Article 560

1. A contracting party shall be entitled to his share of the profit upon termination of the mudaraba contract, unless the parties agree to assess the mudaraba and distribute the amounts due to each contracting party on specific dates during the mudaraba. Any amounts distributed during the mudaraba shall be deemed profits.
2. A contracting party may not obtain his share of the profit prior to the due date without the consent of the other party.

Sub-section 3: Termination of Mudaraba Contract

Article 561

A mudaraba contract shall terminate upon the expiration of its term, if specified, or upon completion of the work for which the mudaraba contract was concluded.

Article 562

1. If the term of the mudaraba contract is not specified, a contracting party may withdraw therefrom at any time, provided that he notifies the other party of his intention to withdraw within a reasonable period of time and provided that his withdrawal is not an act of fraud or made at an inappropriate time.
2. If the term of the mudaraba contract is specified, a contracting party may not withdraw therefrom prior to the expiration of such term. Said party may petition the court for withdrawal upon providing acceptable justification, provided that he compensates the other party for any harm he sustains as a result of the withdrawal.

Article 563

1. A mudaraba agent shall, upon termination of the mudaraba contract, continue with activities already commenced until the mudaraba capital or the profits are not at risk of damage or loss.
2. The mudaraba agent may not, after the termination of the mudaraba contract, dispose of the mudaraba capital. If the capital is in a form other than cash, the agent shall liquidate such capital, unless the agreement or the nature of the dealing between the parties requires otherwise.

Article 564

1. A mudaraba agent shall, upon the termination of the mudaraba contract, return to the capital owner his share of the mudaraba capital.
2. If the mudaraba agent fails to return the capital without an acceptable justification and such capital suffers a loss, he shall be liable for such loss. If, however, a profit is realized, the capital owner shall be entitled to recover from the agent the realized profit until the capital is returned to him.

Article 565

1. A mudaraba contract shall terminate upon a contracting party's death, interdiction, or insolvency, or upon the initiation of a liquidation proceeding against him.
2. If the mudaraba contract terminates upon the death of the mudaraba agent, his heirs, if competent, or their agent shall, if they have knowledge of such contract, inform the capital owner of the death of their testator and shall take all the measures necessary to protect the capital.

Section 3: Output Sharing Contract

Sub-section 1: General Provisions

Article 566

Output sharing is a contract under which a capital owner delivers a non-consumable thing to a person to utilize for a common share of the output.

Article 567

1. The capital owner shall enable the worker to perform his work as agreed upon, and the worker shall exercise reasonable care in performing his work and in safekeeping the capital.
2. The expenses of safekeeping the capital shall be borne by its owner, and the expenses of its utilization shall be borne by the worker, unless agreed otherwise.
3. The worker may hire laborers at his own expense to assist him in the performance of all or some of the work.

Article 568

1. Each contracting party shall be entitled to his share of the output upon realization thereof. An agreement may be made on the method of calculating the output and on its due dates.
2. If an output sharing contract expires, the capital owner shall recover his original capital, and the worker shall recover the expenses he incurred for items that are not connected to the original capital and which did not contribute towards the output as well as the useful expenses he incurred for items connected to the original capital the separation of which from such capital would cause damage thereto; in such case, the capital owner may acquire such items and pay to the worker the expenses he incurred or the amount of any increase in the value of the original capital, unless agreed otherwise.

Article 569

If an output sharing contract is nullified, the capital owner shall be entitled to the output and the worker shall be entitled to the prevailing market fee. If, however, the materials from which the output was generated were provided by the

worker, he shall be entitled to the output and the capital owner shall be entitled to the prevailing market fee for the period of capital utilization.

Article 570

1. An output sharing contract shall terminate upon the expiration of its term, or upon the completion of the work.
2. An output sharing contract shall terminate upon the worker's death if the person of the worker was a decisive factor in concluding the contract, or if the heirs decide not to complete the work. The capital owner may demand termination of the contract if the heirs do not possess sufficient capabilities to perform the work.
3. The output sharing contract shall not terminate upon the death of the capital owner.

Sub-section 2: Agricultural Partnership Contract

Article 571

Agricultural partnership is a contract under which land or trees are delivered to a worker for sharecropping or the performance of irrigation duties for a common share of the output.

Article 572

In an agricultural partnership contract, the seeds or seedlings may be provided by the landowner or the worker, or both.

Article 573

Any condition stipulating that either contracting party is entitled to a specific amount of the output or to the output of a specific part of the land or trees shall be deemed invalid.

Article 574

If the term of the agricultural partnership contract is not specified or if the specified term expires prior to the harvest or picking time, the term of a sharecropping contract shall be for a single agricultural cycle and the term of an irrigation contract shall extend until the first harvest is made.

Article 575

If a worker refuses to complete the work, the landowner may, after notifying the worker, hire another person at the worker's expense to complete the work in accordance with Article 167 of this Law, or demand termination of the contract.

Article 576

Each contracting party shall be entitled to his share of the output upon its

maturity. If the term expires prior to the maturity of the output, neither contracting party shall be liable to the other. If the term expires after the maturity of the output and prior to the harvest or picking time, the worker may choose to leave or to proceed with the work until the harvest or picking time and take his full share. If he decides to leave the work and the landowner incurs the necessary expenses until the harvest or picking time, the worker may acquire his share of the output after deducting the expenses incurred by the landowner.

Article 577

A worker may demand termination of an agricultural partnership contract if an urgent matter relating to the performance of the contract occurs prior to the maturity of the output. In such case, he shall be entitled to the prevailing market fee together with any expenses incurred by him the amount of which shall be proportionate to the benefit gained by the landowner, without prejudice to the landowner's right to compensation, if applicable.

Chapter 5: Suretyship and Insurance Contracts

Section 1: Suretyship Contract

Sub-section 1: Establishing a Suretyship Contract

Article 578

Suretyship is a contract under which a surety binds himself to a creditor to fulfill the obligation of a debtor if he fails to do so.

Article 579

1. A suretyship contract shall be concluded between a surety and a creditor. The creditor's silence in the face of a surety offer shall constitute acceptance thereof.
2. The debtor's acceptance is not a condition for the conclusion of the suretyship. It may also be concluded without the debtor's knowledge and in spite of his objection.

Article 580

1. A surety in a suretyship contract must be a fully competent person.
2. If a terminally ill person enters into a suretyship contract as a surety, such contract shall not be deemed effective vis-a-vis his heirs with regard to the part that exceeds one-third of the estate, unless the heirs ratify the contract. If the beneficiary of the suretyship contract is an heir, whether as a debtor or a creditor, such contract shall not be deemed effective vis-a-vis the other heirs, even if the amount does not exceed one-third of the estate, unless the heirs ratify the contract.

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Article 581

A suretyship shall be valid only if the obligation subject of the suretyship is valid.

Article 582

A suretyship may be absolute, conditional, temporary, or deferred to a future term.

Article 583

1. A suretyship may be made for a future debt if the amount is determined in advance, as well as for a conditional debt.
2. If the surety for a future debt does not specify a term for the suretyship, he may terminate the suretyship, provided that he notifies the creditor of such termination in a timely manner before the debt becomes due.

Article 584

1. If the suretyship is for an amount greater than the amount owed by the debtor and is under stricter conditions than those imposed on the debtor, it shall be valid only for the amount of the debt owed by the debtor and under its conditions.
2. A suretyship may be for an amount lesser than the amount owed by the debtor and under less strict conditions.

Sub-section 2: Effects of Suretyship Contract

Article 585

If a suretyship is absolute, the surety's obligation shall follow that of the debtor, whether the obligation is immediately due or deferred.

Article 586

A deferred suretyship may be established on a due debt. The creditor may demand immediate payment of such debt from the debtor but he may not demand the same from the surety except upon the effective date of the suretyship.

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Article 587

A surety in a temporary suretyship shall only be required to perform the obligations arising during the term of the suretyship.

Article 588

1. A surety shall be discharged from liability to the extent of the debt securities lost due to the creditor's fault.
2. Debt securities shall mean any security allocated to secure a debt, even if offered after the suretyship is established, as well as any security provided

for by law.

Article 589

If a debt becomes payable and the creditor does not demand the debtor to pay it, the surety may, if he is not a solidary debtor, notify the creditor to take action against the debtor. If the creditor fails to do so within 180 days from the date of notification, the surety shall be discharged from the suretyship even if the creditor grants the debtor a grace period, unless the surety consents thereto.

Article 590

If a liquidation proceeding is initiated against a debtor in accordance with legal provisions and the creditor fails to demand payment of his debt under such proceeding, his right of recourse against the surety shall be forfeited to the extent of what he could have recovered had he demanded payment of the debt by the debtor.

Article 591

1. A creditor may not exercise the right of recourse against the surety except after exercising such right against the debtor, nor may he proceed against the surety's property except after availing the surety the benefit of discussion, unless the surety is a solidary debtor.
2. The court shall not enforce the provision of paragraph (1) of this Article, unless the surety invokes his right in both cases.

Article 592

1. If the surety demands discussion, he shall, at his own expense, inform the creditor of the property owned by the debtor which is sufficient to satisfy the entire debt. This shall not include property located outside the Kingdom or property subject to a dispute.
2. In cases in which the surety informs the creditor of the debtor's property, the creditor shall be liable to the surety for the debtor's insolvency which results from the creditor's failure to take the necessary measures in a timely manner.

Article 593

Legal and judicial suretyships shall entail sureties to be solidary with the debtor and to be co-sureties.

Article 594

If the debt is secured by a collateral prior to or at the time of the suretyship and the surety is not a solidary debtor, the surety's property may not be proceeded against prior to proceeding against the property securing the debt.

Article 595

In case of multiple sureties for a single debt, a claim may be made against each surety for the full payment of the debt, unless the suretyship of all the sureties

is under a single contract and such contract does not stipulate that they are jointly and severally liable; in such case, the liability of each surety shall be proportionate to his obligation in the suretyship.

Article 596

If one of the co-sureties pays the debt, said surety shall have the right of recourse against the other sureties for the respective share of each one of them in the debt and in the share of any insolvent surety.

Article 597

1. A surety may, under the suretyship contract, have recourse against the debtor for any payment he makes on the debtor's behalf and for any incurred expenses required by the contract, provided that the suretyship is made with the debtor's knowledge and consent.
2. If the surety pays a debt prior to its maturity date, he may not, prior to the maturity date, have recourse against the debtor for the early payment he makes, unless such payment is made with the debtor's authorization.

Article 598

1. If a surety pays a debt, the creditor shall deliver to him all the documents necessary to exercise his right of recourse against the debtor.
2. If the surety pays the debt and the debt is secured by a collateral, the creditor shall surrender to the surety the collateral if it is a movable property; if, however, the collateral is a real property, the creditor shall take the measures necessary to transfer to the surety the rights to the collateral, and the cost of said transfer shall be incurred by the surety.

Article 599

If the surety pays a debt, he shall have the right to subrogate the creditor in all of his rights against the debtor. If, however, he pays only part of the debt, he shall not have the right of recourse against the debtor for such part until the creditor fully recovers his debt from the debtor.

Article 600

1. If the surety pays the debt with a thing other than the actual debt, the surety shall have the right of recourse against the debtor for the actual debt or the thing provided to pay the debt, whichever is lower in value.
2. If the surety settles the debt with the creditor for an amount less than the debt, he shall have the right of recourse against the debtor for the amount he actually paid, not for the amount covered by the suretyship.

Article 601

The debtor shall notify the surety of any reason that entails the termination or invalidation of the debt. If the debtor fails to do so and the surety pays the debt on the maturity date, the surety shall have the right of recourse against the debtor, without prejudice to the surety's right to have recourse against the

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creditor in accordance with the provisions of this Law.

Article 602

A surety for solidary debtors shall have the right of recourse against any of them for the full amount of the debt he paid.

Sub-section 3: Termination of Suretyship Contract

Article 603

The surety shall be discharged from liability upon the discharge of the debtor. The surety may, even if he is a solidary debtor, assert all the defenses available to the debtor except for the debtor's partial incompetence of which the surety was aware at the time of concluding the contract.

Article 604

If a creditor accepts a thing other than the actual debt in payment of the debt, the surety shall be discharged therefrom even if such thing is proven to be owned by a third party.

Article 605

1. If a debtor or a surety makes a valid assignment of all or part of the debt covered by the suretyship to another person, the debtor and the surety shall be discharged to the extent of such assignment.
2. If an assignment provides for the discharge of only the surety, he shall be discharged to the exclusion of the debtor.

Article 606

A suretyship contract shall not terminate upon the death of the surety or the debtor; in case of the death of the surety or the debtor, the obligation shall remain in effect against his estate.

Section 2: Insurance Contract

Article 607

An insurance contract shall be subject to the legal provisions related thereto.

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Part 3: Rights in Rem

Chapter 1: Original Rights in Rem

Section 1: Right of Ownership

Sub-section 1: General Provisions

First: Scope of Right

Article 608

1. The right of ownership confers on the owner of a thing the right to solely use, exploit, and dispose of such thing.
2. The owner of a thing shall be solely entitled to all its yields, output, and appurtenances, unless a legal provision or a disposition requires otherwise.

Article 609

1. The owner of a thing shall own all the elements of such thing which cannot be separated therefrom without destroying, damaging, or altering it.
2. The owner of a land shall own the space above and below such land to the extent that allows enjoyment thereof, unless a legal provision or a disposition requires otherwise.

Article 610

A person shall not be deprived of his property, nor shall his property be expropriated, except in cases provided for in legal provisions.

Second: Ownership Restrictions

Article 611

The owner shall, in the exercise of his rights, comply with the restrictions provided for in the legal provisions governing public or private interest.

Article 612

If a third-party right is attached to a property, the owner of the property may not dispose of such property in any detrimental manner, except with the authorization of the owner of the right.

Article 613

1. The owner shall not exercise his right to the extent that causes harm to his neighbor’s property.
2. A neighbor may not have the right of recourse against his neighbor for

unavoidable inconveniences. A neighbor may, however, demand that such inconveniences be remedied if they exceed acceptable limits, subject to custom, the nature of the real property, the location of each property vis-a-vis the other, and the intended purpose of each property. A license issued by a government agency shall not preclude a neighbor from exercising his right to demand remedy for such inconveniences.

Article 614

In the event of a party wall between two or more owners, neither owner may make any alteration that is inconsistent with the intended purpose of the wall without the consent of the other owner.

Article 615

1. A co-owner of a party wall may raise the height of the wall at his own expense if he has a valid interest in doing so, provided that the other co-owner does not sustain serious harm.
2. If the height of the party wall cannot be raised, the co-owner seeking to raise its height shall rebuild it at his own expense.
3. If a party wall no longer serves its intended purpose, it shall be repaired at the expense of all co-owners, each in proportion to his respective share.

Article 616

An owner of a wall may not demolish it if the demolition would cause harm to a neighbor by exposing his property, unless such demolition is justified.

Article 617

1. The owner may not include in a disposition, whether by a contract or a will, a condition prohibiting the assignee from disposing of the property, unless such condition is stipulated for a reasonable period and is intended to protect a legitimate interest of the assignor, the assignee, or a third party.
2. If no period is specified for the prohibition of disposition, the court may determine such period according to custom, the nature of the dealing, and the purpose of the disposition.
3. Any condition prohibiting an assignee from disposition shall be deemed null and void, unless it meets the provisions of paragraph (1) of this Article.

Article 618

If the condition prohibiting an assignee from disposition is valid in accordance with Article 617 of this Law, any act to the contrary shall be deemed null and void, without prejudice to the right of the successor of the prohibited person if he has acquired the same as a consideration in good faith.

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Third: Ownership in Common and its Partition

Article 619

In case of multiple owners of a thing the shares of which are not apportioned, they shall be deemed owners in common, and their shares shall be deemed equal, unless proven otherwise.

Article 620

1. Each owner in common may dispose of, exploit, and use his share without the consent of the other owners in common, provided that such disposition, exploitation, and use does not prejudice their rights.
2. If the disposition of an owner in common involves only an apportioned part of the property owned in common that did not become part of his share upon partition, the assignee's right shall be transferred as of the time of the disposition to the part accrued to the assignor by way of partition. If the assignee is unaware that the assignor is not the owner of the apportioned part of the property at the time of the contract, he shall have the right to invalidate the disposition.

Article 621

A property owned in common shall be jointly managed by the owners in common, unless a legal provision or an agreement provides otherwise. If one of the owners in common assumes management without objection from the other owners in common, he shall be deemed their agent.

Article 622

1. If the owners in common disagree on matters relating to the management of the property owned thereby, the majority opinion regarding regular management practices shall be binding on all of them and on their universal and particular successors. The majority shall be determined on the basis of the value of shares. The majority may elect a manager from among the owners or others and may set rules applicable to all owners for the management and the proper use of the property.
2. If the majority stipulated in paragraph (1) of this Article is not attained, the court may appoint a manager for the property owned in common if petitioned by any of its owners.

Article 623

1. Owners who own at least three-quarters of a property owned in common may, for the better utilization of such property, decide to make substantial alterations to the property and amendments to its intended purpose that exceed regular management practices, provided that they notify the other owners of their decision. Any owner objecting to the decision shall have the right to file his objection with the court within 30 days from the date of notification.
2. If the court approves the decision of the majority provided for in paragraph

(1) of this Article, it may decide any measures it deems appropriate, including measures that secure payment of any compensation due to the objecting owner.

Article 624

An owner in common may take any measures necessary to safekeep the property owned in common, even without the approval of the other owners.

Article 625

The expenses of managing and safekeeping a property owned in common and all other expenses arising from the ownership in common or the costs imposed on the property shall be borne by all owners, each in proportion to his share, unless agreed otherwise.

Article 626

If all the owners in common agree to the partition of the property owned in common, the partition shall be deemed valid, even if it impairs the use of the property or reduces its value.

Article 627

An owner who wishes to receive his share in a property owned in common may demand a judicial partition, provided that there is no agreement or legal provision that precludes such partition or that the intended purpose of the property does not require that it remains owned in common.

Article 628

1. If the request for the partition of a property owned in common by one of the owners is denied by the other owners and in-kind partition of the property is possible without impairing its use or significantly reducing its value, the court shall order partition of the property. If partition entails such impairment or reduction, the court shall order the sale of the property at auction.
2. If an owner of a property owned in common who requests partition is able to sell his share for a value not less than its value if the entire property is sold, the other owners shall not be compelled to sell the property at auction. If said owner is not able to sell his share without its value being diminished, the other owners may avoid sale at auction by paying him the amount of any shortfall resulting from the sale of his share.

Article 629

1. The creditor of the owner of a property owned in common may object to the partition of such property or its sale at auction if he is not included therein by filing a petition with the court if the partition is judicial or by notifying all the owners in common of his objection if the partition is by agreement. The owners must allow said creditor to join in the partition proceedings; otherwise, it shall not be enforceable against him. In all cases, a creditor

whose rights are established must be joined prior to filing the lawsuit for partition or prior to the owners' conclusion of their agreement.
2. If partition is completed, a creditor who did not join therein may not object thereto except in cases of fraud.

Article 630

If, after the partition of an estate, it appears that a debt was owed by the deceased, all the heirs shall be liable, each in proportion to his share in the estate.

Article 631

A partition by agreement may be invalidated if a co-partitioner establishes that he sustained unconscionable harm from the partition. A claim for invalidation shall be filed within one year from the date of the partition. The other party may avoid such invalidation by providing said co-partitioner with a cash or in-kind payment that remedies the unconscionability sustained thereby.

Article 632

1. If it is established that a third party has a right of ownership over all or part of a partitioned share in a property owned in common and such right arose prior to the partition, the co-partitioner over whose share the right of ownership has been established may invoke against the other co-partitioners the warranty of title, each in proportion to his share. Assessment of the warranty shall be based on the value of the partitioned property at the time of partition.
2. A co-partitioner may not invoke the warranty of title if there is an agreement discharging the other owners in common therefrom in cases in which the warranty is invoked due to a reason explicitly stated in the agreement or due to a fault attributable to such co-partitioner.

Article 633

A co-partitioner shall be deemed the owner of the share allocated to him from the time he became an owner in common.

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Article 634

Joint usufruct refers to the temporal or spatial partition of the usufruct of a property owned in common among its owners in proportion to their shares.

Article 635

1. The starting date of a temporal joint usufruct of a property owned in common and the period of enjoyment of each owner of such property must be specified. If the owners fail to agree thereon, said period shall be determined by the court according to the nature of the dispute and the nature of the property owned in common; the court may also draw lots to determine the

starting date of enjoyment for each owner.
2. In a spatial joint usufruct of a property owned in common, the place of enjoyment of each owner must be specified. If the owners fail to agree thereon, the court may draw lots to designate the place of enjoyment for each owner.

Article 636

The provisions governing the lease contract shall apply to the joint usufruct insofar as these provisions do not conflict with its nature.

Article 637

Owners of a property owned in common may, during partitioning of the property, agree on joint usufruct until such partitioning is completed. If an agreement cannot be reached, the court may, upon a petition of any owner, order joint usufruct.

Article 638

1. If an owner of a property owned in common requests partition of the property and the other owners request joint usufruct, or if an owner requests partition during the joint usufruct period, the request for partition shall prevail.
2. If an owner of a property owned in common requests joint usufruct and the other owners deny such request without requesting partition, they shall be compelled to participate in the joint usufruct.

Article 639

Joint usufruct shall not terminate upon the death of any of the owners of a property owned in common, and the heirs of the deceased owner shall succeed him.

Fourth: Ownership of Real Estate Units

Article 640

Ownership of real estate units shall be subject to the legal provisions related thereto.

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Sub-section 2: Modes of Acquiring Ownership

First: Ownership by Possession

Article 641

1. Any person who takes possession of an unowned movable thing with the intent to own it shall be the owner thereof.
2. A movable thing shall be deemed unowned if ownership thereof is not prohibited by a legal provision, and such thing has no owner or its owner

abandoned it with the intent of relinquishing ownership thereof.

Article 642

Minerals, hydrocarbons, waste, water, *luqatah*, antiquities, and captured wildlife shall be subject to the legal provisions related thereto.

Article 643

State-owned real property shall be subject to the legal provisions related thereto.

Second: Acquisition of Ownership by Security, Inheritance, and Bequest

Article 644

Any property for which compensation is required shall be owned by the person required to make such compensation if he pays the original owner the value of such property or offers him a similar property. Ownership shall commence from the time the grounds for compensation arise, provided that ownership of the property can be established.

Article 645

An heir shall acquire ownership of his share in the testator's property by inheritance, in accordance with the legal provisions related thereto.

Article 646

A legatee shall acquire ownership of a legacy, in accordance with the legal provisions governing bequests.

Article 647

Any legal disposition by a terminally ill person that is made as a donation shall be deemed a bequest. If disposition is made by such person as compensation involving favoritism, the extent of such favoritism shall be deemed a bequest.

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Article 648

If a person makes a disposition to any of his heirs and retains possession of the thing subject of the disposition and has the right of usufruct over such thing during his lifetime, such disposition shall be deemed a testamentary disposition and shall be subject to the legal provisions governing bequests, unless proven otherwise.

Third: Accession

Article 649

Anything that is constructed or planted above or below a land shall be deemed

to have been made by the landowner at his own expense, and he shall be deemed the owner thereof, unless proven otherwise.

Article 650

If constructions or plantings on a land are made by the landowner using materials owned by another person without his consent, said person may recover such materials at the landowner's expense if removal does not cause serious damage to the land; if removal causes serious damage to the land, the landowner shall retain such constructions and plantings against payment of the value thereof and shall provide compensation, if applicable.

Article 651

1. If constructions or plantings are made by a person using materials owned thereby on a land he knows is owned by another person without his consent, the landowner may demand removal of the constructions or plantings at the expense of such person and may demand compensation, if applicable. The owner may retain such constructions and plantings against payment of the value thereof as removed or against payment of an amount equal to the amount of appreciation of the land due to the constructions or plantings.
2. A person may demand the removal of constructions or plantings he made on the land if such removal does not cause damage to the land, even if the landowner does not consent thereto.

Article 652

If a person makes, in good faith, constructions or plantings on a land owned by another person using his own materials, he may remove such constructions or plantings if the removal does not cause damage to the land; if the removal causes damage to the land or if the person who makes the constructions or plantings does not demand their removal, the owner may choose either to pay the value of the materials and labor fees or an amount equal to the amount of appreciation of the land due to such constructions or plantings. If the value of the constructions or plantings is too high for the landowner to pay, he may demand transfer of ownership of the land to the person who made the constructions or plantings against a fair compensation.

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Article 653

If a landowner while building a construction on his land trespasses, in good faith, on part of an adjacent land, the court may, at its discretion, compel the landowner to relinquish to his neighbor ownership of the part occupied by the construction against a fair compensation.

Article 654

If two movables belonging to different owners are attached in a manner that they cannot be separated without causing damage thereto, and the owners fail to reach an agreement in this regard, the court shall decide the dispute taking

into consideration the damage sustained, the condition of the parties, and whether the parties acted in good faith.

Fourth: Contract

Article 655

Ownership and other rights in rem associated with real property and movable property shall be transferred by way of contract if the subject of the contract to which the disposition relates is owned by the party making such disposition, in accordance with legal provisions.

Article 656

1. If the subject of a contract is a specific thing, its ownership shall be transferred by way of contract.
2. If the subject of a contract is of a specific type, the ownership of any unit thereof shall not be transferred except after apportionment thereof.

Article 657

If a legal provision stipulates a procedure for the transfer of ownership and other rights in rem, such transfer shall not take effect except upon completion of said procedure.

Fifth: Right of First Refusal

Article 658

Right of first refusal is the right of a partner to own a sold real property at the price for which it was sold along with the sale expenses.

Article 659

In case of multiple holders of a right of first refusal, each holder shall be entitled to said right in proportion to his share.

Article 660

If a person purchases a property subject to a right of first refusal and then sells said property to another person before the holder of the right of first refusal expresses his intention to exercise such right as stipulated in Article 666(b and c) of this Law, the holder of the right may only acquire such property by paying the price for which it was sold to the second buyer along with the sale expenses.

Article 661

The right of first refusal shall be established upon completion of the sale, provided that grounds giving rise to such right exist.

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Article 662

The holder of the right of first refusal may not exercise such right unless he owns his share of the real property at the time the buyer purchases the seller's share.

Article 663

If the right of first refusal is established in accordance with Article 661 of this Law, it shall not be forfeited upon the death of the seller, buyer, or holder of the right.

Article 664

The right of first refusal is indivisible. The holder of the right of first refusal may not invoke such right against the buyer for part of the real property, unless there are multiple buyers and a single seller; in such case, the holder of the right may choose to invoke such right against the shares of some of the buyers.

Article 665

There shall be no right of first refusal in the following cases:

a) If the transfer of ownership is not by sale.
b) If the sale is concluded between ascendants and descendants or between spouses.
c) If the real property is sold at auction in accordance with legal provisions.

Article 666

The right of first refusal shall be forfeited in the following cases:

a) If the holder of the right of first refusal explicitly or implicitly relinquishes such right, even if such relinquishment is made prior to the sale.
b) If the holder of the right of first refusal fails to notify the seller and the buyer of his desire to exercise such right within 10 days from the date of being notified by either the seller or the buyer regarding the exercise of such right, provided that such notification includes sufficient information about the buyer, the sold property, the price, and the terms of sale.
c) If the holder of the right of first refusal does not file a right of first refusal claim within 30 days from the date of notifying the seller and the buyer of his desire to exercise such right.

Article 667

A right of first refusal claim may not be heard upon the lapse of 180 days from the date on which the sale is registered.

Article 668

A right of first refusal claim may be filed against either the seller or the buyer. In a right of first refusal claim, the court may grant the holder of the right a grace period of 15 days to deposit all or part of the value of the sold property, at the

discretion of the court, with an entity to be designated by the Minister of Justice; otherwise, his right of first refusal shall be forfeited.

Article 669

Ownership of the sold real property shall be established to the holder of the right of first refusal from the date on which a ruling is issued establishing the right of first refusal or from the date on which the holder of the right amicably receives the property from the buyer, subject to the legal provisions governing the registration of real property.

Article 670

The holder of the right of first refusal shall subrogate the buyer against the seller in all his rights and obligations. The holder may, if he provides the seller with sufficient securities, benefit from the grace period granted to the buyer to pay the price.

Article 671

1. If a buyer makes at his own expense any addition to a real property upon which a right of first refusal is established for another person, or if he makes constructions or plantings thereon before he or the seller are notified by the holder of the right of his desire to exercise said right, the holder shall, if he chooses to exercise his right, pay, at the buyer's discretion, the expenses incurred by the buyer or pay an amount equal to the amount of appreciation to the real property due to the additions, constructions, or plantings.
2. If the additions, constructions, or plantings are made after the notification, the holder of the right of first refusal may, if he wishes to exercise his right, demand removal thereof at the buyer's expense with compensation, if applicable, or he may retain the constructions or plantings, provided that he pays the expenses incurred by the buyer or pays an amount equal to the amount of appreciation to the real property due to the additions, constructions, or plantings.
3. If the real property upon which a right of first refusal is established depreciates due to acts not committed by the buyer, or due to acts committed by him prior to the notification, the holder of the right may take the property for its full price or leave it, provided that the value of depreciation attributable to the buyer's acts after notification is deducted from the total value of the property.

Article 672

The holder of the right of first refusal may demand invalidation of the buyer's dispositions if he notifies the seller and the buyer of his desire to exercise said right; in such case, the holder's right shall remain in effect as long as its conditions are satisfied.

Sub-section 3: Effect of Possession on Ownership

Article 673

Possession is an act whereby a person acquires a thing and acts as the owner thereof.

Article 674

Possession of a movable property shall be deemed a presumption of ownership in the event of any dispute.

Article 675

1. A person who unknowingly infringes on a third party's rights shall be deemed a bona fide possessor, unless ignorance arises from gross negligence. Said possessor shall be deemed to be acting in good faith, unless proven otherwise.
2. A possessor shall no longer be deemed a bona fide possessor if he becomes aware of the defects of his certificate of possession or is notified of such defects in the statement of claim.

Article 676

1. A bona fide possessor shall acquire the fruits that he received during the period of his possession of the thing for the purpose of acquisition thereof.
2. A mala fide possessor shall be liable for all the fruits he received or failed to receive due to negligence as of the date he acted in bad faith, and he may recover any expenses he incurred in generating such fruits.
3. Natural or industrial fruits shall be deemed received as of the date of separation thereof; civil fruits, however, shall be deemed received day by day. Obtaining benefits shall be deemed tantamount to collecting civil fruits.

Article 677

1. An owner to whom a thing is returned shall pay to the possessor all the necessary expenses incurred thereby.
2. Useful expenses shall be subject to the provisions of Articles 651 and 652 of this Law.
3. The owner may not be compelled to repay luxurious expenses. The possessor may remove the additions for which he incurred such expenses, provided that he restores the thing to its original condition. The owner may decide to retain said additions against payment of their value as removed.

Article 678

1. A bona fide possessor shall not be liable for compensation due to any damage resulting from his utilization of the thing as an owner, and he shall not be liable for any destruction or damage except to the extent of the benefit that caused such destruction or damage.
2. A mala fide possessor shall be liable for the destruction or damage of the

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thing, even if it is due to a cause not attributable to him, unless he proves that the thing would have been destroyed or damaged even if it was in the possession of its owner.

Section 2: Rights Ancillary to the Right of Ownership

Sub-section 1: Right of Usufruct

Article 679

Usufruct is a right in rem whereby a usufructuary is entitled to use and exploit a thing owned by another person.

Article 680

A usufruct right is acquired by a legal disposition, by inheritance if the term of the usufruct is specified, or by the right of first refusal of an owner in common over a right of usufruct in a real property.

Article 681

The rights and obligations of a usufructuary shall be consistent with the grounds that gave rise to the right of usufruct, as well as the provisions set forth in this Sub-section.

Article 682

A usufructuary shall be entitled to the fruits of the thing subject of the usufruct for the term of the usufruct.

Article 683

1. A usufructuary shall use the thing subject of the usufruct within the limits agreed upon. If no agreement is made, he shall use the thing within the limits of the usual usufruct according to the intended purpose of the thing.
2. An owner may object to any use that is unlawful or inconsistent with the nature of the thing subject of the usufruct. He may, if he establishes that his rights may be prejudiced, demand that the usufructuary provides securities. If the usufructuary fails to provide such securities or if such use continues, the court may order confiscation of the thing and entrust the management thereof to a third party. The court may also, depending on the gravity of the situation and without prejudice to the rights of third parties, terminate the usufruct.

Article 684

A usufructuary shall, during the usufruct term, bear the usual expenses required for the safekeeping and maintenance of the thing subject of the usufruct. The owner shall bear any unusual expenses and the costs of major repairs which do not arise from the usufructuary's fault, but he shall not be required to incur

such expenses or carry out such repairs during the usufruct period. If, however, the usufructuary incurs the expenses or carries out the repairs, he shall have the right of recourse against the owner after returning the thing thereto.

Article 685

A usufructuary shall exercise reasonable care in safekeeping the thing subject of the usufruct. If such thing is destroyed or damaged without any fault or negligence on the part of the usufructuary, he shall not be liable for compensation.

Article 686

A usufructuary shall be liable for compensation if the thing subject of the usufruct is destroyed or damaged after the expiration of the usufruct period and the usufructuary did not return it to its owner prior to such expiration despite being able to do so, even if he did not use the thing after expiration of the usufruct period, unless he establishes that the thing would have been destroyed or damaged even if he had returned it to its owner.

Article 687

1. A usufructuary shall notify the owner in the following cases:
   a) If the thing subject of the usufruct is seized by another person or if a third party claims a right over the thing.
   b) If the thing subject of the usufruct is destroyed or damaged or requires major repairs the costs of which are borne by the owner.
   c) If it is necessary to take preventive measures against a hidden threat.
2. If the usufructuary fails to notify the owner in the cases provided for in paragraph (1) of this Article within a reasonable period, he shall be liable for compensation for any damage.

Article 688

1. If the usufructuary consumes the consumable items which accompany the thing subject of the usufruct, he shall return its equivalent upon the expiration of the usufruct period.
2. If the usufructuary dies prior to returning to the owner the equivalent consumable items provided for in paragraph (1) of this Article, the usufructuary's estate shall be liable therefor.

Article 689

A usufruct shall terminate if the usufructuary becomes the owner of the thing subject of the usufruct, unless the owner has an interest in maintaining the usufruct as if the thing is pledged.

Article 690

1. A usufruct shall terminate upon the expiration of its specified period. If a period is not specified, it shall terminate upon the usufructuary's death.

2. If the usufruct terminates upon the expiration of its period or upon the usufructuary's death, in accordance with paragraph (1) of this Article, and the land subject of the usufruct is still occupied with the usufructuary's unharvested crops, the usufruct shall continue until the harvest time of the crops and the rent for the extended period shall be determined according to market value, unless agreed otherwise.

Article 691

1. If the thing subject of the usufruct is destroyed, the usufruct shall terminate. However, if compensation is paid, the usufruct shall transfer to the compensation, and the usufructuary shall, upon termination of the usufruct, return the thing or a substitute thereof, as the case may be.
2. If the destruction is attributable to the owner's fault, he shall restore the thing to its original condition, if possible, and the usufructuary shall continue to use the thing.

Article 692

A usufruct shall terminate if relinquished by the usufructuary, without prejudice to his obligations to the owner of the thing subject of the usufruct nor to the rights of third parties.

Article 693

A claim of the right of usufruct may not be heard if a period of 10 years lapses without exercising such right.

Sub-section 2: Right of Use and Right of Habitation

Article 694

The right of usufruct may be limited to the right of use or the right of habitation.

Article 695

The right of use and the right of habitation shall be determined based on the needs of the holder of the right and his family, subject to custom and to the terms set out in the document under which said right is established.

Article 696

The right of use and the right of habitation may not be assigned to a third party, except pursuant to an explicit condition set out in the document establishing the right, or when necessary.

Article 697

The provisions governing the right of usufruct shall apply to the right of use and the right of habitation in a manner not inconsistent with the provisions and

nature of such rights.

Sub-section 3: Right of Endowment

Article 698

The right of endowment shall be subject to the legal provisions related thereto.

Sub-section 4: Right of Easement

First: Establishing a Right of Easement

Article 699

An easement is a right in rem that is established for the benefit of a real property owned by a person over a real property owned by another person.

Article 700

An easement shall be acquired by legal disposition or inheritance.

Article 701

If the owner of two separate real properties creates an apparent easement between such properties, the right of easement shall remain effective if one or both of the properties are transferred to other owners and their condition is unchanged, unless agreed otherwise.

Second: Some Types of Easement

Article 702

1. If a person has a right of way over a land owned by another person, the owner of such land may not prevent him from exercising such right.
2. Permission of passage on the basis of tolerance shall not establish a right of way.

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Article 703

The owner of a real property which has no access to a public road or whose access thereto is costly or burdensome may, against a fair compensation, exercise the right of way on an adjacent real property to a reasonable extent. Said right shall be exercised only on the real property the passage through which causes the least harm and on the part where such passage can be achieved.

Article 704

The owner of a high land may irrigate his land from natural drainage to the

extent of his needs as accepted by custom. Said owner shall thereafter allow the water to flow to lower land.

Article 705

If a person is authorized to create a channel or watercourse to irrigate his land, no person may use such channel or watercourse except with his consent or in accordance with legal provisions.

Article 706

A partner in a water source or common channel may not create a new channel therefrom except with the permission of the other partners.

Article 707

1. The right to use a watercourse is the right of a landowner to have irrigation water coming from a distant source, whether natural or artificial, reach his own land by flowing through the land of another person.
2. If the right to use a watercourse is established to a person, the owners of the lands through which such water flows may not prevent the holder of the right from exercising his right, even if it requires the establishment of facilities thereon, provided that the holder of the right pays advance compensation and that he, in exercising such right, does not substantially prejudice the landowner's right of enjoyment.

Article 708

A landowner whose land sustains damage due to the watercourse may demand the holder of the right to use the watercourse to repair the watercourse in order to rectify the damage. If the holder of the right fails to do so, the landowner may carry out such repairs at the expense of the holder of the right to the extent that is customarily acceptable.

Article 709

1. An owner of a lower land may not build a barrier to prevent the flow of water that flows naturally from a high land.
2. An owner of a high land may not carry out any act which would aggravate the disadvantageous situation of a lower land.

Article 710

No harmful water drainage may be made on the property of a third party or on a public or private road; the harm shall be removed even if old.

Third: Effects of Right of Easement

Article 711

The right of easement shall be subject to the rules set out in the document

establishing such right, the custom of the place where the real property is located, and the provisions of Articles 712-715 of this Law.

Article 712

1. The cost of the works necessary for exercising the right of easement and the maintenance thereof shall be borne by the owner of the dominant real property, unless agreed otherwise.
2. If the owner of the servient real property is required to carry out said works at his expense, he may be relieved from said requirement by surrendering the servient real property wholly or partially to the owner of the dominant real property.
3. If the works are beneficial to the owners of the dominant and servient real properties, the costs of such works shall be borne by both parties, each in proportion to their accrued benefits.

Article 713

The owner of the servient real property may not carry out any work that may affect the use of the right of easement or change its status, unless the easement becomes increasingly burdensome to the owner of the servient real property or prevents him from carrying out useful repairs. In such case, said owner may demand the easement be moved to a location that allows the owner of the dominant real property to exercise his right with the same ease exercised at the previous location.

Article 714

1. If the dominant real property is partitioned, the right of easement shall remain valid for each part thereof, provided that the servient real property is not prejudiced thereby.
2. If the right of easement only serves some parts of the dominant real property, the owner of the servient real property may demand that such right be terminated for the remaining parts.

Article 715

If the servient real property is partitioned, the right of easement shall remain valid on each part thereof. However, if the right of easement is not actually being exercised on some of the parts of the servient real property and cannot be exercised on such parts, the owner of each of such parts may demand termination of such right from his part.

Fourth: Termination of Right of Easement

Article 716

The right of easement shall terminate in the following cases:

a) If the term of the easement expires or the subject thereof ceases to exist.
b) If the dominant real property and the servient real property become owned

by a single owner.

c) If the use of the easement becomes impossible due to a change in the condition of the dominant and servient real properties; the right of easement shall be restored upon restoration of the previous conditions.
d) If the holder of the right relinquishes such right and notifies the owner of the servient real property of such relinquishment.
e) If the purpose for which such right was established to the dominant real property ceases to exist, or if the benefit diminishes in proportion to the burdens imposed on the servient real property.

Article 717

A claim of the right of easement shall not be heard if such right is not exercised for a period of 10 years.

Article 718

If an owner in common exercises the right of easement, the other owners in common shall benefit from the suspension of the statute of limitations. If the statute of limitations is interrupted for the benefit of any owner in common, the other owners shall benefit from such interruption.

Chapter 2: Ancillary Rights in Rem

Article 719

Ancillary rights in rem shall be subject to the legal provisions related thereto.

Concluding Provisions

Section 1: General Rules

Article 720

Without prejudice to the provisions of Article 1 of this Law, the rules set forth in this Article shall be applied in a manner not inconsistent with legal provisions, subject to their respective nature, conditions, and exceptions. Said rules shall comprise the following:

Rule 1

Matters shall be determined according to intentions.

Rule 2

In contracts, effect shall be given to intention and meaning, not to form.

Rule 3

Custom shall have legal effect.

Rule 4

A matter established by custom shall be equivalent to a matter established by text.

Rule 5

A matter established by custom shall be equivalent to a matter stipulated as a condition.

Rule 6

A matter deemed highly unlikely by custom shall be equivalent to a matter deemed impossible.

Rule 7

Certainty may not be dispelled by doubt.

Rule 8

A matter shall be presumed unaltered.

Rule 9

Freedom from liability shall be presumed.

Rule 10

Contracts and conditions shall be presumed valid and binding.

Rule 11

Claimed attributes shall be presumed false.

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Rule 12

A disputed time of an incident shall be determined according to the most likely time.

Rule 13

A statement shall not be derived from the silence of a person, but silence shall be tantamount to a statement where a statement is required.

Rule 14

No inference may be made in the face of an explicit statement.

Rule 15

Erroneous conjecture shall not be deemed valid.

Rule 16

Harm shall be removed.

Rule 17

Harm shall not be removed by a similar harm.

Rule 18

A greater harm shall be repelled by a lesser harm.

Rule 19

Preventing harm shall take precedence over gaining benefit.

Rule 20

If a prohibition and a benefit are in conflict, precedence shall be given to the prohibition.

Rule 21

Hardship shall beget facility.

Rule 22

The extent of necessity shall determine the extent of permissibility.

Rule 23

Necessity shall not invalidate the rights of others.

Rule 24

Words shall be presumed to reflect their literal meaning.

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Rule 25

Words shall be presumed to have meaning and shall not be disregarded.

Rule 26

The absolute shall be applied in its absolute sense, unless there is evidence of restriction, either by text or implication.

Rule 27

A description of a thing that is present shall be deemed inconsequential, but a description of a thing that is absent shall be deemed consequential.

Rule 28

An attachment shall follow the principal.

Rule 29

Flexibility may be exercised with attachments but not with other than attachments.

Rule 30

A condition enforced at the outset of a matter may be overlooked during the course of said matter.

Rule 31

The existence of an attachment shall be contingent upon the existence of the principal.

Rule 32

No opinion may be given in the presence of a text.

Rule 33

A person who takes possession of another person's property shall remain liable until such property is returned.

Rule 34

The person warranting a thing shall retain its yields.

Rule 35

A matter without which an obligation cannot be performed shall itself be deemed an obligation.

Rule 36

If the reason prohibiting a matter ceases to exist, such matter shall revert to its prior status.

Rule 37

The absence of an excuse permitting a matter shall render such matter prohibited.

Rule 38

What is forfeited may not be reinstated.

Rule 39

If the original rule cannot be applied, the alternative rule shall be applied

Rule 40

A person who attempts to renege on a matter shall be estopped.

Rule 41

Ignorance of the law is not an excuse.

Section 2: Entry into Force

Article 721

This Law shall enter into force 180 days following the date of its publication in the Official Gazette and shall repeal all provisions conflicting therewith.

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