

LAW
No. 7850, dated 29.7.1994

**FOR THE CIVIL CODE OF
REPUBLIC OF ALBANIA¹**

*(Amended by laws No. 8536, dated 18.10.1999; No. 8781, dated 3.5.2001; No. 17/2012, dated 16.2.2012¹; No. 121/2013, dated 18.4.2013; No. 113/2016, dated 3.11.2016; with **The decision of the Constitutional Court** No. 69, dated 27.12.2023)*

(updated)

Pursuant to Article 16 of Law No. 7491, dated 29.4.1991 “Për dispozitat kryesore kushtetuese”, on the proposal of the Council of Ministers,

PEOPLE'S PARLIAMENT
I OF THE REPUBLIC OF ALBANIA HAS DECIDED:

PART I
GENERAL PART

TITLE I
SUBJECTS OF CIVIL LAW

CHAPTER I
NATURAL PERSONS

A. Legal capacity
Article 1

Every natural person enjoys full and equal capacity to have civil rights and obligations, within the limits established by law.

Article 2

Legal capacity begins with the birth of the living person and ends with his death. The child, when born alive, enjoys legal capacity from the time of conception.

Article 3

Aliens enjoy the same rights and obligations as those recognized for Albanian citizens, except for exceptions provided by law.

Article 4

A natural person cannot have his civil rights restricted, except for exceptions established by law.

¹ Ligj nr. 17/2012, datë 16.2.2012 në nenin 4 shprehet;

“Për çështjet civile me objekt shpërblimin e dëmit jopasuror ndaj reputacionit, që janë ende në proces në ditën e hyrjes në fuqi të këtij ligji, do të zbatohet legjislacioni civil në fuqi, në kohën e ngritjes së padive për shpërblimin e dëmit jopasuror.”

A legal act that restricts the legal capacity of a natural person is void.

B. The right to a name

Article 5

Every natural person has the right and obligation to have his name and surname, which are assigned according to law. A person who is denied the right to use them or is harmed by the unjust use made by others may request in court the use of his own name or surname, the cessation of the harm, as well as compensation for the corresponding damage.

This request may also be submitted by persons who, although they do not bear the name or surname that has been infringed or unjustly used, have family interests worthy of protection.

When the court accepts the claim, it orders the publication of the decision in the Official Gazette. At the request of the plaintiff, the court may also order the publication of its decision in other newspapers. The pseudonym used by the natural person enjoys the same protection.

C. Legal capacity to act

Article 6

A person, upon reaching the age of eighteen, acquires full legal capacity to acquire rights and assume civil obligations through his actions.

Full legal capacity to act is also acquired through marriage by a woman who has not attained the age of eighteen. She does not lose this capacity even when the marriage has been declared invalid or has been dissolved before reaching the age of eighteen.

Article 7

A minor who has reached the age of fourteen may perform legal acts only with the prior consent of his legal representative. Nevertheless, he may be a member of social organizations, dispose of what he earns through his work, deposit his savings, and dispose of these deposits himself.

Article 8

A minor who has not reached the age of fourteen lacks legal capacity to act. He may perform legal acts suited to his age and which are executed immediately, as well as legal acts that are of benefit to him without any compensation. Other legal acts are carried out on his behalf by his legal representative.

Article 9

A minor between the ages of fourteen and eighteen who is unable to care for his affairs due to mental illness or mental impairment may be deprived of legal capacity to perform legal acts by court decision. These acts may only be carried out through his legal representative.

Article 10

An adult who, due to mental illness or mental impairment, is wholly or partially unable to manage his affairs may be deprived of or have his legal capacity to perform legal acts restricted by court decision.

Article 11

A legal act that restricts the capacity to act is invalid.

C. Residence and stay

Article 12

Residence is the place where a person, due to work or permanent service, the presence of property, or the pursuit of his own interests, usually or predominantly stays.

Every adult has the right to freely determine his place of residence.

A person cannot have more than one place of residence at the same time.

This provision does not apply to the place of residence of the trader's activity.

Article 13

A child who has not reached the age of fourteen has as his residence that of his parents.

When parents have different residences, their child under fourteen years of age has as his residence that of the parent with whom he lives.

A person who has been deprived of capacity to act and children under guardianship have as their residence that of their legal representative.

Article 14

The stay of a person is the place where he is located to perform certain work or duties, to attend a particular school or course, to receive medical treatment, to serve a criminal sentence, and for other cases of this nature.

D. Declaration of disappearance and death of a person

Article 15

A person who is absent from his place of residence or last place of stay and about whom there is no news for more than two years, may be declared missing by court decision upon the request of any interested party.

When the date of the last news cannot be determined, the above-mentioned time limit begins from the first day of the month following the month in which the last news was received. When the month cannot be determined, the time limit begins from January 1 of the following year.

Article 16

Upon declaration of the disappearance of a person, a guardian shall be appointed for the administration of his property.

The court decision by which a person is declared missing shall be published in the Official Gazette and sent for registration to the relevant civil status office.

Article 17

A person who has been declared missing, upon the request of any interested party, may be declared dead by court decision when four years have passed without any news from the date he was declared missing.

Article 18

A person who has gone missing during military operations and whose disappearance is verified by the competent military authorities, if two years have passed without any news from the date the peace agreement enters into force or three years from the end of the military operations, may be declared dead by court decision, without the need to first be declared missing.

Article 19

A person who has gone missing during a natural disaster or in circumstances that make it believable that he has died may be declared dead by court decision when two years have passed without any news from the date the disaster occurred, without the need to first be declared missing.

When the exact day on which the disaster occurred cannot be determined, the two-year period begins on the first day of the month following the month in which the disaster occurred; and if the month cannot be determined either, the period begins on the first day of January of the following year.

Article 20

When two or more persons have died and it cannot be proven which of them died first, for legal purposes, it is considered that they all died at the same time.

Article 21

When the death of a missing person is declared, the date on which it occurred is determined. When this date cannot be established with certainty, the court determines it according to the rules set out in the articles of this Code.

At the request of any interested party, the court that issued the decision may change the date of death when it is proven that the person died on another day.

Article 22

Death declared by court decision is, for all legal consequences, equivalent to actual death.

The court decision by which a person is declared dead is published in the Official Gazette and sent for registration to the relevant civil status office.

Article 23

When a person who has been declared dead is found to be alive, at his request or at the request of any interested party, the decision is annulled by the court that issued it.

A person who is found to be alive has the right to claim his property and any property acquired through it, even from third parties who have acquired it from those to whom the property was transferred due to the declaration of his death, within the limits and conditions provided by this Code and by the Family Code.

CHAPTER II LEGAL PERSONS

A. General provisions **The content of the legal person**

Article 24

Legal persons are public and private.

Article 25

Public legal persons are state institutions and enterprises that are financed either independently or by the state budget, as well as other public entities recognized by law as legal persons.

Institutions and state entities that do not pursue economic objectives are not registered.

Article 26

Private legal persons are companies, associations, foundations, and other entities of a private nature, which acquire legal personality in the manner prescribed by law.

The name of the legal person

Article 27

The legal person has its full and abbreviated name. The name of every company or other organization that carries out economic activity is its trade name, which must especially reflect the purpose of this activity.

The seat of the legal person

Article 28

The legal person has its seat where its managing body is located, except when otherwise provided in its statute or act of establishment.

The legal capacity of the legal person

Article 29

The legal person has the capacity to acquire rights and assume civil obligations from the moment of its establishment and, when the law provides that it must be registered, from the moment of registration.

Article 30

The legal person may perform any legal act permitted by law, in the act of establishment, or in the statute.

Article 31

The legal person acts through its bodies provided for by law, in the act of establishment, or in the statute, which express its will.

Legal acts performed by the bodies of the legal person, within their powers, are considered as performed by the legal person itself.

The liability of the legal person

Article 32

The legal person is liable for damages caused by its bodies in the course of fulfilling their duties.
The legal person is liable for its obligations within the limits of its property. Persons who have acted in the capacity of a body of the legal person have personal liability for compensation of damages caused by their fault.

Article 33

The state and state legal persons are not liable for each other's obligations, except when this is accepted by them or expressly provided for by law.

Termination of the legal person

Article 34

The legal person terminates according to the procedure specified in the act of establishment, in the statute, or in the law.

Article 35

Upon termination, the legal person ceases its activity and is put into liquidation.

Article 36

The transfer of rights and obligations in case of termination of the legal person, for which registration is required, produces effects from the time of registration.

When registration is not required, the transfer of rights and obligations in the cases provided for in the preceding paragraph produces effects from the time of approval of the relevant balance sheet, in the manner provided by law, by the relevant body that created it or in the statute.

Liquidation of the legal person

Article 37

The liquidation of a terminated legal person is carried out by realizing the rights and paying the obligations by liquidators appointed by the body that decided its termination.

The Commission carries out the liquidation according to the relevant legal provisions, the statute, or the act of establishment.

Article 38

When a legal person is terminated because it has conducted unlawful activity, the property remaining after liquidation passes to the state. The liquidation of a bankrupt legal person is regulated by law.

B. Associations

Establishment of associations

Article 39

(As amended by Law No. 8781, dated 3.5.2001)

An association is a legal person established by the free will of five or more natural persons or not fewer than two legal persons who pursue a specific, lawful purpose, for the benefit and in the interest of the public or its members.

Article 39/1

(Added by Law No. 8781, dated 3.5.2001)

The association has the right to own movable and immovable property, to generate income through the administration of these properties, as well as to carry out other activities, in accordance with the law and the purpose and subject matter of the association's activity, as provided in its statute.

The income generated by the association must be used solely for the realization of activities foreseen in the purpose and subject matter of the activity provided for in its statute.

The association is not permitted to carry out profit-making activities.

Article 40

(Paragraph added and first sentence amended by Law No. 8781, dated 3.5.2001)

The act for the establishment of the association, at the request of its founders, is registered in court.

The rules for the organization and functioning of the association are determined in its statute, which must be drafted in writing and must contain in particular:

- a) the name and purpose of the association, its headquarters and the territory in which it will carry out its activity;
- b) the conditions for admission and removal of members, as well as their rights and duties;
- c) the governing bodies of the association, the manner of their formation and their competencies;
- c) the deadlines, the manner of convening, and the competencies of general meetings and of delegates;
- d) the source of its material means, as well as the contributions or quotas that each member must provide;
- dh) the manner of amendment of the statute and the dissolution of the association.

Article 41

(First paragraph amended by Law No. 8781, dated 3.5.2001)

The association is established by the meeting of the founders, in which the statute is approved and its governing bodies are elected. The association, upon its request, is registered in court according to the manner provided by law.

The court verifies the conformity of the statute with the law.

Article 42

(Amended by Law No. 8781, dated 3.5.2001)

The association acquires the status of a legal person from the day of its registration in court. Until the day of registration, the founders of the association may carry out the actions necessary for its establishment and fulfillment of the conditions for its registration.

Article 43

(Amended by Law No. 8781, dated 3.5.2001)

The association has the right to establish its branches wherever it deems reasonable, in order to achieve the purpose and subject matter of the association's activity.

Article 43/1

(Added by Law No. 8781, dated 3.5.2001)

The cases and methods of supervision of the activities of associations by the competent state authorities are expressly provided for by law.

Organization of the association

Article 44

The general meeting of members or their representatives is the highest body of the association. It is convened by the governing body, according to the relevant provisions of the statute, as well as when requested by one fifth of the members.

Article 45

The general meeting decides on the admission or exclusion of members and on any other matter that has not been assigned to the competence of another body of the association.

It exercises in particular the supervision over the income and actions of the association, as well as over its property assets.

Article 46

(Second paragraph amended and third paragraph added by Law No. 8781, dated 3.5.2001)

All members of the association have equal voting rights in the general meeting.

A member of the association does not participate in discussion and voting in cases where he himself or his spouse, children, relatives by blood or marriage are in a conflict of interest with the association regarding a matter on the agenda.

Decisions on amending the statute and on the dissolution of the association are approved by a majority of all members of the association, except where a higher voting majority is provided for in the statute.

Article 47

The governing body has the right and duty to look after the interests of the association, to protect them, as well as to represent the association according to the competences granted by the statute.

Membership in the association

Article 48

The admission of new members who meet the necessary conditions may be allowed at any time.

The right to resign is guaranteed, but provided that notice has been given at least six months before the end of the calendar year or within the period specified in the statute.

Article 49

The right of membership in the association cannot be transferred or inherited.

Article 50

(First paragraph amended by Law No. 8781, dated 3.5.2001)

A member who leaves or is excluded from the association is liable for its obligations to third parties up to the moment of their departure and has no rights over its movable or immovable property.

They have the duty to pay their dues for the time during which they have been members of the association.

Article 51

Every member has the right to challenge before the competent court the decisions of the association that are contrary to the law or the statute.

This objection may be made within one month from the day the member received notification of that decision.

Dissolution

Article 52

(Amended by Law No. 8781, dated 3.5.2001)

The dissolution of the association takes place:

- a) by decision of the general meeting of its members;
- b) when the number of members is below the minimum number set out in this Code or in the statute;
- c) when the purpose of the association has been fulfilled or can no longer be fulfilled;
- c) when it is proven that the association has carried out unlawful activities;
- d) in other cases provided for by law.

The court, in the cases provided for by law, may order the dissolution of the association, upon the request of any member of the association, its decision-making bodies, as well as the competent state authorities.

Article 53

(Amended by Law No. 8781, dated 3.5.2001)

When the dissolution of the association is decided, it goes into liquidation and is deregistered according to the rules provided by law.

Article 53/1

(Added by Law No. 8781, dated 3.5.2001)

The court, after having heard the opinion of the entity that requested the dissolution of the association, decides on the allocation of the assets remaining after its dissolution, in accordance with the rules provided in the statute, as well as taking into consideration their destination and the fundamental purpose for which the association was founded.

C. Foundations

Method of establishment

Article 54

(Amended by Law No. 8781, dated 3.5.2001)

A foundation is a legal person without membership that has as its subject matter the achievement of a lawful purpose through the allocation of property for the benefit and interest of the public.

Article 55

(First paragraph amended by Law No. 8781, dated 3.5.2001)

Foundations are established by natural or legal persons by notarial deed or by will. The act for the establishment of the foundation, at the request of its founders, is registered with the court.

The act of establishment specifies in particular the names of the founders, the purpose of the foundation, the components of the property (money, securities, or movable and immovable items), the sources and method of financing, the governing bodies, their competencies, as well as the names of the members of the administration.

Article 56

(Amended by Law No. 8781, dated 3.5.2001)

The foundation acquires the status of a legal person from the date of its registration with the court. Until the date of registration, the founders of the foundation or the executor of the will may perform actions necessary for its establishment and the fulfillment of the conditions for its registration.

Article 56/1

(Added by Law No. 8781, dated 3.5.2001)

The foundation has the right to own movable and immovable property, to generate income through the management of these assets, as well as through the exercise of other activities, in accordance with the law and the purpose and object of the activities provided for in the statute of the foundation.

The income generated by the foundation must be used solely for the realization of activities provided for in the purpose and object of the activity as set out in its statute.

The foundation is not allowed to carry out profit-making activities.

Article 57

The act of establishing the foundation may be revoked by the founders before registration or when the relevant activity has not yet commenced.

The act of establishment of the foundation may be challenged by the heirs or by the creditors of the founder.

The exercise of the foundation's activity

Article 58

The bodies of the foundation, the manner of their formation, and their powers are determined by the act of establishment.

Every foundation carries out its activity based on the provisions of the applicable legislation and its act of establishment.

Article 59
(Amended by Law No. 8781, dated 3.5.2001)

The cases and manner of supervision of the activities of foundations by the competent state authorities are expressly provided for by law.

Article 60
(Repealed by Law No. 8781, dated 3.5.2001)

Article 61

Property disputes in which the foundation is a party are resolved by the competent court.

Article 62
(Amended by Law No. 8781, dated 3.5.2001)

The dissolution of the foundation is carried out:

- a) by decision of its highest decision-making body;
- b) when the purpose for which it was established has been fulfilled or when its purpose can no longer be fulfilled;
- c) when it is established that the foundation has begun to carry out unlawful activity;
- c) in other cases provided for by law.

The court, in the cases provided for by law, may decide on the dissolution of the foundation at the request of any of its founders, the decision-making bodies of the foundation, as well as the competent state authorities.

Article 63
(Amended by Law No. 8781, dated 3.5.2001)

The court, after having obtained the opinion of the entity that has requested the dissolution of the foundation, decides on the destination of the property remaining after its dissolution, in accordance with the rules provided for in the statute and taking into account their destination and the fundamental purpose for which the foundation was established.

TITLE II
REPRESENTATION

CHAPTER I
MEANING AND TYPES OF REPRESENTATION

Meaning of representation
Article 64

By representation, a person (the representative) performs, within the powers granted by law, by power of attorney, or by the court, legal actions in the name and on behalf of another natural or legal person (the represented).

Representation is not permitted when the legal act must, according to the law, be carried out by the person themselves.

A person who does not have full legal capacity to act may not act as a representative.

The limits and consequences of representation

Article 65

The powers of legal representation are determined by the provisions of the law that grant this capacity, while the powers of a representative appointed by the represented person are determined by power of attorney.

The representative's powers may also be inferred from the circumstances in which the respective legal actions are carried out.

Article 66

Legal actions carried out by the representative, within the powers granted, create direct consequences for the represented.

Article 67

The representative may not carry out legal actions on behalf of the represented either with themselves or with other persons represented by them, except when the represented has expressly permitted this, or when the content of the legal action does not harm their interests.

Article 68

When two or more representatives are appointed to carry out a legal action, each of them may carry it out without the participation of the other representatives, except when otherwise provided in the power of attorney.

Article 69

The representative is obliged to act personally and may not appoint a substitute, except when permitted by the represented person, when the property mentioned in the power of attorney is located outside the territory of the district where the representative resides, as well as when the appointment of the substitute is considered necessary for the protection of the interests of the represented. The representative must immediately inform the represented person of the substitute they have appointed, otherwise they are liable for the actions of the substitute.

The substitute may be removed at any time by the represented person or by the representative who appointed them.

Representation by power of attorney

Article 70

The power of attorney is the document in which the represented person, of their own free will, has determined the nature and scope of the authorisations granted to the representative.

Article 71

The power of attorney is general when the represented person has granted the representative the authority to perform various legal acts related to an entirety of the rights of the represented person, except for those that have been expressly excluded.

The power of attorney is special when the represented person has granted the representative the authority to perform one or several specified legal acts, which are characterised by a common purpose.

Article 72

The power of attorney is always made in writing. Any power of attorney to enter into a contract which, according to the law, may only be concluded by a notarial act, must also be executed in this form, otherwise it is invalid. The power of attorney for carrying out acts before the courts and other state institutions must also be made by notarial act, except in cases where legal provisions allow it to be made in simple written form.

The power of attorney on behalf of public and private legal persons may also be executed solely with the signature of its administrator and the respective stamp, except when the law requires that the legal act be performed by notarial act.

Article 73

A power of attorney to collect postal consignments or money from post offices or banks up to a specified sum, a power of attorney to collect salaries and other remunerations arising from employment relationships, as well as a power of attorney to collect pensions, assistance, and scholarships, may also be certified by:

- a) the administrator of the city neighborhood or the village elder;
- b) the administrator of the legal person or its branch, where the represented person is in an employment relationship or attends school;
- c) the administrator of the healthcare institution where the represented person has been admitted for treatment;
- c) the command of the military unit where the represented person serves;
- d) the administrator of the institution where the represented person is detained or is serving a sentence of deprivation of liberty.

Article 74

Amendments to the power of attorney must be made known to third parties through appropriate means. In the absence of such notifications, these amendments cannot be asserted against third parties, except when it is proven that they were aware of the amendments to the power of attorney at the time the legal act was performed.

Article 75

The represented person may revoke the power of attorney and the representative may renounce it at any time. Any agreement to the contrary is invalid.

Termination of the power of attorney

Article 76

The power of attorney terminates when:

- a) the representative has performed the legal acts for which it was granted;
- b) the term for which it was granted has expired;
- c) the representative or the represented person has died, or when either of them has lost legal capacity to act;

- c) the legal person representing or represented has ceased to exist;
- d) the represented person has revoked the power of attorney or the representative has renounced it. After the termination of the power of attorney, the representative, at the request of the represented person, must return the power of attorney document to him.

Representation after amendments or termination of the power of attorney

Article 77

Legal acts performed by the representative, after amendments made to the power of attorney or after its termination, are binding on the represented person or his heirs, in case the third parties with whom those legal acts were performed were not aware of the amendments or the termination of the power of attorney.

Representation without authority

Article 78

When a natural or legal person acts as a representative without having this capacity, as well as when the representative has exceeded the authority granted, the legal act performed under these circumstances is not binding on the person in whose name it was performed, except when that person has subsequently approved it.

When approval has not been given, the third party who acted in good faith has the right to claim compensation for damages from the representative.

TITLE III LEGAL ACTS

CHAPTER I GENERAL PROVISIONS

Definition of legal act

Article 79

A legal act is the lawful manifestation of will by a natural or legal person, which aims to create, modify, or extinguish civil rights or obligations.

A legal act may be unilateral or bilateral.

Forms of legal acts

Article 80

A legal act may be performed in writing, orally, or by any other unequivocal manifestation of will.

The document may be simple or a notarial act.

Article 81

A legal act in writing must be signed by the person performing it.

Article 82

A person who does not know how, or who, due to illness or physical disabilities, cannot sign, assigns another person for this purpose.

The signature of this person must be certified by a notary, stating the reason why the person who has performed the legal act was unable to sign it personally.

For acts performed in banks and other credit institutions, in post offices or customs offices, the signature of this person is certified by an authorized employee of these institutions.

Article 83

A legal act for the transfer of ownership of immovable property and of real rights over them must be executed by notarial deed and registered; otherwise, it shall not be valid.

A legal act that is not carried out in the form expressly required by law is invalid. In other cases, the legal act is valid, but it cannot be proven by witnesses.

Conditional legal acts

Article 84

A legal act is conditional when the creation or extinction of the rights and obligations provided for therein depends on an event the occurrence of which is uncertain.

Article 85

A condition is suspensive when the rights and obligations arise if the event occurs.

A condition is resolutive when the rights and obligations are extinguished if the event occurs.

Article 86

When the fulfilment of the condition has been prevented in bad faith by the party who would benefit from its non-fulfilment, the condition shall be deemed to have been fulfilled.

When the fulfilment of the condition has been caused in bad faith by the party who would benefit from its fulfilment, the condition shall be deemed not to have been fulfilled.

Article 87

When the right that depends on the fulfilment of the condition is impaired or lost as a result of acts performed by the party conditionally obliged, such party must compensate the damage caused if the condition is fulfilled.

Article 88

The consequences related to the fulfilment of the condition commence from the moment the condition is fulfilled, except when it results from the content of the legal act that such consequences must commence at an earlier time.

Legal acts with a term

Article 89

The term of a legal act is the specified moment from which its legal effect or some of its effects begin or cease.

Article 90

The term is suspensive when it is provided in the legal act that its consequences begin from a specified moment.

The term is resolutive when it is provided in the legal act that its consequences cease at a specified moment.

Calculation of terms of legal acts

Article 91

When a term is set in days, the day on which the event or the time from which it is to commence occurs is not counted.

A term that is set in weeks, months, or years ends with the passing of the day in the last week or last month that bears the same name or number as the day on which it began. When such a day is absent in the last month, the term ends with the passing of the last day of that month.

When the last day of a term falls on a day of rest, the term ends on the working day following that day of rest.

CHAPTER II INVALIDITY OF LEGAL ACTS

Invalid legal acts

Article 92

Invalid legal acts do not create any legal consequences. Such acts are those that:

- a) are in contradiction with a mandatory provision of the law;
- b) are carried out to defraud the law;
- c) are carried out by children under the age of fourteen;
- c) are made by agreement of the parties without the intention of producing legal effects (fictitious or simulated).

Article 93

When a legal act is performed with the intention of concealing another legal act, the latter is valid if it fulfills all the necessary conditions for its validity.

A fictitious or simulated legal act does not prejudice third parties who have in good faith acquired rights based on it.

Legal acts that are declared invalid

Article 94

Voidable are called those legal acts which are valid until the court, upon the request of the interested party, declares them invalid. Such are the legal acts carried out by:

- a) minors over fourteen years of age, when the legal act has been carried out without the consent of the parent or guardian;
- b) persons who, due to mental illness or impaired mental development, have had their capacity to act removed or restricted, when the legal act has been carried out without the consent of the guardian;
- c) persons who, at the time of performing the legal act, were not aware of the significance of their actions, even though at that time their capacity to act had not been removed;

c) the person who has carried out the legal act while being deceived, threatened, in error, or due to great necessity.

The annulment of these acts may also be requested after the death of the relevant person, but only when, prior to death, the removal of his capacity to act has been requested.

Article 95

Fraud may cause the legal act to be declared null and void when the lie used by one party to mislead the other party is such that, without it, the latter would not have entered into the legal act.

When the fraud has been committed by a third person, the defrauded party may request the declaration of invalidity of the legal act only when, at the time of its performance, the other party knew or ought to have known of the fraud.

Article 96

Threat may cause the legal act to be declared null and void, when it is such as to frighten the person that he himself, his spouse, descendants, or ascendants will suffer an unjust and serious physical or material harm.

Threat may also be carried out by a third person who does not participate in the legal act.

Article 97

Mistake may cause the legal act to be declared null and void only if it concerns the quality of the object, the identity or qualities of the other person, or circumstances so essential that, without them, the party would not have entered into the legal act.

Article 98

A mistake in calculation does not result in the declaration of the legal act as null and void, but only its correction, except when the mistake in quantity has been decisive for the agreement.

Article 99

The legal act may be declared null and void in cases where, due to great need, the obligations undertaken by one party are entirely negligible in comparison with the benefits gained by the other party from the legal act.

Article 100

The legal act performed by the representative may be declared null and void at the request of the represented person when the will of the representative is defective.

When the defect concerns elements determined by the represented person, the legal act may be declared null and void only if the will of the represented person was defective.

Article 101

When, in a legal act, the determination of good or bad faith, or of knowledge or lack of knowledge of certain circumstances, constitutes decisive conditions for the validity or invalidity of the legal act, the person of the representative is taken into account, except when it concerns circumstances determined by the represented person.

The represented person who is in bad faith may not in any case benefit from the representative's lack of knowledge or good faith.

Article 102

The legal act performed to the detriment of the represented person due to a bad faith agreement between the representative and the third party may be declared null and void with respect to the represented person.

Limitation period for the claim

Article 103

The claim to request that a legal act be declared null and void is time-barred after five years.

Article 104

The time limit for filing the claim begins:

- a) for legal acts performed by persons who have been deprived of or have had restricted legal capacity to act, from the day they come of age or their capacity to act has been restored;
- b) for legal acts performed by fraud, coercion, or mistake, from the day the fraud or mistake is discovered, or the coercion has ceased, but in any case, not more than three years from the day the legal act was performed;
- c) in other cases, from the day the legal act was performed.

Article 105

A legal act that is declared null and void is considered as such from the moment it was performed.

Consequences of the invalidity of the legal act

Article 106

When a legal act is invalid because it is contrary to the law, or it has been performed with the purpose of defrauding the law, everything that the parties have given to each other is seized and transferred to the state's revenues, and when it is not possible to seize the same thing, its value is claimed.

When one of the parties has acted in good faith, the court may decide that everything given by this party shall be returned to it, and when the same thing cannot be returned, its value shall be paid.

Article 107

When a legal act is declared null and void because it was performed by fraud, duress, out of great necessity, or because the required legal form is lacking, each party must return to the other party everything that it has received from it, and, when it is not possible to return the same thing, its value must be paid.

Article 108

When a legal act is found to be invalid because it was performed by a child who has not reached the age of fourteen, or is declared invalid because it was performed by a child who has reached the age of fourteen but without the consent of his parent or guardian, each party is obliged to return to the other party everything that it has received from it, and when it is not possible to return the same thing, to pay its value. In addition, the party that has legal capacity is obliged to compensate the child for the damage that he has suffered because the legal act is found or declared invalid.

Article 109

When a legal act is declared invalid because it was performed by a person who has been completely deprived of legal capacity, or because it was performed by a person whose legal capacity has been restricted and without the consent of his guardian, or because it was performed by a person who, at the time of performing the legal act, was not aware of the significance of his actions, each party is obliged to return to the other party everything that it has received from it, and when it is not possible to return the same thing, to pay its value. In addition, the party that had legal capacity is obliged to compensate the other party for the damage that this party has suffered as a result of the legal act being declared invalid, if it knew or should have known that the other party did not have legal capacity or was not aware of the significance of his actions.

Article 110

When a legal act is declared invalid because one of the parties was in error, each party is obliged to return to the other party everything that it has received from it, and when it is not possible to return the same thing, to pay its value. In addition, the party that requested the legal act to be declared invalid is obliged to compensate the other party for the damage that it has suffered as a result of the legal act being declared invalid, except in cases where it proves that it is not at fault for falling into error or that the other party knew or should have known about the error.

Article 111

When the cause of invalidity affects only a part of the legal act, it remains valid in its other parts, except when, according to the content of the legal act, these parts form an inseparable relationship with the invalid part of the legal act.

TITLE IV LIMITATION OF ACTION AND LAPSE OF RIGHTS

CHAPTER I GENERAL PROVISIONS

Content Article 112

The right of action that has not been exercised within the time limit set by law is extinguished and can no longer be enforced by the court or by any other competent authority.

Actions not subject to limitation Article 113

They are not subject to limitation:

- a) action for the restoration or protection of a non-proprietary personal right, except for exceptions specified by law;
- b) actions for recognition;
- c) action for partition among co-owners;
- c) action for the return of amounts deposited in the bank;
- d) other actions provided for in specific legal provisions. Requests for the compulsory enforcement of decisions related to actions for which limitation does not apply are also not subject to limitation.

Limitation periods

Article 114

Unless otherwise provided by law, all actions between legal persons, between them and natural persons, as well as between natural persons themselves are subject to limitation within ten years.

Article 115

(Added letter "e" by Law No. 17/2012, dated 16.2.2012)

They are subject to limitation within the following periods:

- a) six months for actions for the payment of evaluative penalty clauses;
- b) one year for actions arising from freight forwarding contracts;
- c) six months for actions arising from the direct carriage of goods and passengers by rail, motor vehicles or aircraft, and one year for the same actions arising from sea or combined transport;
- c) two years for actions for the payment of compensation under the insurance and reinsurance contract, as well as the relevant amount arising from compulsory insurance;
- d) three years for actions for the payment of rents for dwellings, shops, premises, and other immovable property;
- d) three years for actions for compensation for non-contractual damage and actions for the return of property benefit without right.
- e) one year for actions for compensation for non-property damage for infringement of honor, personality, or reputation.

Other actions are time-barred within the special time limits specified in this Code or in other laws.

Article 116

The agreement of the parties to modify the limitation periods and any provision of this chapter is invalid.

Article 117

The limitation period begins from the day the subject acquires the right to bring an action.

Article 118

In contractual obligations with a term for performance, the limitation period for the action begins from the day when this term is fulfilled.

When the obligation consists of periodic payments, for each of them, the limitation period starts separately.

For contractual obligations without a term and for obligations that are performed at the request of the creditor, the limitation period begins from the day the obligation arises.

Article 119

For the claim for the recovery of the object, the limitation period for the action begins from the day the owner became aware or should have become aware of the infringement and the infringer of his right.

Article 120

For claims for compensation for non-contractual damage, the limitation period for the action begins from the day the injured party knew or should have known about the damage suffered and the person who caused it.

Article 121

For the return of the amount of money or object that has been acquired or saved without cause, the limitation period for the action begins from the day the injured party knew or should have known about the acquisition or saving without cause realized by the relevant person.

Article 122

For claims regarding inheritance, the limitation period for the action begins from the day the inheritance is opened.

Article 123

For actions for return, the limitation period for the action begins from the day the claimant has voluntarily paid, on the basis of a legal or contractual obligation, to a third party, for the fault of the defendant, the amount of money or object requested through this action, or from the day when the decision of the court or relevant arbitration has been given, from which the recourse action has arisen.

Article 124

The limitation of the action for the principal claim causes the limitation of actions for claims arising from it, regardless of whether the respective limitation period for these has been completed or not.

Request of the interested party

Article 125

The completed limitation period cannot be taken into account by the court or other competent authority on its own initiative, but only at the request of the interested party.

Waiver of limitation period

Article 126

Waiver of the limitation period is permitted only after its expiry.

Article 127

The claim that the limitation period has expired may also be exercised by creditors and by anyone who has an interest, in cases where the relevant party has exercised it themselves.

Fulfillment of the obligation after the expiry of the limitation period

Article 128

A debtor who has fulfilled their obligation after the expiry of the limitation period cannot request the return of the sum of money or the item which has been given voluntarily, even if they were unaware that the limitation period had expired.

CHAPTER II

SUSPENSION AND INTERRUPTION OF LIMITATION PERIOD

A. Suspension of limitation period

Article 129

The limitation period is suspended:

- a) between spouses until the day when the court decision dissolving the marriage has become final;
- b) between children and parents as long as the latter exercise parental responsibility;
- c) between persons under guardianship and their guardians as long as the guardianship continues;
- ç) for the claims of persons whose property has been placed under administration, against the respective administrators appointed by the court or by another competent state authority, until the final report of accounts has been approved;
- d) for the claims of minors and other persons who lack legal capacity to act until a representative is appointed for them or they acquire such capacity, as well as for six months after the representative has been appointed or after they have acquired the capacity to act;
- dh) for claims of the legal person against its administrators, as long as they continue to hold that position;
- e) for claims seeking the respective compensation, arising from injury to health or from causing death, the suspension of prescription continues from the day the request has been submitted to the state social insurance body and until the day the pension has been granted or that request has been refused;
- ë) when there is force majeure.

Article 130

The period of suspension is not counted within the limitation period. When, after the removal of the suspending cause, the time remaining to complete the prescription is less than six months, it is extended to six months.

B. Interruption of prescription

Article 131

Prescription is interrupted:

- a) by any act of the obligated natural or legal person, which constitutes an accurate and complete acknowledgment of the creditor's right;
- b) by the filing of the claim, counterclaim or recourse, even in a court or arbitration tribunal which does not have territorial or subject-matter jurisdiction to examine the case;
- c) by any act that puts the debtor in default;
- ç) by the submission of the request for the compulsory enforcement of a court or relevant arbitration decision, as well as of any other enforceable title.

Article 132

The prescription interrupted against one of the joint debtors or one of the spouses of an indivisible obligation is also extended to each of these other debtors.

Article 133

The prescription interrupted against the principal debtor is also extended to the relevant guarantor.

Article 134

The time elapsed before the interrupting cause was established is not counted, and after this cause ceases, a new prescription period begins.

Article 135

When the prescription is interrupted due to the filing of the claim or counterclaim, the new prescription period begins on the day the decision resolving the case on the merits becomes final.

When the dismissal of the claim has been decided without resolving the case on the merits, or if the proceedings have been discontinued, the prescription is not considered interrupted.

Calculation of prescription periods

Article 136

The prescription period for the claim, which is set in weeks, months, or years, ends upon the passing of that day of the last week or the last month which has the same name or number as the day on which the period began and, when such a day is missing in the final month, the period ends upon the passing of the last day of that month.

When the last day of the prescription period falls on a non-working day, the last day is considered to be the first working day following that non-working day.

CHAPTER III PRECLUSION (DECADENCE)

Article 137

When a right must be exercised within a preclusive period, the provisions that regulate the interruption of prescription do not apply. Furthermore, grounds for suspension do not apply, except in exceptional cases, when the law itself permits suspension of the preclusive period.

Article 138

Any agreement which sets preclusive periods that make it excessively difficult for one of the parties to exercise the respective right is invalid.

Article 139

The parties cannot amend the legal provisions regulating preclusion, nor can they waive the completed preclusive period when this period is established by specific legal provisions.

Article 140

The completed preclusive period is taken into account by the court or competent arbitration on its own initiative, even without being requested by the interested party.

PART II OBJECTS AND OWNERSHIP

TITLE I OBJECTS

Article 141

The legal meaning of an object

An object is anything that may constitute the subject of ownership or of another real right.

Types of objects

Article 142

Objects are movable and immovable.

Immovable property includes land, water sources and flows, trees, buildings, other floating structures connected to the land, and anything that is permanently and continuously incorporated with the land or the building.

All other objects, including any other natural energy, are movable objects.

Article 143

The provisions relating to immovable property also apply to real rights having as their subject immovable property, as well as to the respective claims, except where otherwise provided by law.

The provisions relating to movable objects apply to all other rights.

Registration of objects

Article 144

Immovable property and the real rights over them are registered in the immovable property registers.

Those movable objects for which it is expressly required by law are also registered.

Fruits of the object

Article 145

The natural fruits of an object are the products derived from it. Until they are separated from the object, they are an integral part of it.

Civil fruits are derived from objects as a result of the enjoyment of the rights that persons have over them.

Civil fruits are acquired on the basis of the duration of the rights and when they have become due.

Integral parts of an object

Article 146

Anything that is joined to an object and cannot be separated from it without causing substantial damage is considered its integral part.

Accessory objects

Article 147

Accessories are those movable objects that are intended to serve continuously a principal object or to adorn it.

This designation is made by the owner of the principal object or by the person who has a real right over it.

Article 148

Any disposition of the principal object also includes its accessories, except when otherwise provided.

Accessories may also be the object of a separate disposition.

An accessory does not lose this quality when it is temporarily separated from the principal object.

TITLE II OWNERSHIP

CHAPTER I GENERAL PROVISIONS

Content of ownership

Article 149

Ownership is the right to freely enjoy and dispose of objects, within the limits set by law.

Ownership over the constituent parts of the object

Article 150

The owner of the object is also entitled to ownership over its constituent parts.

Ownership over the fruits of the object

Article 151

The owner of the object is entitled to the natural fruits produced by the object, except when their ownership has been transferred to others. In this case, ownership is acquired once they have been separated from the object.

The person who receives the fruits must, within their value, compensate the expenses incurred for their production and harvesting.

Belonging of objects

Article 152

Objects belong to natural persons, legal persons, and the state.

The types of public property are determined by law.

The rights and obligations of the owner

Article 153

(Amended by Law No. 8781, dated 3.5.2001)

No one may be expropriated or have their right to exercise their property rights restricted in a manner equivalent to expropriation, except when required by public interests and always in return for fair compensation.

Article 154

The right of ownership over land extends to the height and depth that is useful for its exercise, under the conditions provided by law.

Article 155

The owner of a land, after having first requested the neighbor to cut the branches and roots of trees that extend into his land, has the right to cut them himself if they cause him damage, as well as to harvest the fruits and use them for himself.

Fruits that fall from trees onto land belong to the owner of the land where they have fallen.

Article 156

The owner of land situated on the edge of a public watercourse or spring has the right to use them to the extent that it does not harm the interests of the owners of other lands, except when the use is regulated by special provisions.

Article 157

The owner of a land may at any time request the owner of the neighboring land that, at their joint expense, visible boundary markers be placed on the borders of their lands or repaired if they are damaged.

When the boundary between two lands is unclear and the owners do not determine it themselves, each of them may request its determination by the court.

Article 158

When trees and shrubs are planted at property boundaries, owners are obliged to maintain the distances specified by special provisions and, in the absence of such, by local customs, except when

the neighboring owner has given permission or when the boundary is on a road or public watercourse.

In the absence of such rules, the distances are: three meters for tall trees and two meters for other trees.

These distances do not apply to trees and shrubs whose height does not exceed the separating wall of the properties.

Article 159

The owner is free to use the property, without harming the rights of other persons and within the limits set by law or good customs. He may not cause neighbors disturbances such as noise, vibrations, infiltration of smoke, heat, vapors, or other similar emissions, impede the enjoyment of their property by altering the courses, flows, or quality of waters flowing onto his land or of underground waters, or by using waters that freely communicate with those of another's land, except when such disturbances do not exceed their usual degree.

The owner, in exercising his rights, is required to take measures for the preservation and protection of the surrounding environment.

Article 160

Owners must comply with the rules set out in regulatory plans or in special provisions concerning the construction of new buildings, their reconstruction or alteration, the distances between buildings, the opening of windows, wells, pits, and other similar works.

Article 161

The owner is required to collect the water that runs off the eaves of his buildings so that it does not drip onto another's land. Their discharge into a public watercourse may be allowed when not prohibited by the rules established by the competent authorities.

The owner is required to ensure that water and waste originating from his land are not discharged into another person's channel or land, unless there is an agreement to the contrary between them.

CHAPTER II ACQUISITION AND LOSS OF OWNERSHIP

Transfer of ownership

Article 162

The right of ownership and other rights over property are transferable, except when prohibited by law or by the very nature of the right.

Modes of acquisition of ownership

Article 163

Ownership is acquired through the methods specified in this Code and other methods specified by special law.

Acquisition of ownership by contract

Article 164

Ownership is acquired by contract, without the need for delivery of the property. For items that are determined by number, weight, or measure, their delivery is also required.

Acquisition of ownership by inheritance

Article 165

Acquisition of ownership by inheritance is carried out under the conditions provided for in the provisions of the third part of this Code.

Acquisition in good faith of movable property

Article 166

A person who, on the basis of a legal act for the transfer of ownership, has acquired in return for compensation and in good faith a movable property, becomes the owner of such property even if the transferor was not entitled to dispose of it.

However, the acquirer, even in good faith, does not become the owner of the item when it is stolen.

The acquirer in good faith becomes the owner of bearer coins and securities, even if these have been stolen from or lost by the owner or the public legal person.

The above provisions do not apply to movable property that is registered in public registers.

Property is acquired free from the rights of others over the item, unless such rights arise from the title and the good faith of the acquirer.

Article 167

If ownership of a movable property is transferred to several persons through contracts, the owner is the one who has acquired possession of the property in good faith, even if the contract is of a later date.

Acquisitive prescription

Article 168

The person who has acquired an item in good faith, on the basis of a legal act for the transfer of ownership and which is not prohibited by law, becomes the owner of that item after uninterrupted possession of five years when the item is movable and ten years when it is immovable.

When possession is not in good faith, the periods of uninterrupted possession are doubled. Possession is considered uninterrupted even when the acquirer of the item has given possession to another person.

It is not possible to acquire by acquisitive prescription an item that is inalienable public property.

Article 169

A person who has possessed an immovable property peacefully and uninterruptedly, acting as if he were the owner for twenty years, becomes its owner.

Registration of the item acquired by prescription

Article 170

A person who has acquired an immovable item by prescription has the right to file a claim against the previous possessor or their heirs for the recognition of their ownership and, on the basis of the relevant court decision, to request the registration of the item by the competent state authority.

Suspension and interruption of acquisitive prescription

Article 171

The provisions on the suspension and interruption of the prescription of an action also apply to acquisitive prescription.

Acquisitive prescription is interrupted by the loss of possession. It is not considered an interruption if the possessor resumes possession within six months or even later by filing a claim within six months.

Ownerless items

Article 172

Ownerless items are those that do not have an owner or whose owner has renounced ownership.

Ownerless items belong to the state. Their transfer to state ownership is effected by decision of the competent court.

Acquisition of ownership by accession and commixtion

Article 173

Plantings, as well as buildings or any other structure situated above or below the surface of the land, belong to its owner, except where otherwise provided in this Code or other legal provisions.

Article 174

The owner of the land who has made constructions, other works, and plantations with materials belonging to another, is obliged to pay their value, in case separation and return of the materials is not requested and when such separation and return can be performed without causing substantial damage to the constructions or plantations carried out.

When the separation of the materials is possible and the owner of the land has acted in bad faith, he must compensate the owner of the materials for the damage suffered.

Article 175

When buildings, other works, and plantations have been made by a third person with his own materials on another's land, the respective owner has the right to keep them or to demand that the person who made them is obliged to remove them at his own expense, and, where applicable, compensate for the damage.

When the owner of the land accepts to keep them, he is obliged to pay the value of the materials and labor or the increase in value that has been made to the property.

The owner of the land cannot request the removal of constructions and plantations carried out when they have been made with his knowledge, or in good faith by a third person, as well as when six months have passed since the date when the owner was notified of these constructions and plantations.

When, in good faith, a building has been erected on another's land and its value is greater than the value of the land, the person who built the building may be recognized as the owner of the land as well, by decision of the competent court.

Article 176

When two or more movable things belonging to different owners are united or mixed into a single thing which cannot be separated without causing substantial damage to one another, or when separation would require excessive labor and expenses, the owners of each thing become co-owners of the new thing, in proportion to the value that each part had at the time of their union or mixture.

When a movable thing is united or mixed with another in such a way that it appears to be an accessory part of it, the new thing belongs to the owner of the principal part, who is obliged to pay the corresponding value, as well as, when appropriate, to compensate for the damage caused.

Acquisition of ownership by processing

Article 177

The person who, through their own work, has created a new movable thing by using material owned by another person, regardless of whether the material does or does not retain its original form, becomes the owner of the new thing if the value of the work is greater than that of the material, provided that they pay the value of the material.

In the contrary case, the new thing is acquired by the owner of the material, by paying the value of the work.

When the processor has acted in bad faith, by court decision the new thing passes to the owner of the material even if the value of the work is greater than that of the material, but by paying the value of the latter.

Consolidation of land by alluvion

Article 178

Soil depositions and land additions that are formed naturally along the banks of rivers or streams belong to the owner of the land, except when otherwise provided by law.

Lands freed by water flows

Article 179

Land that is freed by a water flow, which naturally withdraws from one bank and goes to the other bank, belongs to the owner of the land from which the flow has retreated.

Lands created in the beds of rivers

Article 180

Islands and soil depositions that are created in the beds of rivers are public property.

Article 181

When a river or stream changes its bed, leaving the old one, the land that is freed becomes the property of the owners bordering both sides (banks) of the river or stream, who divide it up to the middle of the abandoned bed along its length.

LOST PROPERTY OR FOUND

Notification of finding

Article 182

The person who has found a lost item, including live animals separated from the herd, is obliged to immediately notify the owner or the person who has lost it, and when this person is unknown, to hand it over to the municipality or commune in whose territory the item was found.

The municipality or commune is obliged to immediately announce the finding of the item.

Taking possession of the item and payment of expenses

Article 183

The owner or the person who has lost the item has the right to claim it within six months from the day the finding is announced at the respective municipality or commune, after having paid the expenses incurred for the safekeeping of the item and a reward to the person who found the item in the amount of 10% of the value of the item, or of the price obtained, when, according to the circumstances presented, its sale was necessary.

When there are objections regarding the value of the item, the dispute is resolved by the court.

The municipality or commune may allow the temporary keeping of the item by the person who found it, who is also paid the expenses incurred for the safekeeping of the item.

Lost items must be preserved and maintained with due care.

Acquisition of ownership by the person who found the item

Article 184

When the owner or the person who lost the item does not appear to claim it within the period specified in Article 183, the item or the sale price passes into the ownership of the person who found it, who pays the safekeeping expenses.

Items found in the premises

Article 185

Items found in public or private premises and in means of transport must be immediately handed over to the administration of the premises where they were found, which keeps them for three days. If the owner or the person who lost them does not appear, the administration hands them over to the municipality or the relevant commune.

Treasure

Article 186

A treasure is considered any valuable item which clearly appears to have been in the ground or hidden for a long time and whose owner cannot be found.

The treasure belongs to the owner of the movable or immovable property where it is found, except in the cases of items with scientific, cultural, archaeological value, etc., as provided by Article 187 of this Code. The person who discovers the treasure has the right to reasonable compensation which must not exceed half its value.

**State ownership over a category
movable items**

Article 187

Movable items of cultural, historical, archaeological, ethnographic value, as well as rare natural items of scientific importance that are discovered, detached or extracted from the ground or water, pass into state ownership.

The owner, on whose property such items have been discovered, is obliged to allow the conducting of excavations, being compensated for the damages suffered.

The person who has discovered or found such items has the right to receive reasonable compensation from the state.

Acquisition of ownership through occupation

Article 188

Ownership over abandoned movable items, as well as over wild animals, birds, fish, wild fruits and over other natural movable items, is acquired through occupation, under conditions determined by law or in special provisions.

The swarm of bees

Article 189

The owner of a swarm of bees has the right to follow and take it on another person's land, compensating for any damage caused.

When the owner of the escaped bee has not pursued it within three days, or when it has entered another beehive, ownership of it passes, respectively, to the owner of the land where the bee has stayed or to the owner of the hive.

Acquisition of ownership through expropriation

Article 190

(Amended first sentence by Law no. 8781, dated 3.5.2001)

Items may be expropriated only for public interests recognized by law and only against fair compensation. They pass into the ownership of the state or of other public entities in favor of which the expropriation has been carried out.

Loss of ownership

Article 191

Ownership is lost when it is acquired by another or when it is renounced.

Renunciation of ownership of immovable property in favor of another is valid when it is done by notarial deed and registered.

CHAPTER III
REGISTRATION OF IMMOVABLE PROPERTY

Article 192

Immovable property and facts related to their legal status are registered in the immovable property register. Registration is carried out on the basis of a public act, a court decision or a decision of another competent state authority, as well as in other cases provided by law.

Article 193

The following must be registered in the immovable property register:

- a) contracts for the transfer of ownership of immovable property and acts for their voluntary partition;
- b) contracts by which ownership rights over immovable property, rights of usufruct, use and habitation, emphyteusis and servitude, and other real rights are created, recognized, modified or terminated;
- c) acts by which the above-mentioned property rights are renounced;
- ç) court decisions by which the status of heir is recognized and the inherited property is acquired;
- d) acts by which a company or another legal entity is established that owns immovable property or enjoys other real rights over them;
- dh) court decisions or decisions of other competent state bodies that respectively contain the acquisition or recognition of ownership over immovable property, the partition of immovable property or that declare invalid the legal acts for the transfer of ownership previously regularly registered, as well as judicial enforcement acts for the seizure of immovable property or their sale at auction.

The judicial certification of the fact of ownership is not registered.

Article 194

In the contract of donation of immovable property, registration takes the date on which the acceptance is registered, in case this is contained in a separate act.

Article 195

Immovable property and the real rights over them that are acquired or recognized according to the provisions of this Code may not be transferred and, where applicable, encumbered, unless their registration in the public registers has been carried out.

Article 196

Courts, notaries, judicial enforcement officers, and other state bodies are obliged to send for registration to the office administering the register where the immovable property is located, a copy of the decision or act that contains the acquisition, recognition, modification, termination of a right of ownership over immovable property, or another real right over it, or that declare invalid legal acts for the transfer of previously registered ownership.

Article 197

The following must also be registered:

- a) lease contracts of immovable property for a period longer than nine years;
- b) lawsuits for the acquisition, recognition, modification or termination of rights of ownership or other real rights over immovable property;
- c) lawsuits for the division of jointly owned immovable property.

Article 198

The Ministry of Justice administers the activity of the public register for immovable property. The conditions, manner of registration and organization, as well as any procedure related to this activity, are regulated by a special law.

TITLE III CO-OWNERSHIP

CHAPTER I CO-OWNERSHIP IN SHARES

Definition and content

Article 199

There is co-ownership when one or more things and other real rights are jointly owned by two or more persons.

The shares of the co-owners are equal, unless proven otherwise.

The rights and obligations of the co-owners are determined in proportion to their respective shares.

The rights of co-owners

Article 200

Each co-owner has the following rights:

- a) to benefit from the income of the common thing in proportion to his share;
- b) to use the common thing according to its intended purpose and in such a way as not to prevent the other co-owners from using it according to their rights;
- c) to alienate or otherwise dispose of his share in the common property, but when this is an immovable property, he may sell his share only by respecting the right of pre-emption held by the other co-owners according to Article 204 of this Code;
- c) to request the division of the common property even if there is an agreement to the contrary, except where such division seriously impairs the intended purpose or is prohibited by law;
- d) to request the return not only of his own share, but of the entire common property, provided that it is delivered to all co-owners.

Obligations of the co-owner

Article 201

Each co-owner is obliged, in proportion to his share, to pay the necessary expenses for the preservation and enjoyment of the common property.

Article 202

When one or more co-owners use the common property for themselves, they are obliged to pay compensation to the other co-owners for the use of their shares from the date when written notice of this request for compensation was given or from the date of filing the lawsuit with the competent court.

Administration of the common property

Article 203

All co-owners, regardless of the value of their respective shares, have the right to participate in the administration of the common property.

The common property is administered in the manner approved by agreement of all co-owners and, when such agreement is not reached, in the manner determined by decision of co-owners who have more than half of its value. The decision of the majority is binding even on the co-owners who remain in the minority.

This majority may decide to place a mortgage or pledge on the common property when it is necessary to secure the repayment of amounts borrowed for its maintenance or reconstruction.

When such a majority is not reached or when its decision is detrimental to the common property, the competent court, at the request of any co-owner, shall take the measures it deems necessary and, as appropriate, appoint a guardian for the administration of the property.

The right of preemption

Article 204

Before a co-owner sells his part in immovable property to a person who is not a co-owner, he is obliged to notify in writing the other co-owners to see if they wish to purchase the part under the same terms he will sell to the third party. If they do not respond within three months to state that they wish to purchase the part, the co-owner is free to sell his part to third parties.

He must make known to the other co-owners the identity of the new co-owner.

The right of the creditor over the co-owner's share

Article 205

Every creditor has the right to realize his claim over the share belonging to the debtor co-owner in the common property.

Article 206

Creditors and heirs of any co-owner may intervene in the partition, at their own expense, but may not oppose a partition already carried out, except when they have notified their objection prior to the partition.

In the partition of immovable property, the notice of objections mentioned in the above paragraph must be registered before the registration of the request for partition. Likewise, in such a partition, all creditors who have registered their claims or who have acquired rights over the property to be partitioned, prior to the registration of the partition act or the registration of the request for partition, must be summoned.

Partition of the common property

Article 207

The partition of the common property is carried out by agreement of all co-owners. When the property is immovable, the agreement must be made by notarial deed. When such agreement is not reached, the partition of the property is carried out by the court, with all co-owners being summoned to court. The partition of the common property is done by dividing it in kind according to the shares held by the co-owners, if such division is possible and does not prejudice the specific

purpose of the property. Any inequality of shares resulting from the division in kind is compensated by a monetary payment.

When the common property cannot be divided in kind, the court orders that it be sold at auction and its value divided among the co-owners, according to their respective shares, taking into account also the amounts they must pay to each other due to the co-ownership relationship.

Nevertheless, instead of a sale at auction, the court, when requested by some of the co-owners, may order that the property be awarded to them, obliging them to pay the co-owner who seeks partition the value of his share, in the manner and within the deadlines specified in the court decision.

When the property that cannot be divided in kind is a dwelling house, the court shall award it, under the above-mentioned conditions, to the co-owner who lives in that house or needs that living space more than the others.

Alienation of the common property

Article 208

The alienation of the common property may be carried out only with the consent of all co-owners.

CHAPTER II

CO-OWNERSHIP AS A WHOLE

A. Compulsory co-ownership

Common parts of buildings

Article 209

In the floors or separate units of the floors of a building that are in the separate ownership of different owners, the following objects are in their compulsory co-ownership, unless otherwise stipulated in the deed of ownership:

a) the land on which the building is erected, the foundations, the main walls, the internal partition walls, the stairs, the halls, the roof or terrace, the chimneys, as well as all those objects of the building that have such a character and serve for common use;

b) manholes, water installations, electrical, gas, telephone, and central heating installations, including the respective pipelines and lines, as well as the various channels up to the branching point within the separate floor units.

Article 210

The right of each co-owner over the objects mentioned in the above article is proportional to the value of the floor or parts of the floor belonging to him, unless the title provides otherwise.

Waiver of the right over the aforementioned objects does not release the co-owner from the obligation to contribute to the expenses for their maintenance.

Indivisibility of the common objects

Article 211

The common objects of the building are not allowed to be divided, except when the division of any of them can be carried out without hindering their use by any of the co-owners.

Composition of the assembly and election of the presidency

Article 212

The assembly is composed of the owners of each floor or separate unit of each floor, who co-own the common objects of the building.

At the first meeting of the assembly, its members elect, from among themselves, the presidency, which is entrusted to carry out, in their name and on their behalf, all necessary actions for the administration and ordinary maintenance of the common objects, except for those actions that fall within the exclusive competence of the assembly, as well as to represent them before the competent judicial instances and in arbitration.

Assembly meetings and validity of decisions

Article 213

After the first organizational meeting, meetings of the assembly are convened once a year. Other meetings of the assembly may be convened by its presidency or at the initiative of no less than 20% of its members.

The assembly may be convened and make decisions when co-owners are present in person or represented by proxy, who possess at least two-thirds of the total quotas. When this number is not present, the meeting is postponed and the subsequent meeting is held if the ordinary majority of co-owners participate.

Decisions of the assembly are taken by a simple majority vote of the co-owners, except in cases where the provisions of this chapter or special provisions require a qualified majority. When the number of votes is equal, the vote of the chairperson is decisive.

The main competences of the assembly

Article 214

The assembly also has the following main competences:

1. Approves the regulation for the administration of the residence, which is drafted according to the model regulation approved by the Council of Ministers.

2. Creates the reserve fund for common expenses, also determining its annual amount.

3. Approves the cost estimates for expenses that are decided to be incurred during the year, as well as the division of their amount among the co-owners. The common expenses for the maintenance, repairs, and ordinary improvements of these objects are approved by the assembly by simple majority of votes, while expenses for major improvements or qualitative renovations are decided by a qualified majority of co-owners reaching at least 75% of the respective shares.

4. Appoints, when deemed necessary, the building caretaker, determining his competences and salary.

5. Authorizes the presidium to insure, within reasonable limits, the objects that are common property, as well as to conclude other necessary contracts for maintenance, repairs, and ordinary improvements, or, as the case may be, for major improvements or renovations of these objects.

Article 215

The decisions taken by the assembly pursuant to the above provisions are binding on all co-owners.

**The lawsuit against
the decisions of the assembly**
Article 216

When a decision of the assembly is unlawful or infringes on the interests of any of the co-owners of these objects, each co-owner has the right to file a lawsuit with the competent court for the invalidity of that decision, within thirty days from the date it is made. The filing of the lawsuit does not suspend the implementation of the assembly's decision, unless the court has decided otherwise.

Obligations of co-owners
Article 217

Each co-owner has the following obligations:

1. To pay the expenses for the maintenance and enjoyment of the common parts of the building, for the provision of services for the common benefit, and for changes decided by the majority of co-owners, in proportion to the value of each person's share, unless there is another agreement.

For items that serve the co-owners to varying degrees, the expenses are borne in proportion to the use that each of them may make of them.

To pay the expenses for the maintenance and enjoyment of the common parts of the building, for the provision of services for the common benefit, and for changes decided by the majority of co-owners in proportion to the value of each person's share, unless there is another agreement.

2. Not to carry out, in the floor or the subdivided unit which is in their exclusive ownership, constructions that may cause damage to the common parts of the building.

3. To repair the damage or pay the expenses for its replacement, which he himself or a member of his family has caused through fault, to any common part.

4. Not to carry out, without the prior permission of the assembly, in the floor or the subdivided unit which is in their ownership, additions or changes which may affect the external appearance of the building.

New additions on the top floor
Article 218

The construction of additional floors or other works on the top floor of a building may be carried out by decision of a 3/4 majority of the co-owners of the building.

Article 219

The issuance of permits for carrying out such additions or works on the top floor is prohibited if the structural conditions of the building do not allow it.

The co-owners may oppose the permit granted by the competent state authority for carrying out such additions or works on the top floor also when it is proven that they reduce the air or light for the lower floors or affect the architectural appearance of the building.

Article 220

Those who have been permitted to make additions or other works on the top floor are obliged to reconstruct the terrace, which all or some of the co-owners had the right to use.

Total or partial collapse of the building

Article 221

When the building collapses completely or in a part that constitutes no less than three-fourths of its value, each co-owner may request that the land and materials be sold at auction, unless otherwise decided.

When the building is damaged to a lesser extent, the assembly decides on the reconstruction of the common parts of the building and each co-owner is obliged to contribute in proportion to their rights in those objects.

A co-owner who does not wish to participate in the reconstruction of the building must sell to the other co-owners or to any one of them also those objects which are his sole property, according to the valuation that will be made.

B. Co-ownership among members of the agricultural family

Article 222

Ownership of the property of the members of the agricultural family belongs in its entirety to its members, who, through their work or other rights acquired, have contributed to the creation and maintenance of the agricultural economy.

Article 223

The agricultural family consists of persons who are connected to each other by reason of kinship, marriage, adoption, or acceptance as a member thereof.

Article 224

The agricultural family is represented in property relations with third parties by the head, who is elected by its members.

Article 225

The property of the agricultural family does not include items for the purely personal use of the members, as well as items that a member has acquired with his personal income, by gift, or by inheritance.

Article 226

A member of the agricultural family cannot alienate any part of the property of the agricultural family until its division has taken place.

Article 227

Every member of the agricultural family may request his or her share in the property of the agricultural family. It is determined taking into consideration especially:

- a) the property that belongs to the entire family;
- b) the number of family members;

c) his contribution to the establishment or increase of the family's property, based on the amount or effectiveness of this contribution, as well as the work and means provided for the creation and maintenance of the agricultural economy.

Article 228

The division of the property of the agricultural family is carried out according to the rules specified in Article 207 of this Code.

When the share is requested by specific members, it is valued and given in cash.

When the division is requested by several members of the agricultural family, with the aim of creating another agricultural family, the share may be given in kind, on condition that the agricultural land remaining with the separated families is not less than the minimum unit of cultivation. By minimum unit of cultivation is understood the agricultural land that is necessary for maintaining an agricultural economy, according to the natural conditions of the respective region or area.

Article 229

The agricultural family is liable for unlawful acts committed by its members during the performance of duties arising from the economic activity of the agricultural family itself.

Article 230

The agricultural family is not liable for the personal economic obligations of its members, including its head. Creditors have the right to be paid from the share belonging to the debtor member in the income of the agricultural family and from the share belonging to him in the property of the agricultural family.

C. Co-ownership between spouses

Article 231

Co-ownership between spouses is regulated by the provisions of the Family Code.

TITLE IV USUFRUCT

CHAPTER I GENERAL PROVISIONS

Content of usufruct

Article 232

Usufruct is the right of a person (the usufructuary) to enjoy a thing that is owned by another, with the obligation to preserve and maintain it.

The manner of creation of usufruct

Article 233

Usufruct is created by law or by a juridical act. It may also be acquired by acquisitive prescription.

Duration of usufruct

Article 234

Usufruct may be for a fixed or indefinite period, but in any case it may not exceed the lifetime of the usufructuary.

When the right of usufruct is enjoyed by a legal person, it may not last more than thirty years.

The manner of creation

Article 235

Usufruct created by juridical act must be made by notarial deed, whereas when acquired by will, the relevant provisions apply.

Usufruct over an immovable thing must be registered in the immovable property registers.

Co-usufruct

Article 236

Usufruct may be in favor of more than one person. When the right of one of them is extinguished, it passes to the remaining usufructuaries, in proportion to their shares. In this way, it continues until the extinction of the right of the last remaining usufructuary.

CHAPTER II

RIGHTS DERIVED FROM USUFRUCT

The limits of enjoyment of the thing in usufruct

Article 237

The usufructuary enjoys the thing placed in usufruct, but may not change the economic purpose it had at the beginning of the usufruct, without the consent of the owner or the authorization of the district court, when the owner and the usufructuary do not agree.

During the continuation of the usufruct or at its termination, the usufructuary may remove the additions made to the thing, under the conditions of the first paragraph of this article, which can be detached without damaging it, restoring it to its original state, except when otherwise provided in the act of establishment.

Improvements to the thing in usufruct

Article 238

The usufructuary, at the end of the usufruct, does not have the right to demand compensation for improvements made to the thing during use, even if its value has increased, except when otherwise provided in the act of establishment of the usufruct.

The increase in value may be compensated with damages that may have been caused to the thing without the fault of the usufructuary.

When there is no room for compensation, the usufructuary may remove the additions made, without damaging the thing, except when the owner agrees to pay their value as if they had been separated from the thing.

Ownership of fruits

Article 239

The usufructuary is entitled to the natural fruits and civil fruits produced by the thing during the continuation of the usufruct.

Natural fruits that have not been separated from the thing at the time the usufruct begins belong to the usufructuary and vice versa, if they have not been separated from the thing when the usufruct ends, they belong to the owner.

Transfer of the right of usufruct

Article 240

The usufructuary may transfer this right to another person for a period or for the entire duration of its existence, except when otherwise provided in the act of creation.

The transfer must be notified in writing to the owner, otherwise the previous usufructuary and the person who has acquired such a right are jointly liable to the owner.

The right of alienation

Article 241

The usufructuary has the right to alienate the objects of the usufruct to the extent that they are intended to be alienated and in accordance with their nature.

In other cases, the usufructuary may not alienate the objects of the usufruct without the consent of the owner or without the authorization of the district court, except when otherwise provided in the act of creation.

Authorization must not be granted when it affects the interests of the owner, the usufructuary, or third parties.

Substitution of the object in usufruct

Article 242

When the objects in usufruct have been alienated or replaced by other objects, these belong to the owner and at the same time are subject to the usufruct.

The above rule applies to everything obtained from the collection of claims forming the object of the usufruct, from compensation for damages, or from the depreciation of the property, when they replace or improve the objects of the usufruct.

The objects derived from other benefits provided by the usufruct, but which are not fruits, are also subject to usufruct.

Investments

Article 243

The owner and the usufructuary must agree that the money subject to the usufruct be invested productively or spent in the interest of other property under usufruct.

Leasing

Article 244

The usufructuary has the right to lease the objects in usufruct except where otherwise provided in the act establishing it.

When the usufruct ends, the owner must respect the lease that was normally started beforehand, except when the extension of its term was made without his consent. When the usufructuary or

the lessee has requested the owner's consent for the lease and the owner has not responded within the specified timeframe, it is considered that consent has been given.

When the usufruct ends, leases for a term exceeding five years are valid only for five years from the date the lease began.

Enjoyment of servitudes

Article 245

The usufructuary enjoys the rights of servitudes attached to the property over which he has the usufruct and the other real rights that the owner himself would enjoy, except for the limitations provided in the act of creation or in law.

CHAPTER III OBLIGATIONS ARISING FROM USUFRUCT

Compensation for damages

Article 246

The usufructuary is obliged to compensate the value of the lost item or its damage, except when he proves that they were not caused by his fault.

He is obliged to replace the items which, according to the usufruct, he was not entitled to consume.

Inventories

Article 247

The usufructuary receives the items in the condition in which they are found prior to the commencement of the usufruct.

The items in usufruct are received with an inventory drawn up by notarial act, in the presence of the owner, after being notified within an appropriate time frame. It is the right of the parties to record in the inventory all details related to the identification and condition of the items taken in usufruct.

The inventory may also be carried out by private act, when both parties agree and are present during its execution. The expenses for conducting the inventory are borne by the usufructuary, except when otherwise provided in the act of creation.

Periodic notifications

Article 248

The usufructuary is obliged to send the owner at the end of each year a detailed written notification, signed by him, regarding the items that no longer exist or the items that have replaced them, as well as other benefits from the items in usufruct, which do not fall within the category of fruits.

The expenses for conducting the annual inventory are borne by the usufructuary, except when otherwise provided in the act of creation.

Provision of guarantee

Article 249

The usufructuary is obliged to provide the owner with a written guarantee for the fulfillment of the obligations arising from the usufruct, except when in the act of creation he is discharged from such an obligation or when the owner's interests over the items in usufruct are sufficiently secured by an institution entrusted with this task.

Parents who have legal usufruct over the property owned by their children are exempted from providing such a guarantee.

When the usufructuary is discharged from the obligation to provide a guarantee, the owner acquires the right to request from him that each year he be shown the items that have been given in usufruct or be notified by a credit institution regarding the money or securities deposited.

The usufructuary cannot acquire possession of the items placed under usufruct without fulfilling the obligations arising from this article.

Consequences of failure to provide the guarantee

Article 250

When the usufructuary does not provide a guarantee, measures are taken for the administration of the items in usufruct. The immovable property is leased or entrusted to an administrator chosen by agreement between the owner and the administrator, and when such an agreement is not reached, the administrator is appointed by the district court.

The usufructuary has the right to retain, for his own residence and that of his family, a dwelling included in the usufruct.

Money included in the usufruct is invested at interest.

Movable items that deteriorate or are damaged through use, or foodstuffs that are at risk of spoiling, are sold and their value is placed at interest or used for items in usufruct.

The usufructuary may request to be left sufficient movable items for personal use.

Maintenance expenses

Article 251

The expenses required for the preservation, maintenance, and administration of the item are borne by the usufructuary. The expenses for non-ordinary repairs are also borne by him when they result from his failure to fulfill his obligations towards the item in usufruct.

Extraordinary repairs are the responsibility of the owner. When the owner refuses to perform them or other obligations charged to him, or unjustifiably delays their execution, the usufructuary shall carry them out at his own expense, which shall be reimbursed upon the termination of the usufruct. The usufructuary has the right to retain the repaired item until the expenses are reimbursed.

Insurance of the usufruct

Article 252

The usufructuary must insure the items in usufruct in favor of the owner against the risks for which they are usually insured or which are required by law. In the event of damage, the usufruct extends to the compensation paid.

When the usufruct does not fulfill such an obligation, the owner has the right to insure the property himself and the usufructuary is obliged to pay the corresponding expenses.

Expropriation of items in usufruct

Article 253

When the item is expropriated for public interest, the usufruct extends to the corresponding compensation.

Payment of taxes and other obligations

Article 254

Taxes, fees, compensations, land rents, and other annual obligations related to income during the usufruct are the responsibility of the usufructuary.

Taxes, fees, and other obligations charged to the property during the usufruct are the responsibility of the owner.

CHAPTER IV END OF USUFRUCT

Article 255

The usufruct ends:

- with the death of to the usufructuary or with the termination of the legal person usufructuary;
- with the expiration of the term specified in the act of establishment;
- with the unification of the qualities of the owner and the to the usufructuary in a single person;
- with the complete destruction or loss of the item given in usufruct;
- with the non-use of of the usufruct consecutively for twenty years.

Termination of usufruct

Article 256

The usufruct may be terminated when the usufructuary abuses the rights or fails to fulfill the obligations deriving from the usufruct.

However, the court, depending on the circumstances that may arise, may order the usufructuary to provide security, in case he has been discharged from such an obligation, or at the request of the owner, to entrust the administration of the item in usufruct to the owner or another person, or even to lease the item.

Waiver of usufruct

Article 257

The usufructuary may request to waive the usufruct at his own expense, due to the charges and obligations arising from it.

Return of items in usufruct

Article 258

When the usufruct ends, the usufructuary or his heirs are obliged to place at the disposal of the owner the items subjected to usufruct.

TITLE V USE AND HABITATION

Article 259

A person who has a simple right of use over an item uses it and enjoys its fruits to the extent necessary for himself and his family.

When the object of the right of use is a dwelling, the person has the right to reside there according to his and his family's needs. The item or dwelling used pursuant to this provision cannot be alienated, encumbered, or used by other persons.

Article 260

The provisions related to usufruct also apply to the right of use and habitation, insofar as they are compatible with these rights.

TITLE VI EASEMENTS

CHAPTER I GENERAL PROVISIONS

Article 261

An easement is a burden imposed on a property, for the use and benefit of a property belonging to another owner.

Article 262

An easement is established by law or by the will of a person.

Article 263

The owner of the servient property is not obliged to take any action to enable the exercise of the easement, except where otherwise provided by law or by the title.

Article 264

The owner, in whose favor the easement has been established, is obliged to compensate the owner of the servient property for the damage caused by the creation of the easement.

CHAPTER II COMPULSORY EASEMENTS

Article 265

The owner of a property who, on the basis of the law, has the right to request from the owner of another property the establishment of an easement, in the absence of an agreement, may apply to the court.

A compulsory easement may also be established by an act of a state body, in cases provided by law.

The decision must determine the rules for the exercise of the easement and compensation for the respective damage.

Flow of waters

Article 266

The owner is obliged to accept on his land rainwater, snow water, or water from unused springs, which flow naturally from a higher-lying land. The owner may not alter this natural flow to the detriment of another.

Water that flows onto a lower-lying land may be retained by the owner of the higher-lying land only to the extent necessary for that land.

Article 267

In cases where the embankments and slopes of a property which served to stop waters have been destroyed or damaged, as well as when it becomes necessary, due to the effects of water, to construct protective works and the owner of that property does not accept to construct or repair them, the owners who have been damaged or who are at risk of being damaged may, at their own expense, construct or repair them.

These constructions and repairs must be carried out without causing any damage to the owner of the servient property, respecting special rules, where such exist. When the owner of the servient property raises objections, the dispute is settled by the court.

Article 268

The provisions of the above article also apply when it becomes necessary to remove an obstruction of materials formed on another property or in a ditch, watercourse or drainage line, which cause damage to neighboring properties.

Article 269

The owner who has a water spring on his own property is free to use it, but without infringing the rights that may have been acquired by the owner of the lower property on the basis of a title or by prescription.

Article 270

If a watercourse prevents the owners of adjacent properties from entering these properties or from continuing irrigation or drainage of water, those who use this watercourse are obliged, in proportion to the benefit derived from it (the water), to construct and maintain bridges and other passage means, conveniently and safely, as well as underground pipes or other such works for the continuation of irrigation and drainage.

Article 271

The owner of a land is obliged to accept without compensation the waters coming from the drainage of an upper land, when they naturally flow onto his land.

When damage is caused to him by this watercourse, he has the right to claim compensation for the damage and the taking of measures to prevent it in the future.

Easements arising from constructions

Article 272

The rules for the construction of dwellings and other buildings, the distance between them, the acquisition of light and view, the construction of balconies and other such structures, are regulated by a special law while respecting the rights of the owner as provided in this Code and in special laws.

Easements arising from the taking of water

Article 273

The passage of water through another's property must be carried out in the most convenient and appropriate manner causing the least damage, but without hindering the normal exercise of the easement.

Article 274

When the passage of water is required for a period not exceeding nine years, the payment of the value and compensation for damages referred to in the above provision shall be made at half this value, with the obligation that upon expiry of the term, everything must be restored to its previous condition.

This easement may become permanent when requested before the expiry of the term, through payment of the remaining half of the value together with legal interest, calculated from the date the passage began.

When the request is made after the expiry of the term, payments for the temporary granting of this right are not taken into account.

Article 275

When the passage of water must be carried out by crossing public roads or rivers and other public constructions, the rules provided in special provisions shall apply.

Article 276

When a house or its other premises lack the water necessary for the livelihood of people or animals and it cannot be secured otherwise, or if large expenses are required, the owner of the neighboring land must allow a surplus quantity of water to be used to the extent necessary for the above needs, with the other party bearing the value of the water requested and the expenses to be incurred for this purpose, as well as, where applicable, compensating for any damage that may be caused.

Easement of passage

Article 277

An owner who does not have access to a public road and cannot secure it except with great expense and difficulty, has the right to have a passageway from the neighboring land, for the proper use of his property.

The passageway must constitute the shortest route to the public road and cause the least damage to the servient property.

This provision also applies when the owner, who has been granted the right of passage over another's property, requests a reasonable widening of the passageway for vehicles, including the passage of mechanical vehicles.

Article 278

The owner must allow the neighbor to enter and pass through his land whenever it is necessary to build or repair a wall or another structure. He must also allow the person to seek and take the livestock and any other of his belongings, which are there accidentally or as a result of wind, water, avalanches, and other force majeure, are on his land or have become joined with his belongings.

The owner may refuse entry when he undertakes to personally deliver the object located on his land. In such cases, the owner of the land is compensated for the damage caused.

Article 279

The person who wishes to pass through another's land must pay the value of the land that is occupied, without deducting taxes and other charges related to the land, as well as compensation for any damage caused, including damage resulting from the interruption of the land, from its non-use, from the deposition of extracted materials, and the disposal of waste. The owner of the servient land has the right to remove such materials and to use the land surface, but always without hindering the normal exercise of the servitude.

Servitude for the placement of pipes, cables, and wires

Article 280

The owner must allow other persons to construct on his immovable property channels or to place pipes for the passage of water or gas, as well as telegraph or electric cables and wires and other installations of this nature, but only when these works cannot be otherwise carried out or without great expense. The owner, when damaged, has the right to be compensated.

CHAPTER III VOLUNTARY SERVITUDES

Article 281

The owner may establish over his own properties or for their benefit any type of servitude, provided that it is not contrary to the legal order.

Voluntary servitudes are established by contract or by will.

Article 282

Servitudes are continuous when their exercise takes place without the need for repeated human actions, such as watercourses, eavesdrop points, and others of this nature.

Servitudes are discontinuous when their exercise requires the performance of current human actions, such as the right to take water, to graze livestock, and other rights of this nature.

Servitudes may be visible or invisible.

Invisible servitudes are those for which no visible or permanent works are required that are necessary for their exercise.

Article 283

Continuous and visible servitudes are established by title or by ten-year prescription.

Continuous invisible servitudes and discontinuous servitudes, whether visible or not, can only be established by title.

Article 284

When two properties cease to be owned by the same person, the servitude is considered to exist, actively or passively, for the benefit of or against each of the separated properties, except where there is an agreement to the contrary.

CHAPTER IV WAYS OF EXERCISING SERVITUDES

Article 285

The right of servitude includes everything that is necessary for its use.

Article 286

The owner, without the consent of the usufructuary, cannot burden the property with servitudes that infringe upon the rights of the usufructuary.

Article 287

A servitude over property belonging to several persons in co-ownership can be established only with the approval of all co-owners. A servitude established by only one or some of the co-owners takes effect when the other co-owners, jointly or separately, have given their approval for its establishment.

Article 288

The person who has a right of servitude must use it according to their title or possession. When there are doubts regarding the scope and manner of its exercise, the servitude is considered to have been created in such a way as to meet the needs of the dominant property, while burdening the servient property as little as possible.

Article 289

The right of servitude must be exercised at the time and in the manner that brings the least difficulty and disturbance to the owner of the servient property.

Article 290

When the property for the benefit of which a servitude has been established is divided, the servitude shall serve each part, provided that the burden on the servient property is not increased.

Article 291

The owner must not, through their actions or omissions, reduce the use of the servitude or make it more difficult.

Nevertheless, if the conditions have changed and the owner of the servient property is burdened or hindered in the exercise of ownership rights, they may request the owner, for whose benefit the servitude has been established, to change the location of the servitude.

This right also belongs to the owner of the other property, when it is proven that such a change brings benefits and does not harm the servient property.

Protection of servitude

Article 292

The person exercising a servitude has the right to take legal action against anyone who contests this right, seeking, as appropriate, the full restoration of that right, the cessation of the infringement upon it, as well as compensation for the damage caused.

CHAPTER V EXTINCTION OF SERVITUDES

Article 293

Servitudes are extinguished:

a) When the ownership of the dominant property is combined with that of the servient property in a single person.

b) When it is not used for more than ten years.

The limitation period for non-continuous servitudes begins to run from the day the servitude ceases to be used, whereas for continuous servitudes, from the day an act is carried out or a fact is established that prevents the exercise of the servitude. For the purposes of the extinction of the servitude, the time during which it was exercised by the previous holder is also counted.

c) When the things are damaged or consumed to such an extent that they cannot be used for their intended purpose.

Restoration to a state that allows use also results in the reinstatement of servitudes, except when this right has become time-barred.

Article 294

When the dominant property is co-owned, the use of the servitude by one of the co-owners interrupts the limitation period also with respect to the other co-owners.

Article 295

The suspension or interruption of the limitation period in favor of one of the co-owners also has effect in favor of the others.

TITLE VII PROTECTION OF OWNERSHIP

Action for the recovery of property

Article 296

The owner has the right to bring an action to recover his property from any possessor or holder. This right is also held by any co-owner with respect to the common property, in order for it to be delivered to all co-owners.

The possessor's rights to the proceeds

Article 297

The possessor in good faith is entitled to the separated natural fruits and the civil fruits that have become due until the day he becomes aware that he is an unlawful possessor or is notified of the owner's action for the recovery of the property. He is not obliged to compensate the owner for the loss, damage, or impossibility of returning the property for any other reason, but after this date he is responsible for the fruits gathered or that should have been gathered, by acting with diligence until the time of returning the property, for compensation for the use of the property, as well as for the loss, damage, or impossibility of return due to his fault.

Article 298

The possessor in bad faith, for the entire period of his possession, is obliged to return to the owner together with the property also the separated natural fruits and the civil fruits that have been gathered or have become due, and other income that should have been collected, as well as to compensate the owner for the use of the property and for the loss, damage, or impossibility of returning the property even if not through his own fault.

He is released from liability when he proves that the damage would have occurred even if he had delivered the property on time, except when it was acquired through a criminal offence.

The possessor's right to expenses

Article 299

The possessor in good faith has the right to claim payment of the necessary expenses incurred for the property and of useful expenses, to the extent that these have increased its value, if this increase still exists at the time of the return of the property.

The possessor in good faith has the right to deduct from the income of the property the expenses recognized to him under this provision. He has the right to retain the property until the necessary useful expenses are paid to him.

Article 300

The possessor in bad faith has the right to claim only the payment of the necessary expenses incurred for the property.

Article 301

The possessor in good faith and the possessor in bad faith, apart from the expenses recognized to them according to the articles of this Code, do not have the right to claim the payment of other expenses incurred for the property, but only have the right to remove from the property what they have attached to it and which can be separated without damage, except when the owner agrees to pay their value.

Negatory claim

Article 302

The owner has the right to request from anyone who infringes upon his ownership, without being dispossessed, to cease the infringement and not to repeat it in the future, and, where applicable, to compensate for any damages that may have been caused.

Reporting of a new construction and of possible damage

Article 303

The owner, the person enjoying another real right, or the possessor, who have reason to be concerned that a new construction started by others on their land or on someone else's land may cause damage to the property they own or possess, may address the court provided that the construction has not been completed or that one year has not passed since its commencement.

The court, as the case may be, decides on the suspension of the construction, its demolition or reduction, and where applicable also the compensation for damages, or dismisses the claim ordering compensation for damages when it results that the construction was unjustly prohibited.

TITLE VIII POSSESSION

CHAPTER I GENERAL PROVISIONS

Meaning of possession

Article 304

Possession is the effective control of a person over an object and over other real rights over it. Possession may be exercised directly or by a person holding the object.

Types of possession

Article 305

The possession of a non-owner may be lawful or unlawful.

Possession is lawful when the possessor has possession from the owner, based on a legal act, on the basis of the law, or of an administrative act.

In all other cases, possession is unlawful.

Article 306

Unlawful possession may be in good faith or in bad faith.

Possession is in good faith when the possessor did not know or was not required to know that his possession is unlawful.

Good faith is presumed and it is sufficient for it to have existed at the time of acquiring possession.

Presumptions regarding possession

Article 307

The present possessor who has possessed at an earlier time is presumed to have possessed also during the intervening period.

Article 308

The present possession does not presume previous possession, except when the possessor has a title that constitutes the basis of his possession.

In this case, the possessor is presumed to have possessed since the date of the title.

Ways of acquiring possession

Article 309

Possession is acquired through legal acts, by inheritance, and by occupation.

He who has acquired possession in good faith may add to his own possession the period of good faith possession of the person from whom he acquired the property.

CHAPTER II

PROTECTION OF POSSESSION AND DETENTION

Immediate protection

Article 310

The possessor has the right to immediately oppose, by using an appropriate means of protection, any act aimed at infringing or stripping them of possession. When the property has been taken by force or secretly, the possessor has the right to reclaim it immediately or in pursuit, but must avoid acts of violence that are inconsistent with the circumstances of the event.

Article 311

The right to protect possession is also recognized for the holder of the property, against any other person, except for the one from whom these rights originate.

Cessation of infringement of possession

Article 312

The person whose possession of a property is infringed may, within six months, request cessation of the infringement and prevention of its recurrence in the future.

When possession has been acquired by force or secretly, the lawsuit may be filed within six months from the day the use of force or secrecy has ceased.

Cessation of infringement of possession cannot be requested by a person who has acquired possession by force or secretly.

Reinstatement in possession

Article 313

The possessor, who has been unlawfully deprived of possession, has the right to request reinstatement in possession within six months.

This right is not granted to the possessor who has acquired possession by force or secretly.

When the deprivation is secret, the period for requesting reinstatement in possession begins from the day the deprivation is discovered.

Article 314

Reinstatement may also be requested against a person who has acquired possession through a title, but who was aware of the deprivation that occurred.

Article 315

During the trial of a lawsuit for cessation of infringement or reinstatement in possession, the defendant cannot claim to be the owner himself or to have a stronger right than that of the possessor.

PART III INHERITANCE

TITLE I GENERAL PROVISIONS

Meaning of inheritance

Article 316

Inheritance is the transfer by law or by testament of the property (inheritance) of a deceased person to one or more persons (heirs), according to the rules set out in this Code.

Article 317

Legal inheritance applies when the deceased has not made a testament, or has made one only for a part of his property, or when the testament is wholly or partially invalid.

Article 318

Time of opening the inheritance

(Amended by Law No. 121/2013, dated 18.4.2013)

Inheritance opens when the deceased passes away.

In the case of the declaration of a person as deceased, the inheritance opens on the day when, according to the court decision, the person is considered deceased.

Article 318/1

Place of opening the inheritance

(Added by Law No. 121/2013, dated 18.4.2013)

The inheritance opens in the place where the deceased had his last place of residence. When the last place of residence of the deceased is unknown, the inheritance opens in the place where all of his property or the main part of it is located.

Article 318/2

Applicable law

(Added by Law No. 121/2013, dated 18.4.2013)

The inheritance is governed by the law in force at the time it is opened.

Article 319

Any agreement by which rights arising from an inheritance that has not yet been opened are disposed of or used is null and void.

Capacity to inherit

Article 320

A person has the capacity to inherit if, at the time the inheritance is opened, he is alive, or if he was conceived before the death of the deceased and is born alive.

It is presumed that a person conceived at the time the inheritance is opened is one who is born within 300 days from the death of the deceased.

Article 321

When two or more persons are called to inherit from each other and it is not proven which of them died first, it is presumed that all died at the same time and no right passes from one to the other.

Unworthiness

Article 322

Cannot inherit as unworthy:

- he who has intentionally killed or attempted to kill the deceased, his spouse, children, or parents;
- he who has made against the deceased a false accusation or given false testimony regarding the commission of a criminal offence for which the law provides for the death penalty or imprisonment of over 10 years, when the accusation or testimony has been declared false in criminal proceedings;
- he who, by fraud, threat, or violence, has induced the deceased to make, change, or revoke a will, or has himself drafted a false will or used it for his own interests or those of others;
- he who has behaved towards the deceased in a degrading manner and has ill-treated him.

Article 323

The unworthiness of a parent or ascendant does not exclude the children or descendants of that person, whether they inherit directly or by substitution. In such a case, the unworthy parent, regarding the share of the inheritance due to his children, cannot enjoy the rights of usufruct and administration that the law grants to parents over the property of their children.

Forgiveness of unworthiness

Article 324

The deceased has the right to forgive the unworthy person for inheriting, provided that the forgiveness is made expressly by notarial deed or by will, or when the forgiveness, although not made expressly, the deceased has noted in the will that he was aware of the unworthiness and nevertheless designates that person as heir.

The obligations of the unworthy heir

Article 325

A person excluded from inheritance as unworthy is obliged to return the fruits and any other income received from the inherited property after the opening of the inheritance.

Substitution

Article 326

Substitution allows substitutes to take the place, degree, and rights of the person they substitute.

Article 327

Substitution in the direct line of descendants is made without limitation and in all cases, whether the child of the deceased competes with the descendants of another predeceased child, or whether the children of the deceased have died before him and their descendants are or are not in the same degree, or in terms of their number according to their respective branches.

Article 328

For ascendants in the direct line, there is no substitution; the closest excludes the others.

Article 329

In the collateral line, substitution is accepted in favor of the children and descendants, the brothers and sisters of the deceased, even if they compete with their uncles or aunts or with their descendants, whether in the same degree or not.

Acquisition of inheritance

Article 330

Inheritance is acquired upon the death of the deceased.

Article 331

Upon the opening of the inheritance, the possession of the deceased in respect of the inherited property is also transferred to the heir, without the need for the heir to take actual possession thereof.

Article 332

The heir may acquire the entire property of the deceased or a part thereof, or only a specific item or another proprietary right.

Article 333

Renunciation of inheritance

(Amended by Law No. 121/2013, dated 18.4.2013)

Renunciation of inheritance must be made by a written declaration, which is registered with the notary of the local unit where the inheritance is opened, or by a notarial declaration drafted by the notary.

Renunciation may also be made through a representative equipped with a special power of attorney.

After the registration of the renunciation of inheritance, the notary mainly issues a new certificate of inheritance, reflecting the change in the circle of heirs, as well as their respective shares, which is sent to the person who requested the issuance of the initial certificate of inheritance.

Article 334

A person who has renounced the inheritance is considered as never having been called to inherit. Renunciation of the inheritance does not exclude the heir from the right to claim the legitime.

Article 335

Renunciation of inheritance may be made within 3 months from the opening of the inheritance, and when the heir is abroad, no later than 6 months.

For an heir who has not yet been born at the time the inheritance is opened, the time limit for renunciation of the inheritance begins from the date of birth.

The time limit for renunciation of inheritance is suspended for reasons that apply to the limitation period for filing a lawsuit.

Article 336

(Word amended by Law no. 121/2013, dated 18.4.2013)

When it is unknown whether there are heirs, or when the heirs are absent and there is no news about them, the notary of the local unit where the inheritance has been opened, either ex officio or at the request of any interested party, sets a time limit of no less than six months from the opening of the inheritance, within which they must declare whether they renounce the inheritance. If no such declaration is made within this period, it is presumed that the deceased did not leave any heirs.

Article 337

Renunciation of inheritance, made before the opening of the inheritance, or when it is made conditionally, with a time limit, or for a part of the inheritance, or in favor of one of the other heirs, is invalid.

Article 338

Renunciation of inheritance is not permitted when, during the three-month period, the heir has acted as an heir through their actions.

Actions carried out solely to preserve the inherited property are not considered as acts of an heir.

Heirs who have removed or concealed items from the inheritance lose the right to renounce it and remain heirs even if they have declared the renunciation of the inheritance.

Article 339

An heir who has regularly declared the renunciation or acceptance of the inheritance may not subsequently revoke this declaration.

Article 340

When the heir dies before the expiration of the period for renouncing the inheritance, the right to renounce passes to his heirs.

Payment of obligations

Article 341

Heirs are liable for the obligations encumbering the inherited property in proportion to their shares, up to the value of the inherited property they have received.

Obligations encumbering the inherited property are considered to be those of the decedent, the expenses of his burial, and the expenses necessary for the preservation and administration of the inherited property until it passes to the respective heirs.

Article 342

When, in an inheritance, one or more immovable properties are encumbered with a mortgage, each heir has the right to request that these properties be released from the mortgage before the formation of the inheritance shares.

Nevertheless, the heir who has satisfied the obligation arising from the mortgage imposed on an immovable property in his inheritance share has the right of recourse against the other heirs, in proportion to their shares.

Article 343

Measures for the safeguarding of inherited property

(Amended by Law No. 121/2013, dated 18.4.2013)

When it is deemed necessary to protect the interests of the heirs, of persons who may benefit from testamentary dispositions, of the creditors of the decedent, or of the state, the notary of the local unit where the inheritance is opened, ex officio or at the request of any interested party, prepares an inventory of the inherited property.

The notary who prepares the inventory may appoint a person as custodian of the inherited property.

Until the above measures have been lifted, the heir who may have begun administering the inherited property cannot dispose of it except with the permission of the court.

Article 344

(Amended by Law No. 121/2013, dated 18.4.2013)

When it is not known whether there are heirs or when the heirs are missing and there is no information about them, or when the legal or testamentary heirs have renounced the inheritance and their heirs are unknown, the notary of the local unit where the inheritance is opened, ex officio or at the request of any interested party, appoints a custodian of the inheritance.

The summary of the notarial act of appointing the custodian is published in the Official Gazette.

Article 345

The custodian requests the preparation of the inventory of the inherited property, takes measures for the administration of the property, exercises the right to file claims and responds to claims related to this property, deposits in the bank the money found in the inheritance or deriving

from it, undertakes other acts of such nature, and renders an account at the end of the administration.

Article 346

With the approval of the court, the custodian pays the obligations encumbering the inherited property, fulfills the obligations related to legacies and charges, and, when deemed necessary, also alienates inherited property.

Article 347

The duty of the custodian ceases upon the appearance of the heir.

Article 348

Certificate of inheritance

(Amended by Law No. 121/2013, dated 18.4.2013)

Heir status and the respective shares of the inheritance are determined in the certificate of inheritance, issued by the notary, after the presentation of the testator's death certificate, according to the rules set forth in this Code and in the law on notaries.

The certificate of legal inheritance is issued by the notary of the local unit where the testator had their last place of residence. When the last place of residence of the testator is unknown, the certificate of legal inheritance is issued by the notary who practices in the local unit where all or the main part of the testator's property is located.

The certificate of testamentary inheritance is issued by the notary before whom the will has been drafted in notarial form or where the holographic will or the special will has been deposited for safekeeping. In the event that the same testator has left more than one will, the certificate of testamentary inheritance is issued by the notary before whom the last will has been drafted or deposited for safekeeping. The certificate of testamentary inheritance, in cases where the holographic will or the special will has not been deposited for safekeeping with the notary, is issued by the notary who practices in the local unit where the testator had their last place of residence. When the testator's last place of residence is unknown, the certificate of testamentary inheritance, in cases where the holographic will or the special will has not been deposited for safekeeping with the notary, is issued by the notary who practices in the local unit where all or the main part of the testator's property is located.

The certificate of inheritance is drawn up in a number equal to the heirs specified in it. The notary, at the moment of drafting, issues the certificate of inheritance in a number equal to the applicants, while the other drafted copies are kept by the notary and may be withdrawn by the other heirs, upon their request.

The detailed rules for the issuance of the certificate of inheritance, as well as for the registration of wills, are determined by the law on the notariat.

Action for the claim of inheritance

Article 349

The heir may request by an action from anyone who possesses, wholly or partially, the inherited property, the recognition of himself as heir and the surrender of the inherited property and of the property acquired through it, according to the rules on possession in good faith and in bad faith.

Article 350

The action for the claim of inheritance may also be brought against the person who holds the inherited property on the basis of a certificate of inheritance, even when this person is the state. A person who has, in good faith, acquired any object of the inherited property from such an heir, is not obliged to return the object even if it was acquired for consideration.

A possessor in good faith who has, also in good faith, alienated objects from the inherited property, is only obliged to return to the claimant heir the price of the object, accompanied by the relevant invoice. When the latter have not been settled, the right to claim their settlement passes to the heir.

Article 351

The action for the claim of inheritance is not subject to a statute of limitations, except for the effects of acquisitive prescription for specific objects.

Article 352

The provisions relating to possession also apply to the possession of objects in inheritance, regarding the claim of fruits, expenses incurred, or for improvements and additions made.

Division of inheritance

Article 353

Any of the co-heirs has the right to request at any time the division of the inherited property, even if the testator has ordered otherwise.

Article 354

(Amended by Law No. 121/2013, dated 18.4.2013)

The division of the inherited property is made by agreement between the heirs, which is approved by a notarial act.

If the heirs do not agree on the division of the inherited property, the notary, on the basis of the principle of impartiality, as well as taking into consideration the rules of division of property according to this Code, offers the heirs the legal possibilities for the division of the inherited property and the achievement of an agreement between them. In this case, the notary explains to them their rights and obligations, and also warns them about the consequences arising from signing the agreement, with the purpose that their interests are not harmed due to their lack of knowledge of the law.

When the heirs do not agree even with the solutions offered by the notary, the division of the inherited property is carried out by the competent court for examining claims arising from inheritance.

Article 355

The division of the inherited property is made according to the rules provided in Article 207 of this Code and in the other provisions of this chapter.

Article 356

In forming the respective shares, as far as possible, each of them should include the same amount of movable or immovable property, real rights or credits, which have the same nature and value.

Article 357

When creditors have seized the movable property of the inherited estate, or have objected to the division according to Article 206 of this Code, or the majority of the co-heirs consider it necessary to pay the liabilities encumbering the inheritance, the movable property is sold at auction.

Article 358

The spouse of the deceased has the right to claim his or her share in the jointly acquired property earned through the work of both spouses during the marriage.

The co-heirs, who with their work or income have contributed to the increase of the property left in inheritance, have the right to claim their share in the added property mentioned above, according to the contribution given.

Article 359

The share of the member who dies in the property of the agricultural family passes to his heirs, regardless of whether or not they are members of the agricultural household.

When the last member of the agricultural household dies, the property passes to his or her heirs according to the rules established in this Code.

TITLE II INHERITANCE BY LAW

Article 360

Legal heirs are the children, the children of the children, the spouse, the parents, the brothers and sisters and the children of predeceased brothers and sisters, the grandfather and grandmother and other ascendants, persons incapable of working who are dependent on the decedent, other relatives up to the sixth degree, as well as the State. These are called to inherit in the order established in this Code.

Article 361

(Amended the third paragraph by Law No. 8781, dated 3.5.2001)

In the first order, the children and the spouse, whether capable or incapable of working, are called to inherit, each inheriting in equal shares.

When one of the children has died before the decedent, has become unworthy to inherit, has renounced the inheritance, or has been excluded from the inheritance, his or her children substitute in his or her place, and when for the above reasons they cannot inherit, their descendants inherit without limitation. In this case, the share of the parent who does not inherit is divided among the descendants in equal parts.

When, besides the spouse, there are no other heirs of the first order, the heirs of the subsequent order, as provided in Article 363 of this Code, are called to inherit, and when there are none, the heirs of the next subsequent order, as provided in Article 364 of this Code, are called to inherit.

In any case, the spouse receives 1/2 share of the inheritance.

When there are no heirs of the preceding orders, the inheritance passes to the surviving spouse.

Article 362

(First paragraph amended by Law No. 8781, dated 3.5.2001)

Children born out of wedlock, when paternity or maternity has been duly acknowledged, as well as adopted children, are treated equally with children born within marriage.

The adoptee does not inherit from their family of origin, nor does the family of origin inherit from the adoptee.

Article 363

In the second order are called to inherit the parents of the deceased and persons incapable of work, who, for at least 1 year before the death of the deceased, cohabited with him as members of the family and were dependent on him.

Article 364

In the third order, the persons incapable of work dependent on the deceased mentioned in Article 363 of this Code are called to inherit, when there are no other heirs of the second order, as well as the grandfather and grandmother, brothers and sisters, and the children of predeceased brothers and sisters. The above-mentioned inherit in equal shares, without distinction between brothers and sisters of the same father or only the same mother, or between the grandfather and grandmother from the father's or the mother's side.

Article 365

When the deceased has left no descendants, nor parents or other ascendants, nor brothers or sisters, or their descendants, the property of the deceased passes to his closest relatives, without distinction between the paternal and maternal lines, but in any case not beyond the sixth degree.

Article 366

When the deceased has left no heirs up to the sixth degree, the state is called to inherit.

Article 367

The state is not liable for the obligations of the deceased beyond the value of the property acquired.

The right of accretion for household items

Article 368

Heirs who were living with the deceased at the time of his death, when called to inherit, in addition to their share of the inheritance, receive the household items for ordinary use, except when the deceased has provided otherwise in his will.

Inheritance according to orders

Article 369

Heirs of a subsequent order are called to inherit only when there are no heirs of the previous order or when all such heirs have become unworthy or have renounced the inheritance or have been excluded from the inheritance, except when, among the heirs of the second order, there remains an heir unable to work and there are heirs of the third order.

The right of accretion

Article 370

When one of the co-heirs who is called to inherit has died before the deceased, or has become unworthy, or has renounced the inheritance, or has been excluded from the inheritance and there are no persons entitled to inherit by substitution, the share which belongs to that person is added to the shares of the co-heirs of that order.

Heir unable to work

Article 371

Heirs unable to work are those who, at the time of the deceased's death, have not reached the age of 16, or 18 if they are continuing their studies, men who have reached the age of 60 and women who have reached the age of 55, as well as, regardless of age, those who are first and second group invalids.

TITLE III

INHERITANCE BY WILL

Meaning of the will

Article 372

The will is a unilateral legal act carried out by the deceased himself, by means of which he disposes of his property for the time after his death.

A will cannot be made by two or more persons in the same act, nor for the benefit of a third party, nor with reciprocal dispositions.

Capacity to dispose by will

Article 373

A will can be made by any person who has reached the age of 18, as well as by a woman under this age if she is married.

A minor from 14 to 18 years of age may make a will only for the property acquired through his own work.

A person who has been deprived of legal capacity by court decision, as well as anyone who, at the time of making the will, is incapable of understanding the significance of his action, cannot make a will.

Capacity to acquire by will

Article 374

Those who are incapable of inheriting by law are also incapable of acquiring by will, with the exception of the direct descendants of a specific person and who are alive at the time of the testator's death, even if such children have not yet been conceived.

Article 375

The guardian may in no case benefit from the testamentary dispositions of the person under guardianship when such dispositions are made before the approval of the final account, even if the testator dies after the approval of the account.

Testamentary dispositions made in favor of the guardian are valid when the guardian is an ascendant, descendant, brother, sister, or spouse of the testator.

Article 376

A testamentary disposition in favor of the incapacitated persons mentioned in Articles 374 and 375 of this Code is invalid even if it is concealed under the form of a contract for consideration or is made in the name of an intermediary person.

The following are considered intermediary persons: the father, the mother, descendants, and the spouse of the incapacitated person.

Appointment of heir

Article 377

(Repealed by the decision of the Constitutional Court no. 69, dated 27.12.2023)

Exclusion from inheritance

Article 378

The testator may, even without appointing heirs in the will, exclude one or more of his heirs from the legal inheritance.

Legal reserve

Article 379

The testator cannot exclude from legal inheritance his minor children or other minor heirs who inherit by substitution (Article 361, second paragraph), as well as his other heirs who are incapable of working if they are called to inherit, nor can he in any way, by will, infringe upon the share that belongs to these heirs under legal inheritance, except when they have become unworthy to inherit.

Article 380

When the testator disposes by will of a usufruct or a life annuity, the income from which exceeds that of the disposable portion, the heirs entitled to the legal reserve may either execute this disposition or renounce their rights over the disposable portion.

This right of choice is also held by the persons who benefit from the legal reserve if the testator has disposed of the bare ownership of a portion exceeding the disposable portion.

Substitution

Article 381

The testator may specify in the will that if the heir dies before him, becomes unworthy, or renounces the inheritance, the inheritance shall pass to one of the other heirs indicated in Articles 361, 363, 364 of this Code, and if none of these exist, to another person.

But the testator may not compel the heir to preserve and, after the heir's death, to deliver to another person all or a portion of the inheritance received.

The right of accretion

Article 382

When the testator has left all his property to the heirs designated in the will and one of these heirs has died before him, or has become unworthy, or has renounced the inheritance, and the testator has not designated another heir to replace him in these cases, as well as when an heir is excluded from the inheritance, the portion belonging to him shall be added to the shares of the other co-heirs designated in the will, in proportion to their respective shares of the inheritance.

If several heirs have been appointed together to a portion of the estate, the accretion shall take place only among these co-heirs.

Article 383

When the testator has bequeathed by will only a portion of his property, even if he has designated together several heirs for this portion, the share of the one who, for the reasons set forth in the previous article, cannot or does not wish to be an heir, shall pass to the legal heirs of the testator.

Legacy and charge

Article 384

The testator may charge the heir or heirs appointed in the will, from among those referred to in Articles 361, 363, 364 of this Code, to grant one or more legal heirs a pecuniary benefit from the inheritance, without making them heirs (legacy).

When the testator, who has no heirs from among those referred to in Articles 361, 363, 364, has designated other persons as heirs in the will, he may charge them with legacies for the benefit of any person.

The provisions regarding the capacity to inherit shall also apply to the person to whom the legacy is bequeathed.

Article 385

The legatee has the right to claim the fruits or interest arising from the legacy, from the date the delivery of the legacy is determined, and in the absence thereof, from the date of notification of the claim.

They may be claimed from the date of the testator's death, when the testator has expressly disposed or when the legacy is a deposit in cash.

Article 386

The testator may charge the heir or the heirs designated in the will to perform an act beneficial to society or any other act, without granting a specific person any right over this act (burden).

When the testator bequeaths property to the state, its bodies, or various entities, the testator has the right to determine the purpose for which the property should be used.

Article 387

When the heir charged with the legacy or burden has died before the testator, or has become unworthy or has renounced the inheritance and the testator has not appointed another heir in their

place, the co-heirs or legal heirs to whom the share of the one who for the above reasons cannot or will not be heir is added or transferred, are charged with the execution of obligations related to the legacy or burden. If the execution of the obligations related to the legacy or burden is closely tied to the person of the one who for the above reasons cannot or will not be heir, the legacy or burden becomes null and void.

Article 388

If among the heirs, none of them has been charged by the testator to satisfy the legacy, each heir is obliged to contribute to its satisfaction according to their share.

Article 389

When the item given in the legacy is indicated only by type or by quantity, the right of selection belongs to the heir, but the item cannot be of below average quality.

Article 390

When the person to whom the legacy has been left has died before the testator, or has become unworthy or has renounced the legacy, and the testator has not appointed another person in their place, the legacy benefits the heir charged with that legacy. But if the legacy has been left to several persons together, the share of the one who cannot or will not receive the legacy is added to their co-beneficiaries in proportion to their shares.

Article 391

The person to whom the legacy has been left has the right to request from the heir charged with the obligation the execution of the duty concerning the legacy.

The execution of the obligation of the heir in relation to the charge may be requested by the executor of the will, by the co-heirs, or by the relevant state or private organizations.

Obligations related to the legacy and the charge are executed after the obligations encumbering the inheritance estate.

Forms of wills

Article 392

A will is made in two forms: holographic and by notarial act.

Holographic will

Article 393

The holographic will is written entirely in the testator's own handwriting, indicating the date and their own signature.

The date of the will must indicate the day, month, and year. The signature is placed at the end of the dispositions.

Article 394

A person who is not capable of reading their own handwriting cannot make a holographic will.

Article 395

Persons who are deaf or who are both deaf and mute may dispose by holographic will or by will drawn up by a notary, according to the rules provided in the law “Për noterinë”.

Article 396

A holographic will may be deposited with the notary for safekeeping according to the provisions for the deposit of documents with the notary.

Will by notarial act

Article 397

The will by notarial act is drawn up by the notary and signed by the testator in the presence of the notary.

When the testator does not know how, or due to illness or physical disabilities is unable to sign, the will is signed according to the rules provided in the law “Për noterinë”.

Special wills

Article 398

(Repealed by Law No. 8781, dated 3.5.2001)

In places where there is no notary, the will may be certified by the mayor of the municipality or commune.

Article 399

The will of a person who is in military service may be certified by the commander of the military unit to which he belongs, and when hospitalized for treatment, by the hospital director.

Article 400

The will of a person who is on board an Albanian vessel while sailing or who has stayed in a foreign port may be certified by the captain of the vessel.

Article 401

A disposition made by will subject to a suspensive condition has no effect if the person in whose favor it was made dies before the testator.

Revocation of the will

Article 402

A will with a later date renders the earlier will void in its entirety or only for the part that does not agree with the new will.

The will is rendered void also through a declaration made by the testator before a notary.

Invalidity of the will

Article 403

The will is invalid when it is made by a person who is not capable of making a will (Article 373).

Article 404

The will is invalid when it is not made in the form required by law.

Article 405

The will is invalid when a disposition by will is made in favor of persons who cannot inherit (Articles 374, 375).

Article 406

The will is invalid when a disposition by will is contrary to Articles 377 and 384 of this Code.

Article 407

The will is invalid when the disposition by will of the testator excludes from the legal inheritance his minor heirs or heirs who are incapable of working, or violates their legal share.

Article 408

The will is invalid when a disposition by will is made in contravention of the law or in fraud of the law.

Article 409

The will is invalid when the disposition by will has been made under the influence of fraud, threat or violence, or as a result of a mistake, without which the testator would not have made such a disposition.

Article 410

When the will is declared invalid by the court, the legal heirs are called to the inheritance, except in the case of accretion in favor of the heirs designated in the will according to Article 381.

When only some of the dispositions of the will are declared invalid, the other dispositions remain in force.

Article 411

The action for the invalidity of the will or of the disposition by will may be brought by the heir and by any other interested person within three years from the opening of the inheritance.

Article 412

When the disposition by will is invalid because the testator's disposition has excluded from the legal inheritance his minor heirs or heirs incapable of work or infringes upon their statutory share (Article 407), the heir, who is excluded from the inheritance or whose statutory share has been infringed, has the right to demand from the other heirs, as the case may be, the delivery or completion of the share to which he is entitled on the basis of the legal inheritance.

Article 413

For the determination of this share, the entire property that the decedent had at the time of his death is combined, after deducting the obligations encumbering the inheritance, and it is divided by the number of heirs who would be called to the inheritance if the decedent had not made a will.

Executor of the will

Article 414

The testator may appoint one or more persons to execute the will.

The appointment as executor must be accepted by him in the will itself or by a separate declaration attached to the will.

If the testator does not appoint an executor of the will, the execution of the will is entrusted to the heirs designated therein.

Article 415

The executor of the will must make an inventory of the inherited property, inviting the heirs and other persons who benefit from the will to participate.

The executor of the will administers the inherited property, carrying out the actions necessary for the execution of the dispositions of the will, but may not alienate the inherited property, except when necessity arises and with the permission of the court, which decides after first hearing the heirs.

Article 416

The district court, upon the request of the heirs or of interested parties, may discharge the executor of the will for serious breaches of his duty or for incompetence in the administration of the inherited property.

Article 417

The rights and powers of the executor of the will are not transferred to his heirs.

Article 418

When there are several executors of the will, in the absence of the others, one of them may also act, but all of them are jointly liable for the items entrusted to them, except when the testator has divided the duties among them.

PART IV OBLIGATIONS

TITLE I GENERAL PROVISIONS

CHAPTER I MEANING AND ORIGIN OF OBLIGATIONS

Meaning of obligation

Article 419

An obligation is a legal relationship by means of which one person (the debtor) is required to give something or to perform or not to perform a certain act for the benefit of another person (the creditor), who also has the right to demand that something be given to him, or that the act be performed or not performed.

Arising of obligations

Article 420

Obligations arise from contracts or from the law.

The economic nature of the obligation

Article 421

The object of the obligation must have an economic valuation and correspond to the interests, even if non-property interests, of the creditor.

Diligence of the parties to the obligation

Article 422

The creditor and the debtor must act toward each other with diligence, impartiality, and in accordance with the requirements of reason.

CHAPTER II SOLIDAR OBLIGATIONS

Article 423

The obligation is joint and several when the creditor or each of the creditors has the right to demand the performance of the same obligation, in whole or in part, either from the debtors jointly or from each of them individually.

Article 424

The obligation is joint and several when it arises from the will of the parties or is provided by law.

Article 425

The obligation is joint and several even when the debtors are each bound in a different manner or when the common debtor is bound in a different manner to each creditor.

Article 426

The performance of the obligation by one of the joint and several debtors releases all of the other debtors.

The joint and several debtors are released from the obligation also through the giving of an item in performance of the obligation or by the compensation of the credit by one of the joint and several debtors to the creditor.

Article 427

The creditor's delay towards one of the joint and several debtors extends its effect to all the other debtors.

The joint and several debtor cannot set off his obligation with credits that the other debtors have against the creditor.

The joint and several debtor cannot raise against the creditor the personal defenses of the other debtors.

Each of the joint and several debtors must not, through his actions, worsen the position of the others, except where otherwise provided by law.

Article 428

The debtor has the right to choose to pay either one or the other joint and several creditor, except when he has previously been prevented by means of a written notice from one of them.

Creditors are joint and several when each of them has the right to demand payment of the entire obligation and payment made to one of them releases the debtor from liability to all the creditors.

Article 429

The novation of the obligation made by the debtor with one of the creditors releases all the other debtors, except where the creditor has reserved his rights against them.

The remission of the obligation made to one of the joint and several debtors releases all the other debtors. When only the share of one debtor is remitted, the obligation of the other debtors is reduced by the amount of the remitted share.

The unification of the qualities of creditor and joint and several debtor in a single person extinguishes the obligation of the other debtors for the share of that debtor.

Article 430

In their relations with each other, joint and several debtors participate in the discharge of the obligation, each according to his own share.

The debtor who has performed a joint and several obligation has the right to demand from the other debtors payment in equal shares of the obligation performed by him, except where otherwise provided by law or contract.

When the joint and several debtor who has performed the obligation has not been able to recover from one debtor his share of the obligation, that share shall be divided, as the case may be, in equal parts or proportionally among the other debtors, including himself.

Article 431

The joint and several debtors are obliged to bear, in proportion to their shares, all expenses that are proven to have been necessary to be incurred by the debtors who have performed the obligation.

Article 432

The joint and several debtor who performs the obligation must set up to the creditor the common defenses of all the debtors, otherwise he loses the right to claim from the other debtors the share owed to them for the discharge of the obligation. He also loses this right when he has not notified the other debtors that he has performed the obligation and, as a result, one of the other debtors has performed it separately.

Article 433

The interruption of prescription by the creditor's actions against one of the joint and several debtors, as well as the interruption of prescription by one of the joint and several creditors against the common debtor, has effect both on the other debtors and on the other creditors.

The suspension of prescription against one debtor or against one joint and several creditor has no effect on the others.

The waiver of prescription pursuant to Article 126 of this Code made by one of the joint and several debtors has no effect on the others, whereas the waiver of prescription by one of the joint and several creditors has effect on the others.

Article 434

A joint and several debtor who is requested to pay his share of the obligation cannot oppose to the debtor who has paid it the statute of limitations of the creditor's claim, except when he himself and the debtor claiming the share had the opportunity to oppose the completed statute of limitations.

This paragraph does not apply when, by agreement, the joint and several debtors have decided otherwise.

Article 435

In the event that the performance of the obligation becomes impossible due to the fault or during the continued delay of one or several joint and several debtors, the other debtors are not discharged from the obligation to fulfill it.

The creditor may claim compensation for the damage caused for such a reason only from the joint and several debtors or from each of them, through whose fault the performance of the obligation has become impossible or who have been in delay. The other debtors remain jointly and severally liable only for the original obligation.

The delay of one of the joint and several debtors does not have any legal consequence for the other debtors.

CHAPTER III ALTERNATIVE OBLIGATIONS

Article 436

The obligation is alternative when the debtor is discharged from it by fulfilling one of its types mentioned separately, at his own discretion, or that of the creditor or a third party. The debtor may not require the creditor to accept fulfillment of the obligation partly of one type and partly of the other type.

Article 437

The right of choice belongs to the debtor, except when it is provided by law or by contract that it is left to the creditor or to a third party.

The choice becomes irrevocable upon the fulfillment of one of the types of obligation, or upon notification of the declaration of choice to the other party or both parties, when the right of choice belongs to a third party. When the right of choice belongs to several persons and they do not reach an agreement, the court sets them a deadline. If the choice is not made within the set deadline, it is made by the court.

Article 438

When, in an alternative obligation, the debtor does not perform any of the types of obligations within the specified deadline, the right of choice passes to the creditor.

If the right of choice has been left to the creditor and he has not exercised it within the deadline set in the agreement or set by the debtor, the choice passes to the latter.

When the right of choice has been left to a third party and he does not exercise it within the specified deadline, the choice is made by the court.

When this right has been granted to several persons, the court sets them a deadline. If the choice is not made within the specified deadline, it is made by the court.

Article 439

The alternative obligation becomes simple when one of the two types of obligation cannot be the subject of the obligation, or when its performance has become impossible without the fault of either party.

Article 440

When the right of choice has been left to the debtor, the alternative obligation becomes simple if one of the two types of obligation becomes impossible and through his fault. If this impossibility occurs due to the fault of the creditor, the debtor is released from the obligation when the creditor does not agree to the performance of the other obligation and seeks compensation for damages.

When the choice has been left to the creditor, the debtor is released from the obligation when the impossibility of performing one of the two types of obligation has occurred through the fault of the creditor and the latter does not agree to the performance of the other type of obligation and to seek compensation for damages. In the event that the choice has been left to the creditor and the impossibility is attributable to the debtor, the creditor may choose the other obligation or seek compensation for damages.

Article 441

When both types of obligations have become impossible and the debtor is liable for one of them, he must pay the value of the obligation which became impossible last, if the right of choice has been left to him.

If the right of choice has been left to the creditor, he has the right to claim the value of either type of obligation.

CHAPTER IV DIVISIBLE AND INDIVISIBLE OBLIGATIONS

Divisible obligations

Article 442

When several debtors or creditors participate in the same obligation and it is divisible, each debtor is obliged to perform and each creditor has the right to claim an equal part of the obligation, unless otherwise provided in the contract or by law.

Indivisible obligations

Article 443

When there are several debtors in the same obligation, which is indivisible, all debtors are considered joint and several debtors.

The obligation is indivisible by its very nature as such and by the intention of the parties in the contract. In such cases, the obligation remains indivisible even for the heirs of the debtors.

Article 444

Indivisible obligations are governed by the provisions relating to joint and several obligations, except as provided in this chapter.

CHAPTER V MONETARY OBLIGATIONS

Article 445

The obligation to pay a sum of money is discharged at its nominal value, unless otherwise provided by law or by contract.

Article 446

The monetary obligation is fulfilled with the currency in circulation in the state where the payment is made or with the currency accepted in the contract.

Article 447

When the creditor has a current account in the state where the payment must or may be made, the debtor may fulfill the obligation by crediting the respective amount to this account, unless the creditor has excluded payment into this account.

The payment is considered completed at the moment it is credited to the account.

Article 448

The payment is made at the creditor's domicile on the payment date. The creditor may determine another place within the borders of the state where he has his domicile at the time of payment or at the time the obligation arises.

Article 449

If the payment is to be made in a place other than the creditor's domicile at the time the obligation arises and the fulfillment of this obligation would be excessively burdensome, the debtor

may suspend the payment until the creditor has designated another place which would avoid excessive expenses.

Article 450

Compensation for damages caused as a result of delay in the payment of a sum of money consists of accrued interest, from the date the debtor's delay begins, in the official currency of the country where payment is made. The interest rate is determined by law.

At the end of each year, the accrued interest is added to the principal amount on which it was calculated.

Legal interest is paid without the creditor being required to prove any damage. When the creditor proves that he has suffered greater damage than the legal interest, the debtor is obliged to pay him the remainder of the damage.

Article 451

When the obligation concerns the payment of a sum of money in a currency that does not have an official exchange rate in the state where the payment is to be made, the debtor has the right to fulfill the obligation in the currency that has an official exchange rate in the state where the payment is to be made, except where otherwise provided by law or by contract.

Article 452

When the obligation concerns the payment of a sum of money in a currency different from that of the country where the payment is to be made, and the debtor claims that he is unable to fulfill the obligation in that currency, the creditor may accept fulfillment in the currency of the country where the payment is to be made.

The above rule also applies when the debtor is required to make the payment in the currency initially accepted.

Article 453

When the obligation must be fulfilled in a currency different from that initially accepted, the conversion shall be made at the official exchange rate on the day of payment.

Article 454

Article 450 of this Code does not deprive the creditor of the right to claim compensation for damage suffered due to the fact that, from the date of the debtor's default, there have been changes in the exchange rate of the currency specified in the obligation.

TITLE II

FULFILLMENT AND EXTINGUISHMENT OF OBLIGATIONS

CHAPTER I

FULFILLMENT OF OBLIGATIONS

Article 455

The debtor and the creditor must exercise due care and be diligent in fulfilling the obligation according to its content.

Article 456

The obligation to deliver a specific item also includes the care that must be taken for its safekeeping until delivery.

Article 457

When the object of the obligation is the delivery of goods specified only by type, they may not be of inferior quality to the average quality.

Article 458

Delivery of goods is carried out according to the method specified in the contract, and when this is not specified, it is carried out:

- a) by handing them over to the person who has acquired their ownership or to the person deriving rights from him;
- b) by handing them over to the carrier or the post office for delivery to the acquirer, at the place indicated by him;
- c) by handing over to the acquirer or sending by post the documents (bill of lading, proof of deposit) that grant them the right to dispose of the goods.

Article 459

The debtor may not perform the obligation in parts, even if it is divisible, without the consent of the creditor.

Article 460

The obligation may also be performed by a third party who is not the debtor, except when the creditor has an interest in the performance being carried out by the debtor, or when the creditor has been notified of the debtor's objection.

Place of enforcement

Article 461

If the place where the obligation must be performed is not specified in the contract, by law, or cannot be understood from the nature of the obligation itself, performance shall take place:

- a) for the delivery of an immovable item, at the place where it is located;
- b) for items that are individually determined, at the place where they were located when the obligation arose;
- c) for the delivery of an item determined by type and quantity, at the place where the debtor carries out his professional activity or at his residence;
- c) for monetary obligations, according to the rules specified in Chapter V of Part IV of this Code.

Article 462

The creditor cannot be compelled to accept something different from what is specified in the subject matter of the obligation, even if the value of the item offered is greater.

Term for performance of the obligation

Article 463

The performance of the obligation must be carried out within the period specified in the contract. When the contract does not specify a term or the performance of the obligation is left to the creditor's demand, the creditor may request performance at any time, and the debtor must perform it within fifteen days from the date of the request.

Article 464

The term specified in the contract is presumed to be set for the benefit of the debtor, unless the will of the parties or the nature of the obligation indicates otherwise. Performance of the obligation before the expiry of the term is not considered invalid, except when the term is set for the benefit of the creditor.

Article 465

The debtor cannot claim the right to the term when:

- a) has become insolvent;
- b) has not provided the promised guarantees;
- c) the guarantees securing the credit have diminished due to his fault, except when those remaining continue to provide sufficient security for the performance of the obligation.

Performance towards the creditor

Article 466

Performance of the obligation must be made to the creditor himself or to his representative, or to a person authorized by the creditor, by law or by the court.

Performance of the obligation made to a person who is not authorized to receive it discharges the debtor only if the creditor has subsequently accepted the performance or it is proven that the creditor has benefited from it.

Performance to a third party

Article 467

The debtor who performs an obligation to a person who, according to circumstances that are beyond doubt, appears to be authorized to receive it, is discharged from the obligation if he proves that he acted in good faith.

The person who has accepted the performance of the obligation is obliged to return to the true creditor what he has received from the performance of the obligation.

Performance to a creditor lacking legal capacity to act

Article 468

When the performance of the obligation has been made to a creditor who lacks legal capacity to act, it discharges the debtor only to the extent that it has benefited that creditor or his legal representative.

Performance for several obligations

Article 469

When performance is made for several obligations and to the same creditor, the debtor may determine at the time of performance which obligation he is discharging.

When there is no determination by the debtor as to the order of performance, the obligation which has fallen due is performed first; if there is more than one such obligation, performance begins with the largest, and if there are several of the same amount, it begins with the oldest one, and when these are of the same age, performance is made proportionally.

Article 470

Performance in money for a specific obligation includes first the settlement of expenses, then of accrued interest, and then of the principal obligation and ordinary interest thereon.

The creditor may refuse payment if the debtor, during performance, sets a different order or may decline to accept full discharge of the value of the obligation without also receiving the accrued interest, the outstanding interest, and the relevant expenses.

Article 471

The creditor may refuse the performance of the obligation for the delivery of an item different from the one specified in the contract, even if the value of the item offered is equal to or greater than that specified.

Execution expenses, relevant receipts

Article 472

The expenses are borne by the person performing the obligation, whereas the expenses for the receipt are borne by the person in whose favor it is issued.

Article 473

For every payment made in performance of the obligation, the creditor issues a receipt, except where otherwise provided by the contract.

If the creditor holds a document from the contents of which the obligation arises, the debtor who has performed that obligation may request the return or destruction of the document, except where the creditor has reasonable interests for retaining it and provided that the creditor notes on the document the performance of the obligation.

When the creditor refuses to perform the obligation according to the above paragraph, the debtor may suspend the performance of the obligation. When the creditor claims to have lost the document, he is obliged to provide the debtor with a written statement acknowledging the performance of the obligation. The statement must be notarized when required by law.

Article 474

When identical payments for the settlement of the obligation must be made periodically, receipts issued for two consecutive payments are presumed to establish that the previous payments have also been made.

The receipt issued by the creditor for the principal obligation is presumed to establish that the interest and expenses related to that obligation have also been settled.

Release of property from collateral

Article 475

The creditor who has accepted the performance of the obligation must release the property from real collateral given as security for the performance of the obligation, as well as from any other restriction that may limit the use of the property.

CHAPTER II

EFFECTS OF NON-PERFORMANCE OF OBLIGATIONS GENERAL PROVISIONS

Article 476

Any deficiency in the performance of obligations compels the debtor to compensate for the damage suffered by the creditor, except when he proves that the non-performance did not occur due to his fault.

In this case, the creditor has the right:

- a) to demand specific performance of the obligation, in particular the delivery of the property or the execution of the works, as well as compensation for the damage caused by the delay in performance; or
- b) compensation for the damage caused by the non-performance of the obligation.

Article 477

The debtor who, in performing the obligation, uses the work of third parties, is liable for their actions, carried out with fault, as if they were his own.

Article 478

When the obligation relates to actions that may also be performed by other persons and the debtor does not perform the obligation, the creditor has the right to request to perform them himself on behalf of the debtor.

Article 479

Any agreement that excludes or limits the parties from liability for non-performance of obligations is void.

Article 480

When the performance of the obligation becomes impossible due to the fault of the debtor, the creditor has the right to claim compensation from him for the damage caused.

The debtor is at fault when, intentionally or negligently, he has created circumstances that have made performance impossible or when he has not taken measures to prevent it.

Debtor's delay

Article 481

A debtor who fails to fulfill a due obligation within the specified period is considered to be in delay (mora), except when non-performance is the result of circumstances not related to the debtor's fault.

The debtor is put in delay by means of a written notice. It is not necessary to put in delay when:

- a) the debtor has declared in writing that he does not wish to perform the obligation;
- b) the deadline within which the obligation was to be performed has expired.

When the debtor dies and the deadline set for the performance of the obligation expires after his death, his heirs are considered to be in delay upon the expiration of 15 days from the date of written notice by the creditor.

- c) When the obligation arises from an unlawful act.

Article 482

A debtor who is in delay is not released from the sudden impossibility of fulfilling the obligation, even if this has been caused without his or the creditor's fault, except when he proves that the subject matter of the obligation would have been destroyed or damaged even if it had been under the creditor's care.

The loss or damage of an item taken unlawfully does not release the person who took it from the obligation to return its value.

Article 483

The provisions on delay do not apply to obligations that involve omissions. Any contrary action constitutes non-fulfillment of the obligation.

Article 484

The creditor may refuse the offer of the debtor who is in delay for the performance of the obligation, if it does not also include compensation for the damage suffered and the expenses incurred during the delay, or when the creditor, due to the debtor's delay, has no interest in the performance of the obligation.

Article 485

A debtor who has a claim due against his creditor may suspend the fulfillment of his obligation until the payment of the claim, provided that there is a sufficient connection between the claim and the obligation, such as, among other things, the existence of a single legal relationship or regular dealings between the parties. Suspension of the fulfillment of the obligation cannot be requested when:

- a) the performance of the obligation by the other party becomes impossible due to the creditor's delay, or is permanently impossible;
- b) the other party's claim is not subject to seizure.

Article 486

The damage that must be compensated by the debtor for non-performance of the obligation consists of all losses suffered as a result of the reduction of property, as well as the profit that could have been obtained under normal market conditions (lost profit). The compensation for the repair of the damage also includes the reasonable and necessary expenses to prevent or reduce the damage, which are related to the circumstances on which the party's liability is based, the

reasonable and necessary expenses to determine the damage and liability, as well as those incurred to find an out-of-court solution for the fulfillment of the obligation.

Article 487

In a contract with reciprocal obligations, the parties must perform their obligations at the same time, except when it arises from the contract or from the nature of the obligation that one party must perform its obligation before the other.

Article 488

When in a contract with reciprocal obligations, the performance of one party's obligation has become impossible through no fault of either party, neither of them has the right to demand performance of the obligation or compensation for damage from the other, except when otherwise provided by law or by contract. Each party has the right to demand from the other party the return of what has been given for the performance of the obligation.

Article 489

If, in a contract with reciprocal obligations, the performance of one party's obligation has become impossible because the other party has become insolvent, or has gone bankrupt, or for any other circumstance caused by its fault, the other party has the right not to perform its own obligations until the performance of the obligation to its benefit is guaranteed, or to request compensation for the damage caused by non-performance of the contract.

Article 490

When it has been decided that the creditor shall be paid compensation for the non-performance or delayed performance of the obligation, the court, taking into account the financial situation of the debtor, may set another deadline for the payment of this compensation or allow it to be paid in installments.

Creditor's delay

Article 491

The creditor is in delay when, without any lawful reason, he does not accept the performance of the obligation by the debtor, or when, due to circumstances created by his own fault, he does not fulfill an obligation towards the debtor, without which the debtor cannot perform his own obligation.

Article 492

When the creditor is in delay, the debtor has the right to claim compensation for the damage caused by it and is released from liability if later the performance of his obligation becomes impossible, except when the impossibility of performance occurs due to his fault.

In monetary obligations, when the creditor is in delay, the debtor does not pay interest.

Article 493

When the damage caused by the non-performance of the obligation has been caused or increased also by actions or omissions of the creditor committed with fault, or when the creditor has not shown due care to reduce this damage, the court, as the case may be, may reduce the amount of compensation for the damage or completely release the debtor from the obligation to compensate.

Article 494

The creditor, during his delay, cannot request enforcement measures for a compulsory execution.

Article 495

When the creditor is in delay or cannot be found, the debtor has the right to perform the obligation by depositing the item with a person engaged in deposit activities or in a place determined by the court of the place where the obligation is to be performed. When the object of the obligation is money, securities or valuable documents or precious items, they are deposited in a bank.

With the deposit, interest is interrupted.

In cases where the deposit requires major expenses, is carried out with difficulty, or the item to be deposited deteriorates quickly or, due to its very nature, cannot be placed in deposit, the debtor, after notifying the creditor, requests the court to be allowed to sell the aforementioned item and to deposit the proceeds from the sale in a state bank in the name of the creditor.

When the debtor withdraws the deposited item before it has been accepted by the creditor, the deposit is considered not to have been made.

The depositary shall deliver the item to the creditor only after the latter has settled all expenses for the execution of the obligation.

CHAPTER III SUBSTITUTION AND ASSIGNMENT OF CREDIT

Substitution of the debtor

Article 496

The substitution of the debtor with another person, who assumes the obligation, may be done only with the creditor's consent. The substituted debtor is released from his obligation to the creditor.

Guarantees given by third parties for the obligation are extinguished if such parties have not given consent for them to remain valid for the new debtor. The pledge or mortgage provided by the previous debtor remains in force.

Article 497

The creditor may be opposed by the new debtor with all objections arising from the obligation that he has assumed and which could also have been opposed by the previous debtor, except those relating to the person of the latter.

Article 498

The agreement according to which the debtor and a third party become co-debtors in an obligation, when the creditor's consent has been obtained, cannot be terminated or modified without the creditor's consent. Both co-debtors are jointly liable to the creditor.

Assignment of claims

Article 499

(Third paragraph added by Law No. 8536, dated 18.10.1999)

The creditor may assign his claim to another person even without the debtor's approval, provided that the claim does not have a strictly personal nature and the assignment is not prohibited by law. In particular, the assignment of a claim to another person is not permitted when it arises from the causing of death or injury to health, as well as claims that cannot be seized.

The parties to an agreement may exclude the assignment of the claim, but the agreement cannot be invoked against the assignee unless it is proven that he was aware of it at the time of the assignment.

The provisions on the assignment of claims do not apply to claims relating to financial transactions, over which security interests have been established, according to the criteria set forth by a specific law.

Article 500

The claim passes together with the privileges, guarantees, and other accessories, including interest for the elapsed period, unless otherwise provided in the contract.

The person who assigns the claim may not transfer to another person the possession of the pledged item without the approval of the other party (the pledgor). Otherwise, the creditor remains the custodian of the pledge.

Article 501

The assignment of the claim must be made in writing, otherwise it is not valid.

Article 502

The assignment of the claim has effect against the debtor and against third parties from the day on which the debtor has accepted it or has been notified by the previous creditor or by the new creditor.

A debtor who has performed his obligation before being notified of the assignment of the claim is released from the obligation.

Article 503

When the claim has been assigned to several specific persons, the assignment that was notified earlier to the debtor, or that was previously accepted by the debtor with a document (writing) with an exact date, is preferred in satisfaction, even if the date is later.

Article 504

The assignment of the claim does not affect the debtor's means of defense.

The debtor may oppose to the new creditor the objections that he could have raised against the previous creditor at the time the assignment of the claim was notified to him.

He may request to offset a claim against the initial creditor, even if it is still not due at that time, provided that it has not become due after the assignment of the claim.

Article 505

When the assignment of the claim is made for consideration, the creditor guarantees the existence of the claim at the time of its assignment.

When the assignment is made free of charge, the creditor does not guarantee the existence of the claim.

Article 506

The creditor who assigns the claim is not liable for the debtor's insolvency, except when he has undertaken the guarantee.

In this case he is liable to the extent that he has received. In addition, he must be liable for interest, for the costs of the assignment, and for those expenses that the person who assigned the claim has incurred for legal actions against the debtor and to compensate the damage.

An agreement aimed at increasing the liability of the person who assigns the claim is void. When the creditor who assigns the claim has guaranteed the solvency of the debtor, the guarantee terminates if the non-enforcement of the claim due to the debtor's insolvency has resulted from the negligence of the new creditor in pursuing the matter against the debtor.

Article 507

The creditor who assigns the claim must deliver to the other creditor the documents proving the claim, which are in his possession.

When only a part of the claim has been assigned, the creditor is obliged to deliver to the other creditor an authentic copy of the documents.

CHAPTER IV EXTINCTION OF OBLIGATIONS

Novation

Article 508

Obligations are extinguished by novation, when the parties by agreement replace the original obligation with another obligation that is different from the first.

Article 509

Surety, pledge, and mortgage of the original claim are extinguished except when the parties have expressly agreed that they shall be maintained also for the new claim.

Article 510

Renewal is invalid if the initial obligation is invalid.

When the initial obligation arises from a voidable title, the renewal is valid if the debtor has undertaken the new obligation while acknowledging the defect of the initial title.

Remission of obligation

Article 511

The creditor's written statement remitting the obligation extinguishes it when the debtor is notified, except when the latter declares within a specified time period that they do not wish to benefit from the remission.

Article 512

When the debtor possesses the private document that proves the obligation, it is presumed that the obligation has been extinguished by remission, unless it is proven that the document was not intentionally returned by the creditor.

Article 513

The removal of the guarantee of the obligation does not presume its remission.

Set-off

Article 514

When two persons owe each other money or items of the same kind and that are interchangeable, and their obligations are due, certain, and determined in amount or quantity, the obligations of both parties are extinguished by means of set-off. The obligations are extinguished up to the amount or quantity of the smaller obligation.

Article 515

Set-off extinguishes both obligations as of the date of their concurrence.

When interest has been paid on one or both of the credits, set-off is made up to the latest term for which the interest has been paid.

Prescription does not prevent set-off, if it has not been fulfilled on the day when both obligations have become concurrent.

Article 516

Set-off is made by means of a declaration that one party sends to the other party.

The declaration cannot be made with a term or with a condition.

When the set-off does not cover the entire credit or when the creditor needs to retain the credit instrument in order to exercise other rights of his, he may retain it on the condition that he notes on the instrument the content of the declaration and provides the other party with a copy of the credit instrument.

Article 517

When the declaration for set-off given by one party is not accepted by the other party, the latter is obliged to immediately notify the party that sent the declaration, stating the reasons for the refusal.

Article 518

They cannot be set off without the creditor's consent:

- a) credits arising from the causing of death or of damage to health;
- b) credits that cannot be seized;
- c) credits arising from taxes and duties.

Article 519

Set-off is not effected when it is to the detriment of third parties who have acquired usufruct or pledge rights over the credit.

Article 520

The guarantor may oppose the set-off of the creditor's obligation to the principal debtor. The principal debtor may not oppose the set-off of the creditor's obligation to the guarantor.

Article 521

When two obligations are not payable in the same place, they cannot be set off, except by accounting for the necessary expenses for their transfer to the place of execution.

Article 522

When credits and monetary obligations are included in a single account, they are immediately set off, according to the order agreed upon by the parties in the agreement, and, in the absence thereof, according to the rules laid down in Articles 469 and 470 of this Code.

The party administering the account, after closing it with the set-off made, shall notify the other party of the balance, the exact date of the calculation, as well as the entries that comprise the account and that have not yet been communicated to the other party.

If the other party does not contest it within a reasonable period, the notified balance shall be considered as accepted by the parties.

Article 523

When the obligations included in a set-off are not sufficiently specified in a set-off statement, the rules laid down in Article 470 of this Code shall apply.

Each party may immediately object to the set-off made, in the event that the calculation of the obligation, expenses, and interest has not been carried out according to the aforementioned rules.

Combination of the qualities of the creditor and the debtor in a single person

Article 524

The obligation is extinguished when the qualities of the creditor and the debtor are combined in a single person.

When this combination ceases, the obligation arises again.

Article 525

The combination does not take place when it is to the detriment of third parties who have acquired usufruct or pledge rights over the claim.

Extinction due to impossibility of performance

Article 526

The obligation is extinguished when its performance becomes impossible through no fault of the debtor and before the debtor has been put in default.

The obligation is also extinguished when the debtor, although in default, proves that the impossibility would have existed even if the creditor had been in his place.

In these cases, the debtor must return to the creditor what he has gained without cause.

Article 527

When the impossibility of performing the obligation is temporary, the debtor is not liable for the delay in performance for the period during which it lasts.

However, the obligation is also extinguished when the impossibility lasts for such a time that, according to the title of the obligation and its nature, the debtor can no longer be required to perform it or the creditor no longer has an interest.

Article 528

When the performance of the obligation becomes impossible only in part, the obligation shall be performed to the extent that it can be performed.

Article 529

When the subject of the obligation is the delivery of an item and this is completely damaged or lost without the fault of the debtor and before the debtor is put in default, the creditor enters into the rights of the debtor with respect to this item, depending on the fact that caused the impossibility of performing the obligation. The creditor has the right to claim from the debtor what he has received as a result of compensation for damages.

TITLE III

MEANS TO SECURE THE ENFORCEMENT OF OBLIGATIONS

CHAPTER I

GENERAL PROVISIONS

Article 530

The creditor may be compensated with all the present and future assets of his debtor, except in cases where otherwise provided by law.

A property may be encumbered by its owner, in order to secure the payment of an obligation.

Article 531

Creditors have equal rights to be compensated from the debtor's property, except for lawful causes of preference.

Lawful causes of preference are privileges, pledge, and mortgage.

Article 532

A pledge and a mortgage may be established only for an actual obligation.

A pledge and a mortgage may be established both for an obligation of the owner of the property given as pledge or mortgage, as well as for an obligation of another person.

Article 533

A pledge or a mortgage may secure an existing credit or a future credit. The credit for which the guarantee is given must be clearly specified.

A pledge or a mortgage may also be established for a conditional obligation.

Article 534

The pledge or mortgage extends respectively to all works that improve the value of the property, credits and compensations that are added to or that replace the encumbered property, including that which is compensated for depreciation.

Article 535

If the property given as pledge or mortgage is lost or depreciated, the payment of the amounts for which insurers or third parties liable for compensation are responsible shall be deducted from the payment of the credits related to the pledge or mortgage, except when these amounts are used to repair the loss or depreciation of the property.

Article 536

If the property given as pledge or mortgaged is lost or damaged, even by force majeure, so that the rights of the creditor are not impaired, the latter may request to be given full security over other property and, in the absence thereof, may request immediate payment of his credit.

Article 537

The pledge and the mortgage are indivisible even if the obligation is divisible.

Article 538

When the pledge or mortgage is provided to secure an obligation of another person, the owner of the property given as pledge or mortgaged may oppose to the creditor all the objections that the debtor could have raised and may request the set-off of the obligation with the credits that the debtor has against the creditor.

Article 539

When the creditor is not fully paid from the property given in pledge or mortgaged, he has the right to recover the unpaid part of the credit from any other property of the debtor, but without having the right of preference over other creditors, as he had for the property given in pledge or mortgage.

Article 540

An agreement is void according to which it is stipulated that, in the absence of payment of the credit within the specified term, ownership of the mortgaged or pledged property passes to the creditor.

CHAPTER II PENALTY CLAUSE

Article 541

For the non-performance or improper performance of obligations, the parties may provide in the contract for the payment of a sum of money or the fulfillment of another obligation, for the repair of the damage or to encourage the execution of the obligation.

Article 542

The creditor may not simultaneously claim payment of the penalty clause and execution of the obligation.

Article 543

When the penalty clause is stipulated for the case of non-performance of the obligation and the debtor does not fulfill his obligation, the creditor has the right to demand payment of the penalty clause, as well as compensation for the part of the damage that exceeds the penalty clause.

When the penalty clause is stipulated for the case of improper performance of the obligation, and the debtor has not performed his obligation properly, the creditor has the right to demand execution of the obligation and payment of the penalty clause, as well as compensation for the part of the damage that exceeds the penalty clause.

Article 544

When the penalty clause is excessively high compared to the damage suffered by the creditor, the court, at the debtor's request, may reduce the penalty clause to the level of the damage suffered.

Article 545

The agreement for the penalty clause must be made in writing, regardless of its amount and of the form required for the principal contract.

CHAPTER III PLEDGE

Definition

Article 546

(Second paragraph added by Law no. 8536, dated 18.10.1999; sentence added at the end of the second paragraph by Law no. 121/2013, dated 18.4.2013)

Pledge is established over a movable asset, over a right to bearer, or to order, or over the usufruct of such asset or right. The pledge is created by placing the asset or the title in the possession of the creditor or a third party designated by agreement between the parties.

The provisions regarding pledge do not apply to credits related to financial transactions, over which security interests have been established, according to the criteria set by a special law. The provisions regarding pledge also do not apply in cases of financial collateral arrangements, which are regulated by a special law.

Form of the contract

Article 547

The pledge contract must be made in writing or before a notary, otherwise it is invalid. It must also include a description of the property given as pledge. In the case of a pledge on shares in companies, the pledge must be registered in the company members' register. In the case of a pledge on shares, the pledge must be registered in the shareholders' register, on the shares given as pledge.

All or part of the properties used in an enterprise operating as a going concern may be pledged. In such a case, the pledge is effective when the properties are entrusted to a third party or to a creditor, who, in turn, will manage them as an inseparable going concern.

Protection of the creditor

Article 548

The creditor who has lost possession of the pledged item, in addition to the possessory action, may also exercise the action for recovery, if such right belongs to the pledgor.

Rights and obligations of the parties

Article 549

The creditor is obliged to preserve the pledged item and is liable, according to the general rules, for its loss and damage.

The person who has given the pledge is obliged to pay the expenses incurred for the preservation and maintenance of the item.

Article 550

If the pledged item produces fruits or income, the creditor has the right to appropriate them, using them first for expenses and interest and then for the loan, unless otherwise provided in the contract.

Article 551

The creditor may not use the pledged item without the consent of the pledgor, except when such use is necessary for its preservation and maintenance.

He may not give the item in pledge or leave it for use by others.

Article 552

If the creditor dissipates the pledged item, the pledgor may request the sequestration of the item.

Article 553

The person who has given the pledge may not request the return of the item if the loan, interest, and the expenses related to the obligation and the pledge have not been fully paid.

If the pledge has been given by a debtor who owes the same creditor another obligation arising after the creation of the pledge and which has become due before the prior obligation, the creditor has only the right to retain the item until both debts have been fully paid.

Article 554

If the pledged item is impaired or its value is diminished to such an extent that there is doubt as to whether it will be sufficient to secure the creditor, the latter, after notifying the pledgor, may request the court's authorization to sell the item.

When granting authorization for the sale, the court also decides on the deposit of the purchase price to secure the loan.

The pledgor may avoid the sale and request the court to return the pledge by offering another real guarantee which the court considers sufficient.

In the event of impairment or diminution of the value of the pledged item, the pledgor may request authorization from the court to sell the item, if a favorable opportunity is presented to him.

When granting authorization for the sale, the court also decides on the conditions of the sale and the deposit of the purchase price.

Article 555

When the pledged items are destroyed, damaged, or expropriated for public interest, the creditors secured by the pledge have the right to be paid with preference, according to the order of priority their loans had, from the compensation amount of the item or from its expropriation price.

Sale procedure

Article 556

Before proceeding with the sale, the creditor, through the court, submits to the debtor a request to pay the obligation and

his accessories, warning him that otherwise the sale will be carried out. This notification must also be made to the third party who has given the pledge, in cases where such party exists.

If the request is not contested within five days, the creditor may sell the item at auction or, if the item has a market price, may also sell it at that price, through a person authorized for such sales.

When the pledge includes several items, the court, based on the objection of the pledgor, limits the sale only to the item, the value of which, in relation to the other items, is sufficient to cover the debt.

For the sale of the pledged item, the parties may agree to use other forms as well.

Article 557

The pledgee creditor, upon the expiry of the term, is obliged to collect the rights arising from the pledged credit, and when this has as its object money or other items of equivalent value, he himself or at the request of the debtor must deposit them at the place specified in the agreement and, in the absence thereof, at the place designated by the court. When the term of the credit

secured by the pledge has expired, the creditor retains from the amount received what is necessary to fulfill his rights and returns the remainder to the pledgor.

Article 558

The creditor may request from the court that the item be left to him against payment until the obligation is settled, according to the valuation made by experts or according to the market price, if the item has a market price.

Article 559

If the credit given as pledge results from a document, the pledgor is obliged to give this document to the creditor.

CHAPTER IV MORTGAGE

Definition of mortgage

Article 560

A mortgage is a real right established over the property of the debtor or of a third party, in favor of the creditor, to secure the fulfillment of an obligation.

Mortgageable items

Article 561

The following may be mortgaged:

1. Immovable property.
2. The usufructs of these items, except for the legal usufruct of the parents, as well as the emphyteutic rights over these items.

Types of mortgages

Article 562

A mortgage is established based on a contract or by law and by its registration. The contract must be executed by notarial act.

Legal mortgage

Article 563

Are entitled to a legal mortgage:

- a) the seller and any another transferor over the immovable property transferred for the fulfillment of obligations arising from the transfer;
- b) co-heirs, members of companies with economic activity, and other co-participants over jointly owned immovable property, in the shares allocated to them for the payment of specific amounts for the equalization and completion of their shares.

Article 564

Easements that are registered after the registration of a mortgage cannot be asserted against the mortgage creditor.

The above paragraph also applies to the right of usufruct, use, and habitation.

Judicial mortgage

Article 565

The court decision for the payment of a sum of money, for the fulfillment of assessed obligations or for the compensation of damages that will subsequently arise, constitutes a title for the imposition of a mortgage on the debtor's property.

A mortgage may also be imposed on the basis of an arbitration decision that constitutes an enforceable title.

Article 566

When the mortgage is granted by a person who is not the owner of the property, its registration is considered valid only when the property is acquired by him.

Mortgage on future property

Article 567

A mortgage on future property may be registered only when the property exists.

Scope of the mortgage

Article 568

The mortgage secures the credit for as much as it will be at the time of its repayment, including interest, compensation for damages caused by delay in execution, as well as expenses incurred for obtaining the credit.

Article 569

A mortgage placed on his own share by one of the co-owners has effect in relation to that property or that part of the property that will be awarded to him after the division.

If, during the division, a co-owner is awarded another property, unencumbered by his own mortgage, the mortgage is transferred to this property with the same registration rank as the original, and within the limits of the value of the previously mortgaged property, provided that the mortgage is re-registered within 90 days from the registration of the same division.

Place of registration

Article 570

The mortgage is registered at the immovable property registration office of the place where this property is located.

Article 571

Obligations arising from order instruments or bearer instruments may be secured by a mortgage.

Effects of inaccuracies in the act

Article 572

The mortgage is invalid when, in the mortgage contract, or in the underlying act for establishing the mortgage, or in the request for its establishment, according to the law, there is an inaccuracy regarding the creditor, the debtor, the owner of the mortgaged property, the property itself, or the amount of the credit secured by the mortgage.

Registration expenses

Article 573

The expenses for the registration of the mortgage are borne by the debtor, except when otherwise provided, but they must be prepaid by the applicant.

Order of mortgages

Article 574

The mortgage produces effect and takes priority from the date of its registration even when the title is for a future or conditional credit.

Article 575

The serial number of registrations determines their order.

When, at the same time, several persons submit a request to register a mortgage against the same person and over the same properties, the registration is made under the same number and this fact is noted on the certificate that the registrar gives to each of the applicants.

Article 576

Mortgages registered under the same number and over the same properties compete with each other, in proportion to their respective value.

Article 577

The registration of a credit serves to place in the same rank the expenses of the instrument, registration and renewal, as well as other expenses required for executive procedures.

The registration of a monetary credit that bears interest causes the interest to maintain the same priority rank as the credit itself, provided that the interest is specified in the registration.

In this case, the interest is limited to the two preceding years, as well as to the current year on the day of enforcement, up to the day of the completion of the forced execution procedure.

The effects of the mortgage

Article 578

The registration of the mortgage is effective for a period of 20 years from the date it is carried out. The effect ceases if it is not renewed before the expiry of this term. After the expiry of the above-mentioned term, the creditor may carry out a new registration, but in this case, the mortgage takes priority and has effect vis-à-vis third parties according to the date of the new registration.

Article 579

The transfer of a mortgage-secured credit to another person and the imposition of a sequestration on this credit become effective after the respective notation has been made in the mortgage registration.

Article 580

If the creditor who holds a mortgage over one or more properties is prejudiced because, with the price of those properties, a previous creditor whose mortgage extended over other properties of the same debtor has been paid in full or in part, he may be subrogated to the mortgage registered in favor of the paid creditor, in order to exercise the mortgage claim over those properties, being preferred over other creditors who are subsequent to him in registration. The same right is also vested in creditors who are prejudiced due to the aforementioned subrogation.

Reduction of the mortgage

Article 581

The reduction of mortgages is made by limiting it only to a part of the property indicated in the registration or by reducing the amount for which the registration has been made.

Article 582

The request for the reduction of mortgages according to the above article is not accepted if the quantity of property or the amount has been determined by agreement or by court decision.

However, when partial payments have been made, which extinguish at least one fifth of the initial obligation, a proportional reduction of the amount may be requested.

When a mortgage has been placed on a building, the mortgagor who, after registration, has constructed additional buildings, may request that the mortgage be reduced so that the additional buildings are excluded.

Extinction of the mortgage

Article 583

The mortgage is extinguished:

- a) with the extinction of the obligation;
- b) with the loss of the item pledged as mortgage, respecting the rights provided by Article 536 of this Code;
- c) with the waiver by the creditor;
- c) with the payment of the sale price through compulsory execution, to the creditors secured by the mortgage, according to the order of their registration;
- d) with the expiration of the term for which the mortgage was limited.

Deletion of the registration of the mortgage

Article 584

The registration of the mortgage is deleted:

- a) with the consent of the creditor given by notarial deed;
- b) by a final court decision ordering the deletion.

The deletion of the registration extinguishes the mortgage. When the cause for the extinction of the obligation is declared invalid, the mortgage arises and is registered again, but the registration receives a new sequential number.

CHAPTER V SURETYSHIP

Content

Article 585

Suretyship is a legal act by which a person (the surety) undertakes to ensure to the creditor the performance of the obligation of a third person (the principal debtor).

Suretyship is valid even when the debtor has no knowledge of it.

Article 586

Suretyship only applies to an effective obligation.

Suretyship may be given both for a future obligation and for a conditional obligation.

Form and validity

Article 587

Suretyship must be made in writing.

Article 588

Suretyship is not valid if the principal obligation is not valid. It may be given both for the principal debtor and for his surety.

Effects of suretyship and obligations of the parties

Article 589

The surety is liable for as much as the principal debtor is obligated, including payment of interest, compensation for damages caused by delay in performance, and other expenses incurred by the contracting party to obtain his credit, except when it is agreed that suretyship is given only for a part of the obligation, or on easier conditions, or for fewer obligations than the principal obligation.

Suretyship that exceeds the obligation or is given on more onerous terms than the principal obligation is valid only up to the limits of the latter.

Article 590

The surety is jointly and severally liable with the principal debtor for the performance of the obligation, except when otherwise provided by agreement.

The parties may agree that the surety shall not be required to pay before all necessary actions have been taken which oblige the debtor to pay the obligation. If the surety is sued and seeks to exercise such a right, he must indicate the property of the principal debtor that will be subject to enforcement. The surety is obliged to advance the necessary expenses, unless the parties have agreed otherwise.

Article 591

When several persons have become sureties for the same debtor, to secure the same obligation, each of them is liable for the entire obligation, except where there is an agreement for its division.

Article 592

The surety has the right to raise against the creditor all the objections that this debtor could have raised and to request the set-off of what the creditor owes the debtor, even if the latter has waived these rights or has acknowledged the obligation.

Article 593

The surety who has performed the obligation in place of the debtor, takes the place of the creditor in all his rights against the debtor.

Article 594

When there are several principal debtors jointly liable for the same obligation, the surety who has provided a guarantee for all of them has the right of recourse against each of them to recover the amount that he has paid.

Article 595

When the surety has performed the obligation of the debtor without being sued in court and without notifying the principal debtor, the latter may raise against the surety all the objections that he could have raised against the creditor at the time of the performance of the obligation.

The surety who has performed the obligation of the debtor does not have the right to claim from the debtor, by lawsuit, what he has performed for him, in case the debtor has also performed his obligation because the surety did not notify him of the performance of the obligation he himself made.

In both cases, the surety has the right to bring a lawsuit against the creditor and to claim what he has performed for the principal debtor.

Article 596

The debtor who has performed the obligation must immediately notify the surety. Otherwise, the surety who has performed the debtor's obligation does not lose the right to claim from the debtor what he has performed for him. In this case, the debtor is obliged to perform the obligation for a second time, but he has the right to bring a lawsuit against the creditor for what the latter has obtained without cause.

Termination of suretyship

Article 597

Suretyship is terminated by the extinction of the principal obligation.

Article 598

The surety is released from his obligation if the creditor has waived the privileges, pledge, and mortgage that secured the loan, and for this reason the surety cannot take his place in these rights.

Article 599

When the creditor voluntarily accepts a property, or anything else for the payment of the principal obligation, the surety is released from his obligation, even if the creditor subsequently is subject to an eviction cause.

Article 600

Suretyship is terminated if the creditor has not filed a lawsuit against the surety within six months from the date of expiry of the term for the execution of the obligation.

When the term for the execution of the obligation is not set either in the suretyship contract or in another agreement, suretyship is terminated upon the lapse of one year from the date of conclusion of the suretyship contract.

CHAPTER VI DEPOSIT AND PRIVILEGES

A. Deposit Content

Article 601

Deposit is the sum of money that one party gives to the other on account of the amount that will be paid under the contract, with the purpose of evidencing the conclusion of the contract and ensuring its execution.

Legal effects

Article 602

When the contract is not executed due to the fault of the party who has given the deposit, that party loses the deposit; when the contract is not executed due to the fault of the party who has received the deposit, that party is obliged to return double the deposit. The party at fault for the non-execution of the contract is also obliged to compensate the other party for the damage, taking into account in this compensation the amount of the deposit, except when otherwise provided in the contract.

B. Preferences (privileges)

Article 603

Preference is a right granted by law, taking into account the cause of the credit.

Credits that are designated as preferred have priority over all other credits.

Among many preferred credits, the priority in execution is determined by law, according to the type of preference.

Article 604

Credits that are equally preferred compete among themselves in proportion to the amount of each credit.

Order of preference

Article 605

(Amended by Law no. 8536, dated 18.10.1999; the last paragraph added by Law no. 113/2016, dated 3.11.2016)

The following credits are paid with preference, according to their order:

- a) credits arising from financial transactions secured with a security interest for the purchase price of a specific object;
- b) credits arising from wages in employment or service relationships and maintenance obligations, but not for more than 12 months;
- c) social insurance credits for unpaid contributions together with interest, as well as employees' credits for damages suffered due to the employer's non-payment of the above contributions;
- ç) credits arising from compensation due to death or health injury;
- d) credits of the authors and their heirs for remuneration arising from the complete or partial alienation of their rights in the field of intellectual property for obligations incurred during the last two years;
- dh) state credits arising from obligations to the budget and credits of the state insurance institute for compulsory insurance, as defined by law;
- e) credits arising from financial transactions, secured with a security interest, according to the criteria defined by law;
- ë) credits arising from wages in employment or service relationships and maintenance obligations exceeding the limit set in letter "b" of this Article;
- f) the remuneration for intermediation arising from the agency contract, when it arises during the last year of the remuneration;
- g) credits secured by mortgage or pledge that do not create a security interest, according to the law, from the value of the mortgaged or pledged items;
- gj) credits arising from court expenses for the preservation of the item and those for enforcement actions, made in the common interest of creditors, from the value of the sale of the items;
- h) credits granted by banks, which are not included in letter "e", and credits arising from voluntary insurance;
- i) credits for the supply of seeds, chemical fertilizers, insecticides, irrigation water, and for cultivation and harvesting works of agricultural products, on the agricultural production (fruits) of the year for which the credits have been used.

When there are several credits according to letter "a" and letter "e" of this article, the order of preference is determined according to the criteria set out by a special law. When the special law does not grant a credit under letter "a" preference over credits under letter "e", the credit under letter "a" shall be preferred according to letter "e".

Credits under letter "e" that are currently granted are excluded from the order of preference under this article and shall be preferred before credits under letter "dh" in the following cases:

- the credit under letter "e" has been registered according to the law, whereas the credit under letter "dh" has not been registered;
- the credit under letter "e" has been registered according to the law, before the registration of the credit under letter "dh".

The order of preference, as provided in this article, does not apply in insolvency proceedings, as provided by special law.

Article 606

The creditor may retain the item subject to the privilege until he is compensated for his credit and may sell it according to the rules established for the sale of a pledge.

Objection to the debtor's legal acts

Article 607

(The last paragraph was added by Law no. 113/2016, dated 3.11.2016)

The creditor has the right to request that legal acts carried out by the debtor with the purpose of diminishing the amount or value of his property to the detriment of the creditor be declared void, provided that the credit arose prior to the execution of the legal act.

When the legal act is carried out for consideration, the person with whom the debtor has entered into this act must also have known of the debtor's intent to cause harm. However, when this person is the debtor's spouse, parent, grandparent, child or grandchild, brother or sister, knowledge of the intent to cause harm is presumed, unless proven otherwise.

With the declaration of the legal act as void, the rights acquired for consideration by third parties in good faith prior to the filing of the lawsuit for the declaration of nullity of the legal act are not affected.

This article does not apply to insolvency proceedings, as provided for by special law.

TITLE IV

OBLIGATIONS ARISING FROM THE CAUSATION OF DAMAGE

CHAPTER I

GENERAL PROVISIONS

Liability for causing damage

Article 608

A person who, unlawfully and with fault, causes damage to another in their person or property, is obliged to compensate for the damage caused.

A person who has caused the damage is not liable when they prove they are not at fault.

Damage is considered unlawful when it results from the violation or infringement of the interests and rights of another, which are protected by the legal order or by good customs.

Article 609

The damage must be the direct and immediate consequence of the act or omission of the person.

Failure by a person who has a legal obligation to prevent an event to do so makes them liable for the damage caused.

Article 610

An agreement that, in advance, excludes or limits the liability of a person who has caused damage with fault is void.

Article 611

A person who causes damage to another in necessary defense of themselves or a third party is not liable.

Article 612

A person who has caused damage while compelled by the necessity to save themselves or others from an imminent risk of serious harm, a risk which was neither caused nor could have been avoided by them, is obliged to compensate for the damage. The court, taking into account the specific circumstances of the case, may fully or partially release this person from the obligation to compensate for the damage.

Damage caused by minors and persons incapable of acting

Article 613

A minor who has not reached the age of fourteen and persons who are completely incapable of acting are not liable for the damage caused.

Parents, guardians, or those to whom persons incapable of acting have been entrusted or who have such persons under their supervision, are liable for the damage caused by the unlawful acts of children under the age of fourteen, of persons under their guardianship, and those whom they supervise and with whom they live but who lack capacity to act, except when they prove that they could not have prevented the causing of the damage.

Article 614

A minor who has reached the age of fourteen is liable for the unlawful damage caused by him.

Parents or guardians are liable for the above-mentioned damage when the minor does not derive income from work or does not possess property of his own, except when they prove that they could not have prevented the causing of the damage.

Damage caused by persons under supervision

Article 615

Teachers and other persons who have minors under their supervision or who teach others a craft or profession, are liable for the unlawful damage caused to others by students or persons under their supervision, or by persons learning a craft or profession with them, if caused during the time they were under their direct supervision, except when they prove that they could not have prevented the causing of the damage.

Article 616

A person is also liable for damage even if, at the moment of causing it, he was not aware of his actions.

The court may reduce the amount of compensation, taking into account the age, the degree of awareness of the actions performed, as well as the economic conditions of the parties, except when the person has brought himself into this situation through his own fault.

Fraudulent or inaccurate publications

Article 617

When it is established that a person is liable to another person because they have published inaccurate, incomplete, or misleading data, the court, at the request of the injured person, obliges the other person to publish a retraction, in the manner that the court deems appropriate.

The court may order the publication of the retraction even when it is established that the publication of the data is not unlawful and was not carried out with fault, or that the author was not aware of the inaccurate or incomplete nature of such data.

Employer's liability

Article 618

The employer is liable for the damages caused to third parties by the fault of employees who are in his service, during the performance of the duties entrusted to them by him.

The legal person is liable for the damage caused by its organs in the performance of their duties.

Article 619

If a person who carries out activities within the scope of another's duty and according to their instructions, without being their employee, is liable for the damage caused during such activity to a third party.

The other person is also liable to the third party.

Liability of the representative

Article 620

If the activities of the representative in exercising the powers assigned to them result in culpable liability towards a third party, the represented person is also liable to that person.

Liability arising from the use of animals

Article 621

The owner of an animal or the person who uses it is liable for the damage caused by it, except when it is proven that they had control over the animal's behavior from which the damage was caused and could not have avoided it.

Liability arising from the exercise of a dangerous activity

Article 622

A person who carries out an activity that is dangerous by its nature or by the nature of the items used and causes damage to other persons is obliged to compensate for the damage, except when it is proven that they have used all suitable and necessary measures to prevent the damage.

Article 623

The owner of a building or a construction is liable for damages caused by any defects or any other fault related to their construction or maintenance.

But the owner of the building or the construction has the right to require the persons liable towards him to compensate for the damages he has suffered.

Liability for the environment

Article 624

A person who, through fault, has harmed the environment by worsening, altering, or damaging it, in whole or in part, is obliged to compensate for the damage caused.

Article 625

(Amended by Law No. 17/2012, dated 16.2.2012)

A person who suffers non-pecuniary damage has the right to compensation when:

- a) has suffered an injury to health, physical integrity or his mental state;
- b) his honor, personality or reputation has been violated;
- c) his right to a name has been violated;
- c) respect for his private life has been violated;
- d) the memory of a deceased person has been violated. In this case, the spouse of the deceased person or his relatives up to the second degree may claim compensation for the damage non-pecuniary.

Joint liability

Article 626

When the damage has been caused by several persons together, they are jointly liable to the injured party.

Action for recourse

Article 627

A person who has compensated the damage has the right to claim from each person who caused the damage their share, in proportion to the degree of fault of each and to the totality of the resulting consequences. When this cannot be determined, it is presumed that the degree of fault is equal.

Parents or guardians who have paid compensation for damage caused by minors or by persons who have been entirely deprived of the capacity to act do not have the right to claim from them the return of the compensation paid.

CHAPTER II

LIABILITY ARISING FROM PRODUCTS

A. Liability of the producer

Article 628

The producer is liable for the damage caused by the defects of his products, except when:

- a) the producer has not put the products into circulation;
- b) according to the established circumstances, it is considered that the defects which caused the damage did not exist at the time the product was put into circulation, or they arose later;
- c) the product was not manufactured for sale or any other form of distribution, for the specific economic purpose of the producer, nor was it manufactured or distributed within the framework of an undertaking or professional activity;
- d) the defects are the result of the fact that the product has complied with the rules set by public authorities;

e) scientific and technical knowledge could not have detected the defects at the time the product was put into circulation;

e) it concerns the production of a raw material or the manufacture of a component part of the product, which in the formation of the product result in defects, or as a consequence of faulty instructions given by the producer of the product.

Article 629

The liability of the producer is reduced or eliminated when, according to the circumstances, the damage was caused both by the defects of the product and by the fault of the injured person or of a person for whom the injured person is responsible.

The liability of the producer is not reduced when the damage is the joint result of the defects of the product and the conduct of a third party.

Article 630

An item is considered to be defective when it does not provide the safety that is expected from it, taking into account all the circumstances and in particular:

- a) the presentation of the product;
- b) the reasonable use that is expected from the product;
- c) the time the product was placed on the market.

A product cannot be considered defective on the grounds that a more advanced product was placed on the market after it.

Article 631

“Product” within the meaning of this Code means a movable item even if it has been incorporated into a movable or immovable item, as well as electricity, excluding agricultural products and products derived from hunting.

Agricultural products are understood to mean products of the land, livestock, and fishing, except when they have undergone initial processing.

“Producer” within the meaning of this Code means the manufacturer of a finished product, of a raw material or the manufacturer of a component part of the product, as well as any other person who presents himself as such (producer) by affixing to the product his name, trademark, or another distinguishing mark.

Without prejudice to the responsibility of the producer, any person who imports a product for the purpose of sale, rental, leasing, or another form of distribution within the scope of his commercial activity shall be deemed a “producer”. In this case, his liability is the same as that of the producer.

Article 632

When the producer cannot be identified, any supplier shall be considered as the producer, except when, within a reasonable period, he provides the injured person with the identity of the producer or of the person who supplied the product.

Article 633

When, pursuant to the first paragraph of Article 628 of this Code, several persons are liable for the same damage, each of them shall be liable for the whole damage.

Article 634

1. The claim for compensation for damage brought against the producer, pursuant to the first paragraph of Article 628 of this Code, is time-barred after three years, starting from the day the injured person has had or should have had knowledge of the damage, the defects, and the identity of the producer.

2. The right of the injured person against the producer for compensation for damage, according to the first paragraph of Article 628 of this Code, is extinguished after ten years from the day the producer placed the product that caused the damage on the market.

B. Deceptive Publication

Article 635

A person who publishes or causes to be published a notice regarding products or services that he himself offers in the course of a professional activity, or on behalf of an undertaking, or of a person for whom he acts, commits an unlawful act if the notice is deceptive in one or more of the following respects:

- a) nature, composition, quantity, quality, characteristics, or possible uses;
- b) origin, method, or date of production;
- c) the size of his production stock;
- ç) the price or the method of its calculation;
- d) the reason or purpose of the special offer;
- dh) attributed qualities, testimonials or other assessments made by third parties, or statements issued by them, scientific or professional terminology used, technical or statistical data;
- e) the conditions of delivery of the products, the provision of services, or the execution of payment;
- f) the scope, content, and duration of the warranty;
- g) identity, qualities, competences or the targets of the one who manufactures or has manufactured the products, who offers them, or of the one who performs the service, who directs, supervises, or assists in these activities;
- gj) compares with other products and services.

Article 636

The person who has acted unlawfully according to the above provision is liable for the damage caused, except when he proves that he is not at fault for its occurrence.

Article 637

When the misleading publication, as provided in Article 635 of this Code, has caused or risks causing damage to another, at his request, the court orders its immediate cessation and obliges the responsible person to make a public retraction, in the manner the court deems appropriate.

C. Unfair competition

Article 638

Depending on the provisions relating to the protection of distinctive signs and patent rights, acts of unfair competition are committed by anyone who:

1. uses names or distinctive signs which may cause confusion with the names and distinctive signs lawfully used by others, or imitates the products of a competitor or engages in actions which may cause confusion with the products and activities of a competitor;
2. treats as his own the qualities of the competitor's products or enterprise;
3. uses himself, directly or indirectly, any other means that does not comply with the principles of professional fairness and may harm the activity of another.

Article 639

The decision that establishes acts of unfair competition prohibits their continuation and determines the necessary measures in order to eliminate the consequences.

If these actions have been committed with fault, the person who committed them is obliged to compensate the damage.

CHAPTER III COMPENSATION FOR DAMAGE

Article 640

The pecuniary damage to be compensated consists of the loss suffered and the loss of profit.

Also compensated are the reasonably incurred expenses to avoid or mitigate the damage, those that have been necessary to determine the liability and the extent of the damage, as well as the reasonable expenses incurred to secure compensation through out-of-court means.

Article 641

The person who has caused damage to another's health is obliged to compensate for the damage, taking into account the loss or reduction of the injured party's ability to work, the expenses incurred for their treatment, as well as other expenses related to the damage caused.

Article 642

The amount of compensation for the damage may change in the future, depending on the improvement or deterioration of the health or the increase or decrease in the working ability of the injured person, compared to the time when the compensation was determined and to possible changes in the salary of the injured person.

Article 643

When the death of a person has been caused, the damage that must be compensated consists of:

- a) the expenses for the food and living of his minor children, the spouse and parents unable to work who were dependent on the the deceased, fully or partially, as well as for persons who lived in the family of the deceased and benefited from him the right to maintenance;
- b) the necessary expenses for the funeral of the deceased, to the extent that they correspond to the personal and family circumstances of the of the deceased.

The person who has caused the damage may oppose the same means of defense that he would have opposed to the deceased.

The court, taking into account all the circumstances of the case, may decide that the compensation be granted in kind, or in money, either in a lump sum or in installments.

Article 644

When the person who has committed the unlawful act or omission, in addition to causing damage, has also gained an obvious benefit, the court, upon the request of the injured party, taking into account the nature of the damage, the degree of fault, and other circumstances of the case, may include in the compensation for the damage, wholly or partially, the benefit.

Article 645

When the death or injury to the health of a person who benefits from social insurance is caused, the damage is compensated in the manner specified by law.

Article 646

For a person who has not been in an employment relationship or was not insured, the amount of compensation for damage resulting from death or injury to health shall be determined by the court on the basis of the salary received by an employee of the category to which the work performed or that could have been performed by the injured party may be equated.

Article 647

The injured minor, upon reaching the age of sixteen and not having any salary from his own work, has the right, instead of the compensation he receives for living expenses, to request compensation for the loss of his ability to work with the average salary of an employee, according to the criteria of Article 646 of this Code.

Upon reaching the age of eighteen, the person has the right, instead of the compensation they receive, to request compensation with the average salary of a worker of the category that they would have earned or should have earned if the injury to health had not occurred.

Article 647/a

The manner and criteria for determining liability civil liability and the amount of non-pecuniary damage

(Added by Law no. 17/2012, dated 16.2.2012)

Compensation for non-pecuniary damage for the violation of honor, personality, or reputation of a person aims to restore the infringed right, in proportion to the damage suffered and is determined based on the circumstances of the case. For determining civil liability and the amount of non-pecuniary damage, the court shall also take into account:

- a) the manner, form, and time of dissemination of the statements or carrying out of the actions;
- b) the degree of observance of the rules of professional ethics by the author of the statements;
- c) the form and degree of fault;
- ç) the fact whether the statements have accurately quoted or referred to the statements of a third person;
- d) the fact whether the statements are false, especially in the case of damage to reputation;
- dh) the fact whether the statements relate to matters of the private life of the injured person and their connection to a public interest;
- e) the fact whether the statements constitute opinions or statements that contain only insignificant factual inaccuracies;

ë) the fact whether the statements are related to matters of public interest, or to persons in state functions or candidates for election;

f) taking actions to prevent or reduce the extent of the damage, such as issuing a retraction for the false statement, as well as any other measures taken by the author of the statements to restore the honor, personality, or reputation of the injured person;

g) the fact whether the author of the false statements has gained benefits from their dissemination, as well as the extent of such benefit;

gj) the fact whether the compensation may significantly burden the financial situation of the person causing the damage.

TITLE V MANAGEMENT OF THE AFFAIRS OF ANOTHER

Article 648

A person who, without being obliged, consciously undertakes for a reasonable purpose the management of the affairs or interests of another, is obliged to continue such management until the interested person is able to take care of it himself.

Article 649

The interested person must fulfill the obligations that the manager has undertaken on his behalf, release the manager from the obligations undertaken in his own name, and pay him the necessary and useful expenses from the day they were incurred and, where appropriate, also compensate him for any damage that may have resulted as a consequence of the management, provided that the actions carried out by the manager have not been prohibited by the interested person.

When the manager, in addition to managing the affairs, has had to exercise a profession for this purpose, he is entitled to be remunerated in accordance with the prices or fees established for such activities.

Article 650

The manager has the right to carry out legal actions on behalf of the interested person, to the extent that the interest of the latter is suitably fulfilled.

Article 651

The manager is subject to the same obligations arising from a contract of mandate.

The court, taking into account the circumstances that influenced the manager to undertake the management, may reduce the compensation for the damage caused by his fault.

Article 652

The interested person, by ratifying the activity of the manager, may waive his right to claim compensation from the manager, according to the above provision. For this purpose, the interested person must be given a reasonable period of time.

TITLE VI UNDUE PAYMENT

Article 653

Anyone who has made an undue payment has the right to request the return of what was paid, as well as to enjoy the fruits and interest from the date of payment if the person who received the payment is in bad faith, and from the date of the request for return when the person is in good faith.

Article 654

A person who has paid the obligation of another, believing in good faith that he was the debtor, on the basis of a mistake made without fault, may recover what he has paid, provided that the creditor has not, in good faith, been deprived of the title and guarantees of the credit.

The return of the payment must be accompanied by the fruits and interest, under the conditions provided for in the above provisions.

TITLE VII UNJUST ENRICHMENT

Article 655

A person who, without lawful cause, has gained or saved something to the detriment of another person, is obliged to compensate the latter for the pecuniary loss suffered, within the limits of the enrichment.

Article 656

When the unjust enrichment without any lawful cause concerns a specific thing, the person who has received it must return it in kind, together with the income that he has derived or ought to have derived, and has the right to claim the reimbursement of the expenses incurred, according to the provisions on the recovery of things from an unlawful possessor.

Article 657

The return of what a person has voluntarily given for the performance of an obligation, which, although unenforceable, is not invalid, cannot be claimed.

Article 658

A claim for unjust enrichment cannot be brought when the injured party can bring another claim to seek compensation for the damage suffered.

PART V CONTRACTS

TITLE I CONTRACTS IN GENERAL

CHAPTER I PRELIMINARY PROVISIONS

Content of the contract

Article 659

A contract is a legal act by which one or more parties create, modify, or terminate a legal relationship.

Article 660

The parties to the contract freely determine its content, within the limits set by the legislation in force.

Unilateral and bilateral contracts

Article 661

A contract is unilateral when one party undertakes obligations towards the other party without the latter having any obligation towards the former.

Article 662

A contract is bilateral when the parties are mutually obligated to each other.

Essential conditions for conclusion and the validity of the contract

Article 663

The necessary conditions for the existence of the contract are: the consent of the party undertaking the obligation, the lawful cause on which the obligation is based, the object that forms the subject matter of the contract, and its form as required by law.

Conclusion of the contract

Article 664

When the contract contains only the obligation of the proposer, the addressee may reject the proposal within the specified deadline, or as arises from the nature of the agreement. In the absence of such a rejection, the contract is considered to be concluded.

Article 665

The person who proposes the conclusion of a contract is bound by the proposal, except when such binding has been excluded. When the proposal is rejected or not accepted within the specified period, it is considered void.

When no deadline is specified, the proposer is bound by the proposal made, until the time when, normally or according to the circumstances, it is necessary for the reply of the other party to reach him.

Article 666

A proposal to conclude a contract, made to a person present, without specifying a deadline for acceptance, loses its effect if the person present does not accept the proposal immediately.

Article 667

When the proposer has set a deadline for acceptance, it is necessary for the response to arrive within that deadline.

The proposer may consider the late acceptance as valid, but must immediately notify the other party.

When the acceptance has been sent on time, but it arrives late to the proposer and the proposer does not want to be bound by it, he must immediately notify the acceptor.

Article 668

A proposal to conclude a contract loses its effect if the proposer notifies the other party, before the proposal has reached them, that it has been withdrawn.

This rule also applies to the withdrawal of acceptance by the other party.

Article 669

When, at the request of the proposer, or taking into account the nature of the agreement and the circumstances related to it, it appears that waiting for an express acceptance of the proposal was not necessary, or the obligation would be performed without receiving a prior response, the contract is considered concluded at the moment and place where its implementation has begun.

The party performing the obligation must immediately notify the other party of the commencement of the execution of the contract, otherwise it is obliged to compensate for the damage.

Article 670

The acceptance of the proposal that does not conform to its content is considered a rejection and simultaneously a new proposal.

Article 671

An offer is considered a proposal when it contains the essential elements of the contract to be concluded, except when the circumstances of the case indicate otherwise.

Article 672

The contracting party may withdraw from the contract, within seven days of its conclusion, without giving reasons, when:

- the contract has been concluded at the workplace or residence of one of the parties, during an excursion organized in a public place, or under such circumstances that do not correspond to a normal negotiation situation;
- in the contract which has as its subject the granting of a credit to purchase a consumer good, the seller must inform the buyer in writing of the right to withdraw from the contract concluded under the above conditions, otherwise the withdrawal period is one year.

Article 673

An undertaking holding a dominant position in the market is obliged to contract with anyone who requests an obligation that falls within the scope of its activity, in accordance with the laws and good commercial practices.

The conclusion of a contract cannot be refused without a legitimate reason.

Article 674

The parties, during the negotiations for the drafting of the contract, must act in good faith towards each other.

The party who knew, or ought to have known, the cause of the invalidity of the contract and did not make it known to the other party, is obliged to compensate for the damage suffered by the latter, due to reliance in good faith on the validity of the contract.

Article 675

If one contracting party possesses professional knowledge and the other party inspires complete trust in them, the former has the obligation to provide the latter, in good faith, with information and guidance.

Article 676

A contract is considered concluded when the parties have mutually expressed their will, agreeing on all its essential terms.

The expression of will may be either explicit or implicit.

Illegal cause

Article 677

In a contract, the legal cause is unlawful when it is contrary to the law, public order, or when the contract is used as a means to avoid the application of a rule.

Subject matter of the contract

Article 678

The subject matter of the contract must be possible, lawful, definite, or capable of being determined.

Article 679

A contract made with a suspensive condition or with a term is valid if the obligation, which was initially impossible, becomes possible before the fulfillment of the condition or the expiration of the term.

Article 680

A contract may provide for the performance of actions concerning things in the future, except when expressly prohibited by law.

CHAPTER II INTERPRETATION OF THE CONTRACT

Article 681

When interpreting a contract, it must be clarified what the true and mutual intention of the parties was, without stopping at the literal meaning of the words, and by assessing their conduct as a whole, before and after the conclusion of the contract.

Article 682

The terms of the contract are interpreted in relation to each other, giving each the meaning that results from the entirety of the act.

The contract must be interpreted in good faith by the parties.

Article 683

In case of doubt, the contract or its terms are interpreted in the sense in which they may have some effect and not in that by which they would have no effect.

Article 684

The terms of the contract, which can be interpreted in two ways, are interpreted according to the practice of the place where the contract was concluded.

When one of the parties is an enterprise, ambiguous terms are interpreted according to the practice of the place where the enterprise's headquarters are located.

Article 685

Words and expressions that may have two meanings must be understood in the sense most appropriate to the nature of the contract.

General terms

Article 686

The general terms of the contract, prepared by one contracting party, have effect towards the other party, if at the moment of the conclusion of the contract the latter has known or ought to have known them, by exercising ordinary care.

The general terms that cause a disproportionate loss or harm to the interests of the contracting party are invalid, especially when they substantially differ from the principles of equality and impartiality expressed in the provisions of this Code governing contractual relations.

Those terms which, for the benefit of the party that prepared them, establish limitations on liability, the possibility to withdraw from the contract, to suspend its implementation, or which set on the other party periods of forfeiture, or limitations on the right to raise objections, restrictions on contractual freedom, in relations with third parties, conditions of arbitration or deviations from the jurisdiction of judicial bodies, do not produce legal effects, except when they have been specifically approved in writing by the other party.

Article 687

In contracts concluded by signing modules or forms, which are intended to uniformly regulate certain contractual relations, the terms added to these modules or forms take precedence over the initial terms of the aforementioned modules and forms, as long as they do not conform with them, even if they have not been repealed.

Article 688

In any case, the terms included in the general conditions of the contract or in modules and forms, which have been provided by one of the contracting parties, in case of doubt, shall be interpreted in favor of the other party.

Article 689

When, despite the application of the rules provided in this chapter, the contract remains ambiguous, it should be interpreted in the least onerous sense for the obligor, if it is without compensation, and in a manner that achieves an impartial reconciliation of the parties' interests, if it is for compensation.

CHAPTER III EFFECTS OF CONTRACTS

Article 690

A regularly concluded contract has the force of law for the parties. It may be terminated or amended by the mutual consent of the parties or for reasons provided by law.

Article 691

The contract has effect towards third parties in the cases provided by law.

Article 692

The legal effects of the contract extend also to the heirs
by universal title, except when otherwise provided in the contract.

Article 693

The contract binds the parties not only to what is stipulated therein, but also to all consequences arising from the application of the law.

Contract in favor of a third party

Article 694

A contract in favor of a third party is valid when the person who concludes it has an interest therein.

The person who has accepted the promise in favor of the third party, or the third party himself, or persons deriving rights from him, have the right to request the performance of the contract, except when there is a different agreement.

The contract cannot be terminated or changed after the moment the third party has declared acceptance to benefit from it, except when the proposer has reserved this right.

In the case of revocation of the contract or of the third party's refusal to benefit from it, the obligation remains in favor of the proposer, except when otherwise resulting from the will of the parties or the nature of the contract.

Article 695

The party who has made the promise in favor of the third party may oppose to the latter the objections arising from the contract, but not those arising from the relationship with the other party.

The right to withdraw from the contract

Article 696

If one of the parties has been granted the right to withdraw from the contract, this right may be exercised as long as the contract has not begun to be performed.

In contracts with continuous or periodic performance, this right may also be exercised further on, but withdrawal has no effect on performances that have been carried out or are in the process of being carried out.

When the contract provides for the payment of compensation for withdrawal, this takes effect when the payment has been made, except where there is an agreement to the contrary.

Promise to perform an obligation

Article 697

A person who has promised another that a third party will perform an obligation, or will carry out an act to their benefit, is obliged to compensate the other party if the third party does not agree to perform the obligation or to carry out the promised act.

Termination of the contract

Article 698

In contracts with reciprocal obligations, when one of the contracting parties does not fulfill its obligations, the other contracting party may, as the case may be, request the fulfillment of the obligation or termination of the contract, in addition to compensation for damages.

Article 699

The contract may not be terminated if the non-fulfillment of the obligation by one of the parties is of little significance to the interests of the other party.

Article 700

The contracting party may notify in writing the other party who has not fulfilled the obligation to fulfill it within a suitable period, declaring that, if after this period the contract is not performed, it will be considered automatically terminated.

Article 701

If the period set for the performance of the obligation by one of the parties must be considered essential for the interests of the other party, the latter, when wishing to request performance regardless of the expiry of the period, must notify the other party within three days, unless otherwise agreed.

Article 702

The parties may stipulate in the contract that it will be terminated if a specific obligation is not fulfilled according to the specified conditions.

In this case, the contract is terminated when the interested party declares to the other party that it will invoke the termination condition of the contract.

Article 703

The termination of the contract due to non-performance of obligations has retroactive effect between the parties, except for contracts with continuous or periodic execution, for which the effect of termination does not extend to actions previously performed.

The termination of the contract, even by agreement of the parties, does not prejudice rights acquired by third parties, except for the effects of the registration of the request for termination of the contract.

Article 704

For the termination of the contract, the provisions of the general part on obligations also apply, except for the provisions governing special contracts.

TITLE II SPECIAL CONTRACTS

CHAPTER I SALE GENERAL PROVISIONS

Article 705

The contract of sale has as its object the transfer of ownership of a property or the transfer of a right in exchange for the payment of a price.

Article 706

In a sale that concerns the acquisition in the future of a property or a right, the acquisition of ownership occurs as soon as the property or the right is acknowledged to exist.

Except where the parties intended to conclude a contract with a suspensive condition, the sale is ineffective if the property is not acknowledged to exist.

Article 707

If the parties have not determined the price, nor have they agreed on the method of its determination, in the absence of any act by the competent public authorities, it is presumed that the parties intended to refer to the price normally applied by the seller at the time of the conclusion of the contract.

When it concerns goods that have a stock exchange or market price, the price is determined on the basis of the market listings of the place where the delivery will be made, or those of the place that is closest to it.

If the price is determined on the basis of the weight of the goods, in case of doubt it must be determined based on the net weight.

The parties may entrust the determination of the price to a third party, appointed in the contract or who may be appointed later.

Article 708

The expenses of the contract of sale and other expenses related to it are borne by the buyer, except when otherwise provided in the agreement.

Special prohibitions on purchase

Article 709

They may not purchase directly, through another person, or at auction:

- a) persons who administer or safeguard property belonging to others on the basis of the law or by appointment from the state, the property they administer or safeguard;
- b) public officials who are tasked with conducting sales by compulsory execution, the property they sell;
- c) judges, prosecutors, bailiffs, notaries and lawyers, the property over which there is a dispute before the court in which they sit or exercise their functions, except when they are co-owners of that property.

Obligations of the seller in the sale of movable property

Article 710

The main obligations of the seller are:

1. to deliver the property to the buyer;
2. when the acquisition of ownership over the property, or of real rights over it, is not an immediate consequence of the contract, they must deliver all relevant documents for the acquisition of ownership thereof, according to the conditions provided by the contract or by law;
3. to guarantee the buyer against eviction, against defects and against the non-conformity of the qualities of the property with the contract.

Article 711

The property is delivered in the condition in which it is at the moment of the conclusion of the contract. The property must be delivered together with accessories, additions and fruits from the date of conclusion of the contract, except when the parties have stipulated otherwise in the contract.

If the seller is not obliged to deliver the property at another specified place, he fulfills his delivery obligations by handing over the property to the first carrier for transmission to the buyer, when the contract of sale involves the transport of the property.

If the contract does not involve the transport of the property and refers to property specified individually, or by type or quantity, which must be taken from a certain quantity or which must be manufactured or produced, and if at the time of the conclusion of the contract the parties knew that the property was located or had to be manufactured or produced in a specific place, the seller is obligated to make the property available to the buyer at that place.

In other cases, the seller is obliged to make the property available to the buyer at the place where the property was located at the time of the sale or, when such a place cannot be determined, at the place where the seller had his domicile or center of activity.

Article 712

The seller must deliver the property:

1. on the date specified in the contract or which can be determined on the basis of the contract;
2. at any time during the period that has been specified or is determinable determinable according to the contract, except when it results from the circumstances that the buyer has been left to choose the date;
3. in any other case within a reasonable period from the conclusion of the contract.

Article 713

When the seller is obliged to issue documents related to the property, these are issued at the time, place, and in the form provided in the contract. If the documents are issued before this moment, the seller may correct any defect in them until the time provided for their issuance, provided that the exercise of such a right does not cause the buyer inconvenience or unreasonable expense. In these cases, the seller retains the right to claim compensation for damages.

Article 714

In a sale with documents, the seller is discharged from the obligation to deliver the property sold by giving the buyer the sale document and other documents specified in the contract or by law.

Article 715

The seller must deliver the property in the quality, quantity, and type required by the contract, as well as placed and packaged in the manner specified in the contract.

The property is deemed not to be in conformity with the contract if it is not suitable for the particular use specified in the contract, unless there is an agreement to the contrary. When such a specification is not possible, the property is deemed not to be in conformity with the contract if it is not suitable for the use for which property of the same type is usually used. If the sale is made on the basis of a model or sample, the seller must deliver property that has the same qualities as the model or sample.

If the contract does not specify the rules for placing or packaging the property, the property is deemed not to be in conformity with the contract if it is not placed or packaged in the usual manner for property of the same type or, in the absence of such a usual manner, in a manner that is appropriate to preserve and protect the property.

The seller is not liable for defects in the property which, at the moment of the conclusion of the contract, the buyer knew or failed to become aware of through his own fault, except when the

defects concern the quality which the property should have had according to the contract or the seller's notification.

Article 716

The seller is liable for any defect or non-conformity that existed at the moment of the passing of risk to the buyer, even when the defect appears after this moment.

The seller is also liable for non-conformity that is established after the moment indicated in the above paragraph and that results from the non-fulfillment of any of his obligations, including a guarantee according to which, for a specified period of time, the property will remain suitable for its normal use or for any particular use, or will retain specified quality and characteristics.

Article 717

The buyer loses the right to contest defects in the property if he does not notify the seller, specifying their nature, within ten days from the discovery, except when the parties or the law have established another deadline.

In any case, the buyer loses the right to contest defects in the property if he does not exercise this right within two years from the date when the goods were delivered to him, unless this period is inconsistent with the duration of a contractual guarantee.

Article 718

The seller cannot benefit from the rules provided in the above article if the defects relate to facts of which he is aware or could not have been unaware and has not informed the buyer.

Article 719

The seller must deliver the goods, free from any right or claim of third parties, except where otherwise provided in the contract.

Article 720

The buyer must inform the seller of the rights or claims of third parties on the property, specifying their nature, within a reasonable period from the moment he became aware or ought to have become aware of them, otherwise he loses the rights provided for in the above article.

The seller also cannot invoke the provisions of the above paragraph if he was aware of the rights or claims of third parties, or of their nature.

Article 721

The buyer may suspend payment of the price when there are grounds to fear that the property or a part of it may be claimed by third parties, unless the seller provides the appropriate guarantee. Payment cannot be suspended if the risk was known by the buyer at the time of sale.

Article 722

In the case where the delivery of goods with defects constitutes a fundamental non-performance of contractual obligations, the buyer has the right to request:

1. at the moment of notification, as provided for in Article 717 of this Code or within a reasonable period from that notification, delivery of the goods as an addition or replacement;
2. elimination of the defects by means of repair, when this is reasonable to be considered in all the concrete circumstances. The request for repair must be made at the moment of notification as provided for in Article 717 or within a reasonable period from this notification;
3. to request a reduction of the price;
4. to declare the termination of the contract.

The buyer may set the seller a reasonable period for the fulfillment of these obligations. Depending on the period, the buyer may not use any legal remedy for non-performance, except when notified by the seller that the latter will not fulfill the obligation within the specified period.

In any case, the buyer does not lose the right to claim compensation for damages.

Article 723

When the delivery of goods with defects constitutes a minor non-performance of the contract, the buyer may request:

1. the removal or repair of the defects of the delivered goods, or
2. reduction of the price.

The buyer may set the seller a reasonable period for the fulfillment of these obligations. Depending on the period, the buyer may not use any legal remedy for this non-performance, except in cases where the buyer has been notified by the seller that the latter will not fulfill the obligation within the specified period.

When the seller does not fulfill the request provided in point 1 of this Article within the period set by the buyer, the latter may request a reduction of the price of the aforementioned goods.

In any case, the buyer does not lose the right to claim compensation for damages.

Article 724

In addition to the termination of the contract by law as a result of the period being an essential condition, when the delivery of the goods has not been made, the buyer may declare the contract terminated if the seller does not deliver the goods within the additional period set by the buyer or if the seller declares that he will not make the delivery within this period.

Article 725

If the seller has delivered the goods, the buyer loses the right to declare the contract terminated when:

1. in the case of delayed delivery, the buyer has not requested the termination of the contract within a reasonable time, but not more than 15 days from the moment he became aware that delivery has taken place;
2. in the case non-performance other than delayed delivery, within a reasonable time, but not more than 15 days:
 - a) from the moment he became aware or should have been aware of non-performance;
 - b) after the expiry of the additional term, if any, set by him according to Article 717 of this Code.

Article 726

If the seller delivers only a part of the goods, or if only a part of the delivered goods is in conformity with the contract, Articles 717 and 720 shall apply with regard to the part that is missing or non-conforming.

The buyer may declare the contract entirely terminated only if the partial delivery or non-conformity with its conditions constitutes a non-performance of particular or essential importance.

Article 727

In the case where the buyer has been deprived of the item as a result of rights asserted over it by a third party, the seller is obliged to compensate the damage in accordance with Article 744.

In the case where the buyer has been partially deprived of the item and, based on the circumstances, would not have concluded the contract, the above paragraph shall apply.

Article 728

The buyer, who is sued by a third party claiming to have rights over the sold item, must summon the seller to the proceedings. If he fails to do so and a final decision is rendered to his detriment, he loses the right of guarantee for eviction if the seller proves that there were sufficient grounds to reject the claim.

The buyer who has voluntarily recognized the right of the third party loses the right to the guarantee for eviction if he does not prove that there were not sufficient grounds to prevent the taking of the item.

Article 729

If the buyer has avoided taking delivery of the item by paying a sum of money, the seller may be released by returning the amount paid, its interest, as well as all expenses.

The buyer's obligations in the sale of movable property

Article 730

The buyer's obligation to pay the price includes taking the measures and complying with the formalities required by the contract or by specific provisions for carrying out the payment.

Article 731

If the buyer is not required to pay the price in another specified place, he must pay it at the domicile or the official seat of the seller or, when the payment must be made at the time of delivery of the items or documents, at the place of delivery.

Article 732

If the buyer is not required to pay the price at another specified time, he must pay it when the seller makes the items or the documents representing them available to him. If the contract includes the transport of items, the seller may carry out shipment on the condition that the items or the documents representing them are delivered to the buyer before payment of the price.

Article 733

The buyer must pay the price on the date specified or determinable based on the contract or the law, without the need for a request from the seller.

Article 734

The buyer's obligation to take delivery is the performance of every action that can reasonably be expected from him, in order to allow the seller to make delivery and the buyer to take possession of the items.

Article 735

If the contract provides that the buyer must determine the form, size, or other characteristics of the items, and if he does not make this determination on the specified date or within a reasonable time after receiving the seller's request, the seller may make this determination himself in accordance with the buyer's requirements, of which he may be aware.

If the seller makes the determination himself, he must notify the buyer of the rules of this determination and set a reasonable deadline within which the buyer may make another determination. If, after receiving this notification, the buyer does not use this opportunity within the established deadline, the determination made by the seller is binding.

Article 736

The seller may set the buyer an additional reasonable deadline to fulfill his obligations. Except in cases where the seller has received notification from the buyer that he will not fulfill the obligation within the set deadline, during this period, the seller may not use any legal remedy for the fulfillment of the obligations. In any case, the seller does not lose the right to claim compensation for the delay in performance.

Article 737

The seller may declare the contract terminated:

1. if non-performance by the buyer of an obligation arising from the contract or from the law constitutes a non-performance of special or fundamental importance;
2. if the buyer does not fulfill his obligations to pay the price or to take delivery of the goods within the additional period set by the seller, or declares that he will not do so within this period.

If the buyer has paid the price, the seller loses the right to declare the contract terminated if he does not request this:

1. in the case of delayed performance of the buyer's obligations, before becoming aware of the performance of the obligation;
2. in the case of a of any other non-performance different from delayed performance, within a reasonable time:
 - a) from the moment when he became aware or should have become aware of such a such non-performance;
 - b) after the expiration of the additional period set by him, or after the buyer has declared that he will not fulfill his obligations within this additional period.

Article 738

Except where there are contrary agreements or commercial customs, if the goods sold must be transported from one place to another, and the seller is not required to make delivery at a particular

place specified in the contract, the risk passes to the buyer when the goods are handed over to the first carrier for delivery to the buyer, even if the goods are loaded in an unpackaged manner.

If the seller is required to deliver the goods to the carrier at a place specified in the contract, the risk passes to the buyer only when the goods are handed over to the carrier at the mentioned place. The fact that the seller is authorized to retain the documents representing the goods does not affect the passing of the risk.

Article 739

If the seller has committed a fundamental non-performance of the contract, the provisions of the preceding article do not deprive the buyer of the legal remedies available to him against the non-performance of the contractual obligations.

Common provisions for obligations of the seller and of the buyer

Article 740

One party may suspend the performance of its obligations if, after the conclusion of the contract, it becomes clear that the other party will not perform a substantial part of its obligations as a result of:

1. of a serious inability in its capacity to perform or in its capacity payer;
2. of the manner in which it prepares to begin or continue the performance of the contract.

If the seller has sold the goods before the conditions mentioned in the preceding paragraph have arisen, he may refuse to deliver the goods to the buyer even if the latter possesses a document entitling him to receive them.

Such an objection has effect exclusively in the relationship between the buyer and the seller.

The party that suspends performance must immediately notify the other party and must resume performance if the other party provides appropriate guarantees regarding the fulfillment of its obligations.

Article 741

In the case of a contract of sale with partial deliveries, when the non-performance by one of the contracting parties of any of its obligations relating to a delivery constitutes a particularly significant non-performance of the contract relating to that delivery, the other party may declare the contract terminated as regards that delivery.

If the non-performance by one of the contracting parties of its obligations relating to one delivery gives the other party reasonable grounds to believe that a fundamental non-performance will occur in regard to future deliveries, the latter may declare the contract terminated for the future, provided that this is done within a reasonable time.

The buyer who declares the contract terminated with regard to a delivery may, at the same time, declare termination for previous deliveries or future deliveries if, due to their interdependence, these deliveries cannot be used for the purpose specified by the parties in the contract.

Article 742

In the case of termination of the contract, the seller must return the price and pay the buyer the expenses and payments made legally.

The buyer must return the item, unless it has been lost or destroyed as a result of its defects.

Article 743

If one party delays payment of the price or any other amount, the other party has the right to claim interest on these amounts without prejudice to compensation for damages.

Article 744

The seller must return to the buyer the price paid, even if the value of the item has decreased or it has been damaged. If the decrease in value or the damage results from an action of the buyer, the benefit obtained by the buyer must be deducted from the above-mentioned amount, except as provided in Article 640.

Article 745

If the contract is terminated and if, reasonably and within a reasonable period after the termination, the buyer has made a purchase to replace or the seller has resold the items, the party claiming damages may receive the difference between the price provided in the contract and the price of the replacement sale, as well as any other compensation that may be claimed on the basis of the above-mentioned article.

Sale with reservation of ownership

Article 746

When the sale price is paid in installments, the buyer acquires ownership of the item upon payment of the last installment of the price, assuming the risks from the moment of delivery. The transfer with reservation of ownership under the above condition must be reflected in the contract.

Article 747

The transfer of ownership according to the above provision may be invoked against the buyer's creditors, when it derives from a written instrument dated precisely prior to the imposition of the measure securing the credit.

When the subject matter of the sale is immovable property or registered movable property, the provisions on registration apply.

Article 748

Non-payment of only one installment, which does not exceed one eighth of the price, does not result in the termination of the contract, and the buyer retains the right to the deadline regarding subsequent installments, regardless of any agreement to the contrary.

Article 749

When the termination of the contract results from the buyer's non-fulfillment of obligations, the seller must return the payments made, except for the right to compensation for the use of the item, or compensation for damages.

When the contract provides that the payments made shall remain with the seller as compensation, the court may, depending on the circumstances of the case, reduce this compensation.

Article 749/a
(Added by Law No. 8536, dated 18.10.1999)

The rules provided by Articles 746, 747, 748, and 749 do not apply to sales with reservation of ownership in connection with financial transactions with security interest, for which the rules provided by special law shall apply.

Sale of immovable property

Article 750

The sale of immovable property is carried out in the manner provided in Article 83 of this Code, otherwise it is void.

Article 751

The sale of immovable property subject to a condition is registered in the immovable property registers after the condition has been verified.

Article 752

When a specified immovable property is sold by indicating its dimensions and at a price set on the basis of a payment for each unit of measurement, the buyer is entitled to a reduction in price if the actual size of the immovable property is less than that indicated in the contract.

If the dimensions of the property turn out to be greater than those indicated in the contract, the buyer must pay the additional price, but has the right to withdraw from the contract if the excess exceeds one twentieth of the declared size.

Article 753

In the case where the price is determined in relation to the immovable property itself and not to its size, even if the size is indicated, no reduction or increase in price is made, except where the actual size is less or greater than one twentieth of that stated in the contract.

In the case where an additional price must be paid, the buyer may choose either to withdraw from the contract or not to pay the additional amount.

Article 754

If two or more immovable properties are sold under the same contract for a single and identical price, indicating the size of each of them, and it turns out that the quantity is smaller for one and larger for the other, compensation is made up to the appropriate amount; the right to the additional payment or to the reduction in prices is exercised in accordance with the provisions specified above.

Article 755

The seller's right to an increase and the buyer's right to a reduction in price or to withdraw from the contract are prescribed two years after the delivery of the immovable property.

Article 756

The buyer's right to contest the defects of the immovable property is prescribed upon the expiration of five years from the moment of delivery of the property.

CHAPTER II EXCHANGE

Article 757

Exchange is the contract which has as its subject matter the mutual transfer of ownership of property or of other rights from one contracting party to the other.

Article 758

The exchanger, in the event that the property has been taken from them and they have no intention of recovering it, has the right to receive its value, according to the provisions set for sale, as well as compensation for damages.

Article 759

The expenses of the exchange and other additional expenses are borne equally by both parties, except when there is a contrary agreement.

Article 760

The provisions established for the contract of sale also apply to the contract of exchange, insofar as they are compatible with it.

CHAPTER III DONATION

Article 761

Donation is a contract by means of which one party transfers to the ownership of the other party, without compensation, a specified property or a real right, which the latter accepts.

The renunciation of a right before it is acquired, or the renunciation of inheritance, does not constitute a donation.

Article 762

The donation may comprise only the current property of the donor. If it includes future property, the donation is invalid with respect to that part.

Article 763

A donation, the object of which consists of periodic obligations, is extinguished upon the death of the donor, except in cases where the contract provides otherwise.

Article 764

The donation of immovable property must be made by notarial deed and registered, otherwise it is invalid.

Acceptance may be made by the same deed, or by a subsequent deed. In this case, the donation is considered concluded from the moment the acceptance deed has been notified to the donor.

If it concerns movable property, it is valid when such items are specified by also indicating their value in the donation contract.

The contract is considered concluded from the moment of delivery of the item.

Before the contract is concluded, the donor or the recipient of the donation may revoke their declaration.

Article 765

The donation may be contested for mistake as to the cause, when this is related to fact or to law, provided that the cause arises from the act and has prompted the donor to make the donation.

Article 766

The donor, for non-performance or delay in the donation, is liable only for actions carried out with intent or gross negligence.

Article 767

The donor may impose as a condition the return of the donated items, both in the event of the prior death of the recipient of the donation, as well as in the event of the prior death of their descendants.

Return may take place only in favor of the donor. An agreement in favor of others is considered void.

Article 768

The donation may be burdened with a condition or with a charge. The donor is obliged to fulfill the charge within the limits of the value of the donated item.

To fulfill the charge, action may be taken, in addition to the donor, by any interested party.

The termination of the donation contract due to non-fulfillment of the charge may be requested by the donor or their heirs, if it is provided for in the donation deed.

An unlawful or impossible charge is considered nonexistent; nevertheless, it renders the donation void if it constituted the sole determining reason for the contract.

Article 769

The donor is obliged to provide the recipient of the donation with a guarantee for the title of the donated item and for any dispossession that may be suffered from others with regard to the donated items, in the following cases:

1. if they have expressly promised the guarantee;
2. if the taking of the item depends on fraud or on their personal conduct;
3. if the donation imposes a charge on the recipient of the donation or if the donation is made as remuneration, in which cases the guarantee applies up to the value of the charge or the entirety of the promises undertaken by the donor.

Article 770

The donor's guarantee does not extend to defects of the donated item, except when the donor has acted fraudulently or when there is a special agreement.

Article 771

The donor, for donations that are not customary or that have not been made as remuneration, may request the revocation of the donation when the recipient of the donation:

a) has intentionally killed or attempted to kill the donor, the spouse or children, or the parents of the donor;

b) without right does not entitle the donor to maintenance when they are obliged by law.

The lawsuit for revocation of the donation must be filed within one year from the day the donor has received notice of the reasons that entitle them to request the revocation of the donation.

The lawsuit that has been initiated may also be continued by the donor's heirs, or may be brought by them, in the event that the donor has died within the year from the date the cause for filing the lawsuit has arisen.

A prior waiver of the lawsuit is invalid.

The revocation of the donation does not affect the rights that third parties have acquired over the donated item before the lawsuit is filed.

CHAPTER IV SUPPLY

Article 772

Supply is a contract by which one party undertakes, in return for the payment of a price, to make periodic or continuous deliveries of goods for the benefit of the other party.

The supplied items may be movable or immovable, and may also be in the form of energy or credit securities.

Article 773

When the quantity of supply has not been specified, it is understood that the agreement is for the quantity corresponding to the normal needs of the party being supplied up to the expiration of the contract.

If the parties have set only the maximum and minimum limit for the supply or for the particular services, it is up to the one entitled to the supply to determine the proper quantity within the aforementioned limits.

If the quantity of the supply is to be determined according to needs, above a minimum quantity specified in the contract, the party being supplied is responsible for the corresponding quantity according to its needs in case the minimum quantity is exceeded.

Article 774

In periodic supply, if the price is to be determined according to Article 707 of this Code, the time of completion of the particular supplies and the place where these are to be performed shall be taken into account.

Article 775

In periodic supply, the price corresponds to the document of the particular supplies.
In continuous supply, the price is paid according to the usual deadlines.

Article 776

The term specified in the contract for particular supplies is presumed to be established for the benefit of both parties.

If the party being supplied has been given the right to specify the deadline for particular supplies, it must notify the supplier of the date by means of a notice within a reasonable period.

Article 777

In the event of non-performance by one of the parties of particular obligations, the other party may request termination of the contract if the non-performance is of particular significance and is such as to undermine confidence in the security of future performance.

Article 778

If the party entitled to be supplied has not fulfilled the obligation and the non-performance is of minor importance, the supplier cannot suspend the implementation of the contract without first giving reasonable notice.

Article 779

If the contract includes an exclusivity clause in favor of the supplier, the other party may not obtain supplies of the same kind from third parties nor may it, by its own means, produce the items that are the subject of the contract, unless there is an agreement to the contrary or where the law provides otherwise.

Article 780

If the exclusivity clause is established for the benefit of the party entitled to be supplied, the supplier may neither directly nor indirectly make supplies of the same kind, which are the subject matter of the contract, in the area for which exclusivity has been granted and within the term of the contract.

The exclusivity clause contained in a supply contract constitutes a burdensome condition that requires special written approval.

Article 781

The party entitled to be supplied, when it undertakes the obligation to increase the sale of the items for which it has exclusivity, in the assigned area, is liable for damages caused by the non-fulfillment of this obligation, even if it has performed the contract for the minimum quantity that has been specified.

Article 782

If the duration of the supply has not been specified, either party may withdraw from the contract by informing the supplier in advance within the period established by them and, in the absence of such a period, within a reasonable time, taking into account the nature of the supply.

Article 783

The provisions regulating contracts for special supplies shall also apply to the supply contract, insofar as they do not conflict with the above provisions.

CHAPTER V EMPHYTEUSIS

Meaning of emphyteusis

Article 784

Emphyteusis is a contract whereby a person is granted the right to use and improve an immovable property, in return for a periodic payment in cash or in kind.

Article 785

The duration of the emphyteusis is determined in the contract.

Article 786

The contract of emphyteusis must be made in the form required for the transfer of ownership of immovable property.

The rights and obligations of the owner and of the emphyteuta

Article 787

The emphyteuta enjoys the property as does the owner, except for the limitations provided in the contract for the creation of the emphyteusis.

However, he may not, without the owner's consent, use the property for another purpose.

Article 788

The emphyteuta is entitled to the separated natural fruits, the civil fruits that have become due during the emphyteusis, and the rights to the use of subsoil within the limits provided by law, except when otherwise stipulated in the contract.

Article 789

When the property under emphyteusis is completely lost, the emphyteusis is extinguished and the emphyteuta is discharged from the corresponding obligation for the future. When the property is lost or damaged in such visible and significant parts that it is not possible to secure income sufficient to pay the compensation determined in the contract, a reduction thereof or the termination of the contract may be requested, with the parties fulfilling their reciprocal obligations.

The request must be made within one year from the date the loss or damage of the property under emphyteusis occurred.

The emphyteuta may not request to be discharged from the obligation to pay the compensation or its reduction, due to lack of production or loss of fruits, even in cases of force majeure.

Article 790

The granting of the property in sub-emphyteusis is not permitted.

Article 791

The emphyteuta may request the termination of the contract and the ending of the emphyteusis at any time, except when otherwise provided in the contract.

The grantor of the emphyteusis may request the termination of the contract and the ending of the emphyteusis, when the emphyteuta has not fulfilled the relevant obligation for two consecutive periods, damages or fails to maintain and improve the property, or is manifestly failing to fulfill the obligations arising from the contract.

Article 792

Taxes and other obligations that burden the property are borne by the emphyteuta, except when otherwise provided by law.

When these obligations are assigned to the owner in the contract, they may not exceed the compensation specified for the emphyteusis.

Article 793

In the event of the transfer of the emphyteusis, the new emphyteuta and the previous one are jointly liable for the unpaid compensation of the emphyteusis, except when the previous emphyteuta has been notified of the act of transfer by the grantor of the emphyteusis.

In the event of the transfer of such a right by the owner, the acquirer may not request the fulfillment of obligations from the emphyteuta before the act of transfer has been notified to the latter.

Article 794

When not otherwise provided in the contract, the emphyteuta, during the continuance of the emphyteusis or when it ceases, has the right to remove constructions, other works, and plantations carried out outside the conditions of the emphyteusis or which have been purchased by the owner, but always without damaging the property and restoring it to its previous condition.

Article 795

When the contract is terminated, the emphyteuta is entitled to the value of the improvements made, to the extent that they have increased the value of the property, provided that such value exists at the time of its return.

Article 796

The emphyteuta has the right to retain the property given in emphyteusis until the settlement of the credits arising from it. Any contrary agreement is invalid.

The owner has the right to retain the property belonging to the emphyteuta until the fulfillment of the obligations towards him.

Article 797

When the need arises to make extraordinary repairs to the property given in emphyteusis, the emphyteuta is obliged to notify the owner and give him the opportunity to carry them out.

The grantor of the emphyteusis is not obliged to carry out any ordinary repairs.

Article 798

Persons who jointly enjoy an emphyteutic right are jointly and severally liable for the payment of the compensation for the emphyteusis.

When the property given in emphyteusis is divided and they enjoy parts of it, each is liable for the obligations arising from the emphyteusis, in proportion to the value of the part they enjoy.

Article 799

The provisions of this chapter also apply when the emphyteusis is enjoyed by one or more legal persons, except where it is prohibited by law.

Article 800

The emphyteuta may acquire, for the benefit of the property, an active servitude and burden it with a passive servitude, for the duration provided in the contract, always notifying the grantor of the emphyteusis in writing.

CHAPTER VI LEASE

GENERAL PROVISIONS

Article 801

A lease is a contract by which one party (the lessor) undertakes to give the other party (the lessee) a specified item, for temporary enjoyment in exchange for a specified compensation.

Article 802

The lessor must:

1. to deliver to the lessee the item at the agreed time and in a condition that allows its use for the purpose agreed upon by the parties;
2. to ensure that the item is maintained in the same condition;
3. to guarantee the peaceful enjoyment during the lease period.

Article 803

A lease cannot be concluded for a period longer than thirty years, except when otherwise provided by law. If it is concluded for a longer period or without a term, it is valid only for the aforementioned maximum period.

For buildings used for residential purposes, the lease contract may not be concluded for a period longer than five years.

For movable items provided to equip an immovable property, the term is equal to the duration of the lease of the latter.

A lease contract for a period longer than one year must be made in writing.

Article 804

The lessee, who has duly fulfilled the obligations arising from the contract, has the right to be given preference over other persons in the event that, upon the expiration of the lease term, a new contract is to be concluded.

Rights and obligations of the lessor

Article 805

The lessor must carry out, during the lease period, all repairs, except for daily maintenance works which are the responsibility of the lessee.

For movable items, the costs for their preservation and ordinary maintenance are the responsibility of the lessee, except when otherwise stipulated by agreement.

When the leased item requires repairs that are not the responsibility of the lessee, the latter is obliged to notify the lessor.

In the case of urgent repairs, the lessee may carry them out directly, with reimbursement of expenses, provided that he immediately notifies the lessor.

Article 806

If, at the time of delivery, the leased item is affected by defects that clearly reduce the value of the contracted use, the lessee may request the termination of the contract or a reduction of the rent, except when he was aware of the defect or it is easily noticeable.

The lessor is obliged to compensate the lessee for damages resulting from defects of the item, unless he proves that, without fault, he was not aware of these defects at the time of delivery.

If the defects of the item pose a serious risk to the health of the lessee or his family or dependents, the lessee may request the termination of the contract even if he was aware of the defects.

Article 807

An agreement that excludes or limits the liability of the lessor for the defects of the item has no effect if the lessor has fraudulently concealed them from the lessee, or when the defects are such as to prevent the enjoyment of the item.

Article 808

The provisions of the above articles are applicable also in cases of defects of the item that occur during the lease.

Article 809

If during the lease the leased item requires urgent repairs, the lessee must allow their execution. If the item is not repaired within a reasonable time, the lessee has the right to a proportional reduction of the rent.

Article 810

The lessor is obliged to guarantee the lessee against disturbances that diminish the value of use and enjoyment of the item, caused by third parties who claim to have rights over the same item.

The lessor is not obliged to guarantee the lessee against disturbances by third parties who do not claim to have rights over the item. In this case, the lessee retains the right to bring an action against the third parties in his own name.

Article 811

If the third parties causing disturbances claim to have rights over the leased item, the lessee is obliged to immediately notify the lessor, otherwise the lessee is liable for compensation of damages.

If the third parties proceed by way of legal action, the lessor is obliged to participate in the proceedings if summoned.

Rights and obligations of the lessee

Article 812

The lessee must:

1. to take delivery of the item and use it for the purpose provided for in the contract and, where not provided, according to the purpose arising from the nature of the item;
2. to make the payment within the specified deadlines.

Article 813

The lessee is liable for the loss and damage of the item that occur during the lease contract.

Article 814

The lessee must return the item to the lessor in the same condition in which it was received, in accordance with the description made by the parties in the contract, except for damage or ordinary wear resulting from the use of the item in accordance with the contract.

In the absence of a description in the contract, it is presumed that the lessee has received the item in good working condition.

The lessee is not liable for loss or damage caused as a result of obsolescence. Movable items must be returned to the place where they were taken over.

Article 815

The lessee who is in delay in returning the item is obliged to pay the lessor the agreed payment until delivery, in addition to the obligation to compensate for the corresponding damage.

Article 816

Except where otherwise provided by law, the lessee is not entitled to be compensated for improvements made to the leased item. However, if the lessor has given consent, the lessor is obliged to pay compensation corresponding to the smaller amount between the sum of the expenses and the value of the useful result at the time of delivery. When the lessee is not entitled to compensation, the value of the improvements may offset the damages that have occurred due to the lessee's gross negligence.

Article 817

The lessee who has made additions to the leased item has the right to remove them at the end of the lease, when this can be done without damaging the item, except when the owner agrees to keep the additions himself. In this case, the owner must pay the lessee compensation equal to the lesser amount between the expenses and the value of the additions at the time of redelivery.

If the additions cannot be separated without damaging the item and constitute an improvement of it, the rules provided by Article 810 shall apply.

Article 818

The lessee, unless otherwise agreed, has the right to sublease the item that he has leased, but may not assign the contract to another person without the consent of the lessor.

For movable items, subleasing is done with the consent of the lessor.

Article 819

The lessor, without prejudice to his rights against the lessee, may bring an action against the sublessee to claim the price of the sublease for which the latter is still debtor at the moment of filing the action and to compel him to fulfil all the other obligations arising from the sublease contract.

The declaration of invalidity or termination of the lease contract also has effect on the sublessee, and the decision taken between the lessor and the lessee also has effect on him.

Termination of the lease contract

Article 820

The lease with a fixed term determined by the parties terminates upon the expiration of the term, without the need for a declaration of its termination.

A lease in which the term is not specified does not terminate if, before the expiry of the period established according to Article 803 of this Code, one of the parties notifies the other party of the termination of the lease.

Renewal of the lease contract

Article 821

The lease is renewed if, after its expiration, the lessee is allowed to continue using the leased property without objection from the lessor.

The new lease is governed by the same terms as the previous one, but its duration is determined as for leases with a fixed term.

Relations with third parties

Article 822

The lease contract may be asserted against a third party who has acquired the leased property, provided that the contract has a certain date prior to the alienation of the property.

The provisions of the preceding paragraph do not apply to the lease of movable property not registered in public registers, if the acquirer has obtained possession in good faith.

The lease of unregistered immovable property may not be asserted against the third-party acquirer, except within a period of 9 years from the commencement of the lease.

The acquirer must respect the lease in any case if he has undertaken the obligation towards the alienator.

Article 823

If the lease does not have a certain date, but its possession by the lessee as of that date is prior to the transfer of ownership, the acquirer is not obliged to respect the lease, except for the duration corresponding to that established for leases with an indefinite term.

Article 824

If the lessee has been excluded by the acquirer because the lease contract did not have a certain date prior to the transfer of ownership, the lessor is obliged to compensate for the damage.

Article 825

The acquirer is obliged to respect the lease contract from the date of acquisition for the rights and obligations deriving from the lease contract.

A. Lease of immovable property of an agricultural nature **GENERAL PROVISIONS**

Article 826

The lease contract of immovable property that serves for agricultural cultivation for a period of more than nine years must be made with a notarial deed and registered in the public register.

Article 827

The lessor, by means of an inventory, delivers to the lessee the immovable property such as agricultural land, pastures, residential buildings and auxiliary buildings serving agricultural and livestock activities, as well as the movable items serving this activity. The right to contest the content of the inventory and the presumption of its accuracy are regulated according to the provisions of this chapter.

Article 828

The lessor bears the obligations and financial taxes imposed on the immovable property.

Article 829

The lessor has the right at any time to exercise control over the leased property to determine whether the lessee is complying with the agreement according to the obligations set forth in the contract, in accordance with the nature and agrotechnical rules.

Article 830

The lessee pays the rent price at the time and in the manner specified in the contract. The rent price may be in kind or in cash.

The right of cultivation

Article 831

The right of cultivation refers to the right of one of the contracting parties to decide what will be cultivated from one period to another. This right is regulated by the agreement of the parties.

When the rent price consists entirely or mainly of agricultural products from the products cultivated on the leased immovable property, the right of cultivation belongs to the lessor, unless otherwise provided in the contract or according to local custom. When the rent price consists entirely or partly of a sum of money paid to the lessor, the right of cultivation belongs to the lessee, unless otherwise provided in the contract or according to local custom.

Article 832

The party that has the right of cultivation, when it does not notify the other party of the cultivation plan in due time and when further waiting for such notification may cause serious consequences to the agricultural cultivation, this right passes to the other party.

Time and cultivation expenses

Article 833

The lessee decides, under his own responsibility, the timing for carrying out cultivation activities, as well as the methods and agrotechnical innovations to be applied. The lessor may only make recommendations in this regard.

Article 834

The expenses required for cultivation are borne by the lessee. When the rental price consists entirely or mainly of the cultivated product, the lessor shall advance without interest to the lessee those expenses that may be required for cultivation, in case the latter is unable to bear them himself.

The advance payment is returned to the lessor from the yield of the next harvests.

Payment of the rental price

Article 835

The rental price is paid according to the deadlines specified in the contract. In the absence of such specification, it shall be paid at the end of each contract year, when the price has been set in money.

The lease contract year begins on the day the property is delivered to the lessee.

Article 836

When the rental price consists of a portion of the agricultural produce or is related to it, the portion to which the lessor is entitled is delivered to him at his request, after the harvest has been collected.

In the absence of an agreement, the custom of the place is respected.

Article 837

The lessee may request a reduction of the rental price or the postponement of its payment, when unforeseen circumstances or extraordinary events have reduced the annual yield by at least half compared to the normal yield.

Article 838

The lessee may request that the rental price be reviewed in his favor, taking into account the usual yield, the significance of the loss suffered, the profits he has made in previous years and those he may obtain during the term of the contract.

Article 839

In the event of termination of the contract, the lessee is not obliged to leave seeds for the next crops, except when otherwise provided in the contract or by the custom of the place.

Article 840

The lessee does not enjoy the right to the fruits which, at the time of the termination of the contract, had not yet been harvested. However, the court may allow the lessee to be paid for the expenses he may have incurred for the cultivation of the fruits. In any case, this compensation may not exceed the value of the fruits that the lessee benefits.

B. Lease of productive items

Article 841

When the lease has as its object the enjoyment of a productive item, movable or immovable, the lessee must take care of its management in accordance with the economic purpose of the item.

Article 842

If the parties have not determined the duration of the lease, each of them may withdraw from the contract by notifying the other in advance within a reasonable period of time.

Article 843

The lessor must:

1. to deliver the item with its accessories in a condition suitable for the use and production for which it is intended;
2. to carry out at his own expense the extraordinary repairs that the item needs during the lease period.

Article 844

The lessor may request the termination of the contract if the lessee does not provide the necessary means for the management of the item, if he does not apply the technical rules, and if he permanently changes the economic purpose of the item.

Article 845

The lessee may undertake initiatives to increase the productivity of the leased item, provided that these do not create obligations for the lessor, or do not infringe upon his rights.

Article 846

If as a result of a law or a mandatory decision concerning the productive management of the item, the contractual relationship is significantly altered, so that one party loses and the other gains, an increase or decrease in the lease price may be requested, or, depending on the circumstances, the termination of the contract, except where otherwise provided by law.

Article 847

The lessee cannot sublease the item without the permission of the lessor.

When the lessee breaches such an obligation, the lessor may request the termination of the contract.

The right to transfer the lease contract to another person also includes the sublease, except when the parties have provided otherwise in the contract.

Article 848

The provisions of the lease contract also apply to the lease of productive items, to the extent that they are compatible with them.

C. Financial lease (leasing)

Article 849

With the financial lease contract, one party is obliged to make available to the other party, for a specified period of time, a movable or immovable item, in exchange for a payment with periodic installments, determined in relation to the value of the item, the duration of the contract and, if applicable, with other elements according to the agreement of the parties.

The item must be acquired or built by the lessor according to the wishes and specifications of the lessee, and the latter has the right to acquire ownership, at the end of the term of the contract, in exchange for the payment of a predetermined amount.

The lessor is liable to the lessee according to the general rules for non-delivery of the item or delay in delivery of the item, as well as for defects of the item.

By agreement, it may be provided that the lessee, before requesting his rights from the lessor, must address the person who delivered the item (the supplier) for his rights or those that have been transferred to him.

CHAPTER VII CONTRACT FOR WORK

Content

Article 850

The contract for work is the contract by which one party (the contractor) undertakes, with its own means and assuming the risk, to perform a work (job), or to provide a service or an independent execution of works, while the other party is obliged to accept it in exchange for the price specified in the contract.

Determination of the price

Article 851

When the parties have not determined the price of the contract for work nor have they established a method for its determination, it is calculated based on existing rates or according to local custom. In case of dispute, it is determined by the court.

Provision of materials

Article 852

The materials necessary for the completion of the work must be provided by the contractor, unless the agreement provides otherwise.

Rights and obligations of the contractor

Article 853

The contractor must timely warn the employer:

- a) when the material provided by the employer for the work is of poor quality, when this is discovered during the work and damages the quality of the work;
- b) when the employer's instructions cannot be implemented or when their implementation makes the work unstable or unsuitable;
- c) when there are circumstances, not dependent on the contractor, which cause the work to be unstable or unsuitable.

The contractor is liable for the damage suffered by the employer if he does not warn him as mentioned above.

Article 854

The contractor has the right to withdraw from the execution of the contract and to claim compensation for the damage suffered when the employer does not replace the material of poor or unsuitable quality, or when he does not change the instructions for carrying out the work, even though he has been duly warned by the contractor.

Article 855

The contractor is liable for the loss or damage of the material provided by the employer, except when it is proven that the loss or damage occurred because the material was of poor or unsuitable quality, or due to the implementation of the employer's instructions for carrying out the work, even though the contractor had duly warned the employer about these matters in due time.

Article 856

The contractor has the right to request payment for the work he has performed when the work, before being delivered to the employer, is lost or damaged because the material was of poor or unsuitable quality, or due to the implementation of the employer's instructions for carrying out the work, even though the contractor had duly warned the employer about these matters in due time.

Article 857

The contractor may not subcontract the performance of the work or the provision of services without obtaining the employer's consent.

Article 858

The contractor may not change the methods specified in the contract for the execution of the work, without the written consent of the client. Even when consent has been given, if the total price of the work has been set in full, the contractor does not have the right to be compensated for changes or additions, except when there is an agreement to the contrary.

Article 859

If, for the execution of the work according to standards, it is necessary for the project to be changed and the parties do not reach an agreement about this, the dispute shall be resolved by the court.

If the changes in prices exceed one sixth of the amount of the set price, the contractor may request the termination of the contract and, depending on the circumstances, suitable compensation for damages.

If the changes are substantial, the client may withdraw from the contract by paying appropriate compensation.

Rights and obligations of the client

Article 860

The client may make changes to the project, provided that their amount does not exceed one sixth of the total set price. The contractor has the right to be compensated for the main works performed, even if the price of the work has been set in total.

The above paragraph does not apply to project changes which, although they comply with the aforementioned limits, cause substantial changes in the nature of the work or in the quantitative aspect of particular categories of works foreseen in the contract for the execution of the same work.

Article 861

The client has the right to inspect the execution of the works and their condition at his own expense.

When, during the execution of the works, it is found that their performance is not proceeding according to the conditions specified in the contract and according to the standards, the client may set a reasonable deadline within which the contractor must comply with those conditions. When the set deadline has passed without any benefit, the contract is terminated, without prejudice to the client's right to compensation for damages.

Article 862

If, as a result of unforeseen circumstances, there have been increases or decreases in the cost of materials or labor, which cause an increase or decrease of more than one tenth of the total agreed price, the contractor or the client may request a revision of the price. This revision may be determined only for the extent of the difference exceeding one tenth. When, during the works,

difficulties of a geological, hydrological, or other similar nature, unforeseen by the parties, are encountered, which make the contractor's task considerably more difficult, the contractor is entitled to appropriate compensation.

Article 863

The client, before taking delivery of the completed work, has the right to inspect it.

The inspection must be carried out by the client as soon as the contractor has created the appropriate conditions for the inspection. If, despite being invited by the contractor, the client does not carry out the inspection without justified reason, or does not notify the result of the inspection within a short period, the work is considered accepted.

If the client takes delivery of the work without making any reservation, it is considered accepted even if the inspection has not been carried out.

The contractor has the right to request payment of the specified amount when the work is accepted by the client, except where there is an agreement to the contrary.

Warranty and notification of defects in the work

Article 864

The contractor is obliged to provide a warranty for defects and faults in the work. The warranty is not required when the client has accepted the work and the defects or faults were known to him or were apparent, except when they have been concealed in bad faith by the contractor.

The client must notify the contractor of the defects or faults within 60 days from their discovery as a period of limitation, the failure of which results in the loss of this right. Notification is not necessary when the contractor has recognized and accepted the defects or faults or when he has concealed them.

The claim against the contractor is time-barred after two years from the date of delivery of the work. The client who is sued for payment may always invoke the warranty, provided that the defects and faults are notified within 60 days from the date of their discovery and before two years have passed from the date of delivery.

Article 865

The client may request that the defects or faults be remedied at the contractor's expense, or that the price be reduced proportionally, while retaining the right to compensation for damages in case the contractor is at fault.

But, if the defect or faults of the work are such that they render it completely unsuitable for its intended use, the client may request the termination of the contract.

Article 866

When the subject matter of the contract is a building or other immovable property which, by its nature, is intended for long-term use, if, during a period of ten years from completion, the work, due to the land or to a construction defect, collapses wholly or partially, or presents a clear risk of collapse or other serious defects, the contractor is liable to the client and to persons who acquire rights from him, provided that the report is made within one year from the date of discovery.

The client's right is subject to a statute of limitations of one year from the notification.

Article 867

The contractor, in order to exercise the right of recourse against subcontractors, must notify them of the claim within sixty days from the date of becoming aware of it, under penalty of forfeiture, which results in the loss of this right.

Termination of the contract and legal consequences

Article 868

The client may withdraw from the contract, even after performance of the work or the provision of the service has commenced, provided that the contractor is compensated for the expenses incurred, for the work performed, and for lost profits.

Article 869

When the contract is terminated because the performance of the work has become impossible due to a cause not attributable to either party, the client shall pay for the part of the work performed, to the extent that it is useful for him, in proportion to the price determined for the entire work.

Article 870

When the material given to the contractor by the client, or when the work prepared with this material is lost or damaged, as well as when the completion of the work becomes impossible through no fault of either party, but in any case after the contractor is in delay in delivering the work, the contractor is obliged to compensate the client for the value of the material and does not have the right to request payment for the work performed.

Article 871

When the work prepared with the contractor's material is lost or damaged, as well as when its completion becomes impossible before the deadline for delivery of the work has expired, but in any case through no fault of either party, the contractor does not have the right to request from the client payment for the value of the material or the work performed.

Article 872

When the work prepared with the contractor's material is lost or damaged, as well as when its completion becomes impossible through no fault of the contractor or the client, but after the client is in delay in taking delivery of the work, the client is obliged to pay the contractor the value of the material and the work performed.

Article 873

The contractor agreement is not terminated by the death of the contractor, except when the contractor's person was considered essential for the performance of the work. The client may always withdraw from the contract if the contractor's heirs cannot be trusted to properly perform the work or the service.

Article 874

In the event of termination of the contract due to the contractor's death, the client is obliged to pay the heirs the value of the work performed, based on the agreed price, as well as the expenses

incurred for the execution of the remaining part, but only within the limits in which the work performed and the expenses made are useful to him.

The client has the right to request delivery, in exchange for appropriate compensation, of the value of the prepared materials and of the plans in the process of implementation, insofar as permitted by the rules for the protection of inventions and intellectual property.

Article 875

Persons who, being under the authority of the contractor, have performed their activity for the implementation of the work or the provision of the service, may bring a direct action against the client to receive what is due to them, up to the fulfillment of the obligation that the client has towards the contractor at the time they bring the action.

Reference provision

Article 876

When the subject matter of the contract is the provision of continuous or periodic services, the rules of this title and those related to the supply contract shall apply, insofar as they are compatible.

CHAPTER VIII TRANSPORT

A. Transport of persons

Article 877

By the contract for the transport of persons, the carrier undertakes to transport persons from one place to another.

Article 878

In addition to liability for delay and for non-performance in carrying out the transport, the carrier is liable for accidents that befall the passenger during the journey and for the loss or damage of items that the passenger takes with them, unless he proves that he took all appropriate measures to avoid the damage, and in connection with the particular circumstances of the case.

Invalid are the conditions that limit the liability of the carrier for risks that befall the passenger.

This provision also applies to contracts for free transport.

Article 879

In transport with interconnected itineraries, each carrier is liable for their own journey.

However, the damage for delay or interruption of the journey is calculated taking into account the entire route.

B. Transport of goods

Article 880

With the contract of carriage of goods, the carrier undertakes to transport goods from one place to another.

Article 881

The carrier must make the transported goods available to the consignee at the place, within the time limit, and through the means specified in the contract.

If the delivery is not to be carried out directly to the consignee, the carrier must immediately notify them of the arrival of the transported goods.

If a consignment note has been issued by the sender, the carrier must show it to the consignee.

Article 882

The sender must accurately provide the carrier with the name of the consignee and the destination, the type, weight, quantity, and number of goods to be transported, as well as other data necessary for carrying out the transport.

If special documents are required for carrying out the transport, the sender must provide them to the carrier at the moment the goods are handed over for transport.

The sender is liable for damages resulting from the absence or inaccuracy of the data or from the non-delivery or irregularity of the documents.

Article 883

At the request of the carrier, the consignor issues a consignment note with their signature, which contains their name, residence or place of business, the place and date of issue, the data presented in the aforementioned article, and the specified conditions for transport.

When the consignment note is issued in several copies, the number of copies must be indicated on each copy. The remaining copies lose their value once the goods are delivered to the holder of the title.

This data is reliable, unless the contrary is proven against the carrier, who is obliged to verify them, exercising professional diligence.

At the request of the sender, the carrier issues a duplicate of the consignment note with their signature, or, if the consignment note has not been issued, a delivery receipt containing the same data.

Article 884

The contract of carriage is considered concluded from the moment the transport document is made and the consignor has made the payment for transportation, except where otherwise provided in the contract or by law.

Article 885

If the commencement or continuation of carriage is prevented or delayed excessively for reasons not attributable to the carrier, the latter must immediately request instructions from the consignor, taking measures to preserve the goods that have been delivered to him.

The carrier retains the right to reimbursement of expenses.

If the carriage has commenced, the carrier is also entitled to payment of the price in proportion to the distance covered, except in cases where the interruption of carriage has occurred due to the total loss of the goods as a result of force majeure.

If circumstances make it impossible to obtain instructions from the consignor, or if the instructions are not applicable, the carrier may deposit the goods or, if they are at risk of being damaged, or present a significant risk to the safety of the places where they are stored, he may take measures for their sale at the best price.

The carrier must immediately notify the consignor of the deposit or sale.

The above rules also apply in cases where the consignee cannot be found or refuses or delays to request delivery of the goods, as well as in cases where a dispute arises between several consignees or regarding the consignee's right to take delivery or its execution.

Article 886

The consignor may suspend the transport and request the return of the goods, or order delivery to another consignee different from the one initially indicated, or may decide otherwise, always retaining the obligation to reimburse expenses and to compensate for damages resulting from the second order.

When the carrier has issued the consignor a duplicate of the accompanying sheet or the consignment note, the consignor may not dispose of the goods delivered for transport unless he presents the duplicate or the invoice to the carrier to indicate the new data. These must also be signed by the carrier.

The consignor may not dispose of the goods transported from the moment they have come under the control of the consignee.

Article 887

The rights arising from the contract of carriage against the carrier are transferred to the consignee from the moment when, after the goods have arrived at the destination, or the deadline by which they should have arrived has expired. The consignee requests receipt of the goods from the carrier; the consignee may not exercise the rights arising from the contract except by paying the carrier the credits resulting from the carriage and the invoices accompanying the goods transported. When there is a dispute regarding the amount owed, the consignee must deposit the disputed difference with a third party.

Article 888

The carrier who delivers the goods to the consignee without collecting his credits or the invoices accompanying the goods transported, or without requesting the deposit of the disputed amount, is liable to the consignor for the amount owed to him and may not require the consignor to pay his credits. However, the right to bring an action against the consignee is not affected.

Liability for loss or damage to the goods during transport

Article 889

The carrier is liable for the loss and damage of the items delivered to him from the moment he receives them until the moment he delivers them to the consignee, unless he proves that the loss or damage is the result of force majeure, of the actions of the consignor, the consignee or the owner of the items sent, of shrinkage, or due to the nature and defects of the items themselves.

If the carrier accepts the goods for transport without reservation, it is presumed that the goods do not have any apparent packaging defects.

The carrier, at the request of the consignee, is required to draw up a record for the loss or damage of the items delivered for transport.

Article 890

The carrier must notify the consignee without delay and before the delivery of the goods, of any damage that the goods may have suffered.

Article 891

If the goods have been lost or damaged, the damage is calculated, unless otherwise agreed, according to their value at the time of loading by the carrier. If the goods are damaged, the carrier must compensate for the damage to the extent of the difference between the value of the goods at the time of loading and their value at the time of delivery.

Article 892

The consignee has the right, at his own expense, before taking delivery, to verify the identity and condition of the goods transported.

Article 893

The unconditional acceptance of the goods transported and the payment to the carrier for the amount due precludes the filing of a claim arising from the contract, except in the case of fraud or gross negligence by the carrier. The right to claim for partial loss or for damages that could not be detected at the time of delivery is not affected, provided that the carrier is notified immediately upon discovery of the damage and no later than 20 days from the date of delivery.

Article 894

When the carrier is obliged to forward the goods transported beyond his own lines, through other carriers, without receiving from the consignor a direct consignment note to the place of destination, it is presumed that for the transport beyond his own lines he assumes the obligations of a forwarding agent.

Transport carried out by several carriers

Article 895

In the carriage of goods carried out jointly by several successive carriers under a single contract, the carriers are jointly and severally liable for the performance of the contract from the initial place of departure to the place of destination.

A carrier who is sued for an act for which he is not liable has the right to bring an action against the other carriers, either individually or jointly. If it is established that the act causing the damage occurred on the route of one of the carriers, that carrier is obliged to make full compensation for the damage; otherwise, the carriers are required to compensate proportionally to their respective routes, excluding those carriers who prove that the damage did not occur on their route.

Article 896

Successive carriers have the right to declare, in the consignment note or in a separate document, the condition of the goods to be transported at the time they are handed over to them. In the absence of such declaration, it is presumed that they have received them in good condition and in accordance with the consignment note.

Sender's liability

and the carrier's liability for delay

Article 897

When the delivery of goods for transportation or the delivery of goods to the recipient is not made within the time limits specified in the contract, the party that is in delay shall compensate the corresponding damage.

Article 898

Credits arising from transport have a privilege over the goods transported as long as they remain with the carrier. The carrier may retain the item subject to the privilege until his credit is compensated and may also sell it according to the rules established for the sale of pledges.

Liability of the last carrier

Article 899

The last carrier represents the previous carriers for the collection of the respective credits arising from the carriage contract and for the exercise of the privilege over the goods transported. If he does not collect the credits or does not exercise the privilege, he is liable to the preceding creditors for the amounts owed, without prejudice to his right to sue the recipient.

Reference provision

Article 900

For transport by waterways, air, and for rail and postal transport, where special legislation is lacking, the provisions of this contract shall apply.

CHAPTER IX

COMMODATUM

Article 901

By the commodatum contract, one party (the lender) gives to the other party (the borrower), free of charge, a specified item to use temporarily, and this party is obliged to return that item within the period specified in the contract. When no period is specified, the item is returned upon the request of the party who provided it.

Article 902

The commodatum contract is considered concluded from the moment the item is delivered.

Article 903

The borrower is obliged to keep and preserve the item with care. He may not use it differently from the use specified in the contract or from the nature of the item. The borrower may not give the item to a third party for use without the lender's consent. When the borrower fails to fulfill the aforementioned obligations, the lender may request the immediate return of the item, in addition to compensation for any damage.

Article 904

The borrower is liable for the loss or damage of the item, except when he proves that the loss or damage would have occurred even if the item had been given in commodatum.

Article 905

If the borrower uses the item differently from what is specified in the contract or from its nature and for a longer period than required, he is liable for the loss occurring even due to force majeure, except when he proves that the item would have been lost in the same way, whether or not it had been used differently, or if it had been returned at the time specified in the contract.

Article 906

The borrower cannot request reimbursement of the expenses incurred for using the item.

Article 907

If, during the specified period, or before the borrower has ceased using the item as per the contract, the lender faces an urgent and unforeseen need for the item, he may request the termination of the contract and the immediate return of the item.

Article 908

In the event of the borrower's death, the lender, even if a term has been set, may request the immediate return of the item from the heirs.

Article 909

The borrower is obliged, at his own expense, to carry out the ordinary repairs of the item given for use, except where otherwise provided in the contract, whereas other repairs shall be made by the lender.

Article 910

If, during the period of use, the borrower is compelled, in order to preserve the item, to incur extraordinary, necessary, and urgent expenses, and has not had the opportunity to notify the lender about them, the latter must reimburse the borrower.

Article 911

If the item lent for use has such defects as to harm the person using it, the lender is obliged to compensate for the damage as long as, having knowledge of the defects of the item, he has not informed the borrower.

Article 912

When the term of the loan for use contract expires, or when the contract is terminated before this term, the borrower is obliged to return the item to the lender in the same condition in which he received it, with the normal changes caused by its use, or in the condition provided for in the contract. Unless proven otherwise, it is presumed that the item was received in good condition.

CHAPTER X
MANDATE
GENERAL PROVISIONS

Article 913

A mandate is a contract by which one party undertakes to perform one or more legal acts on behalf of the other party.

Article 914

If the mandatary has been given the authority to act on behalf of the mandator, the provisions on representation shall apply.

Article 915

The mandatary who acts in his own name acquires rights and assumes obligations arising from acts performed with third parties, even if they had knowledge of the mandate.

Third parties have no connection with the mandator. However, the mandator, by stepping into the place of the mandatary, may exercise the creditor's rights arising from the execution of the mandate, except where this may prejudice the rights enjoyed by the mandatary on the basis of the following provisions.

Article 916

The mandatary is obliged to perform the tasks or legal acts assigned to him according to the instructions of the mandator. He may depart from these instructions only when it is necessary to protect the interests of the mandator and it is not possible to consult with him beforehand.

Article 917

The mandate includes not only the acts for which it is given, but also those acts which are necessary for their execution.

The general mandate does not include acts that go beyond the ordinary administration of the business, unless they are expressly specified.

Article 918

The mandator may reclaim movable property acquired for his own account by the mandatary who has acted in his own name, without prejudice to the rights acquired by third parties as a result of possession in good faith.

If the property acquired by the mandatary is immovable property or movable property registered in public registers, the mandatary is obliged to return it to the mandator.

Article 919

The creditors of the mandatary may not exercise their rights over the items which, during the execution of the mandate, the mandatary has appropriated in his own name, provided that, in the case of movable property or credits, the mandate is evidenced by written proof containing an exact date prior to the appropriation, or, in the case of immovable property or movable property

registered in public registers, the registration of the act of return or of the judicial claim seeking to obtain said return contains a date prior to the appropriation.

Article 920

The mandate is presumed to be for remuneration. The amount of remuneration, when not determined by the parties, is set based on professional tariffs or custom and, in their absence, by the court.

Article 921

The mandatary is obliged to execute the mandate with fidelity and diligence. He must inform the mandator of any circumstances that may lead to its revocation.

The mandatary is also obliged to execute the mandate personally, except in cases where he is authorized to transfer it to a third party, is compelled by circumstances, or does so for the protection of the mandator's interests.

Article 922

The mandatary must take measures to preserve the items sent on behalf of the mandator and protect the latter's rights against the carrier if the items show signs of damage or have arrived late.

Article 923

The mandator, except when otherwise provided by agreement, is obliged to provide the mandatary with the means necessary for executing the mandate and for fulfilling the obligations which, for this purpose, the mandatary has undertaken in his own name.

Article 924

The mandatary is obliged to provide the mandator, upon request, with all information related to the execution of the mandate, together with the supporting documents, to render an account once the mandate has been executed, as well as to return anything he has received as a result of carrying out the mandate.

Article 925

The mandator must reimburse the mandatary for the advances, together with legal interest from the day on which they were made, as well as pay the remuneration due to him.

The mandator must also compensate for the damages suffered by the mandatary as a result of the duty.

Article 926

Credits in money arising from the acts or work carried out by the mandatary have priority over the mandator and over his creditors.

Termination of the mandate

Article 927

The mandate is terminated by the death, incapacity to act, or bankruptcy of the mandator or the mandatary, except for a different agreement or when it results otherwise from the nature of the circumstances created. Nevertheless, when the termination of the mandate may harm the interests of the mandator, the mandatary, heirs, or representatives are obliged to continue the administration until the mandator, his heirs, or his own representatives are able to directly handle the matter themselves.

Renunciation of the mandate and legal effects

Article 928

The mandatary may renounce the contract but, if the contrary is provided in the agreement, he is liable for damages, except when the renunciation is made for a justified reason.

A mandate given in the interest of the mandatary or of third parties is not terminated by revocation by the mandator, except when otherwise provided in the contract or when it is made for a justified reason, but it is not terminated due to the death or incapacity to act of the mandator.

Article 929

The appointment of a new mandatary for the same agreement or the performance of this by the mandator results in the termination of the mandate, and has effect from the day on which the mandataries have been notified.

Article 930

Renunciation of the mandate for consideration and for a fixed period or for a specific task obliges the mandator to compensate for damages if it is made before the expiry of the term or the completion of the work, except when there is a justified reason.

When the mandate is for an indefinite period, renunciation obliges the mandator to compensate for damages, if prior notice has not been given in due time, except in cases where there is a justified reason for revocation.

Article 931

The mandatary who renounces the mandate without justified reason must compensate the mandator for damages. When the mandate is for an indefinite period, the mandatary who renounces without justified reason is obliged to compensate for damages if prior notice has not been given in due time.

In any case, renunciation must be made in such a manner and at such a time that the mandator can take measures to act otherwise, except in cases of great difficulty for the mandatary.

Article 932

If the mandate is given by several persons in a single act and for a matter of common interest, the renunciation has no effect unless it is made by all the mandataries, except when there is a justified reason for the renunciation.

Article 933

The acts that the mandatary has carried out before becoming aware of the termination of the mandate are valid against the mandator and his heirs.

Article 934

A mandate given to several persons who are expected to work together is terminated even if the cause of termination concerns only one of the mandataries, except when otherwise provided in the agreement.

CHAPTER XI COMMISSION

Contents

Article 935

The commission contract is a mandate with the object of buying and selling goods on behalf of the principal and in the name of the commission agent.

Rights and obligations of the parties

Article 936

The principal is obliged to pay the commission agent all expenses incurred for the execution of the mandate and the remuneration provided in the commission contract, as well as to release him from any obligation that the commission agent has assumed towards others for the performance of the commission.

Article 937

The commission agent is presumed to be authorized to allow delays in payment, in accordance with the custom of the place where the action is performed, unless the principal has provided otherwise.

If the mandatary allows delays in payment, regardless of the principal's prohibition or the local custom, the principal may require immediate payment from him, without prejudice to the commission agent's right to benefit from the advantages arising from the delay in payment.

The commission agent who has allowed a delay in payment must inform the principal as to which party was contracted and the term that was granted; otherwise, the action is considered to have been performed without allowing a delay, and the above paragraph applies.

Article 938

The commission agent is not liable for the performance by the third party of the contract entered into by the commission agent with the third party, on behalf of the principal, except where otherwise provided in the commission contract.

Article 939

When the commission agent has performed the legal act under more advantageous conditions than those of the instructions given by the principal, everything that the commission agent has gained in this case passes to the benefit of the principal.

Article 940

The commission agent has the right to depart from the instructions given by the principal only when, due to a change of circumstances, such a departure becomes necessary for the interests of the principal, and the commission agent cannot consult with the principal in advance or, even though having asked, has not received a response in due time.

Article 941

The commission agent is obliged to enter into an insurance contract for the principal's goods that are in his possession, only if it is provided for in the commission contract, or if insurance is mandatory by law.

Article 942

The principal may change the order of completing the agreement as long as the commission agent has not completed it. In this case, the commission agent is entitled to a portion of the remuneration for mediation, which is determined taking into account the expenses incurred and the work performed.

Article 943

In the commission for the sale and purchase of goods, securities, currencies, and other values that have a list price or a price set by state authorities, unless the principal has decided otherwise, the commission agent may include at the same price, fixed at the time of execution of the order, the goods that must be bought, or may himself buy the goods that must be sold, retaining the right to remuneration for mediation.

Reference provision

Article 944

The provisions on agency shall also apply to commission unless otherwise provided in this chapter.

CHAPTER XII FORWARDING (DISPATCH)

Contents

Article 945

The forwarding (dispatch) contract is an agency by which the forwarder undertakes the obligation to conclude, in the name and on behalf of the principal, a contract of carriage and to perform all auxiliary acts.

Rights and obligations of the parties

Article 946

Until the forwarder has concluded the contract of carriage with the carrier, the consignor may revoke the forwarding order, by paying the forwarder the expenses incurred and granting him suitable compensation for the services performed.

Article 947

In choosing the route, means, and methods for the transport of the goods, the forwarder is obliged to follow the principal's instructions and, in their absence, to act in his best interest. Any remunerations, price reductions, and tariff benefits obtained by the forwarder must be credited to the principal, unless otherwise stipulated in the agreement.

Article 948

The amount of remuneration to which the forwarder is entitled for performing the task is determined, in the absence of an agreement, according to professional tariffs or, if these are lacking, according to the customs of the place where the dispatch is carried out.

Advances and compensations for ancillary services performed by the forwarder are settled on the basis of supporting documents, except where the reimbursement and compensations have been predetermined with an overall total amount.

Article 949

The forwarder, who undertakes, with his own means or those of another, to carry out the transport in whole or in part, has the rights and obligations of the carrier.

CHAPTER XIII AGENCY

(Chapter amended by Law no. 121/2013, dated 18.4.2013)

Article 950

General provisions

With the agency contract, one party undertakes, continuously and for remuneration, to conclude contracts in a specified area, on behalf of the other party.

Each party has the right to receive from the other party a copy of the contract signed by it.

Article 951

Exclusivity

The principal may not simultaneously have more than one agent in the same area or for the same group of clients and for the same field of activity.

Furthermore, the agent may not simultaneously handle, in the same area or for the same group of clients and for the same field, the contracts of several undertakings in competition with each other.

Article 952

Rights and obligations of the parties

The commercial agent, in the exercise of his activities, must take care of the interests of the principal and act with fairness and good faith in order to fulfill his obligations. The commercial agent must in particular:

- a) to endeavor to negotiate and, where appropriate, to conclude the contracts for which he is appointed;
- b) to inform the principal of any information any necessary information that he possesses;

c) to follow the reasonable instructions given by the principal. The principal, in his relations with the commercial agent, must act with fairness and good faith to fulfill his obligations. The principal must in particular:

a) to make available to the commercial agent the necessary documentation relating to the contracts in question;

b) to provide the commercial agent with the necessary information for the fulfillment of the agency contract, in particular to inform the commercial agent within a reasonable time frame, as soon as he foresees that the volume of the volume of contracts will be noticeably lower than what the commercial agent would normally expect.

The principal must also inform the commercial agent within a reasonable time frame of the acceptance, refusal, or non-performance of a contract that the commercial agent has secured for the principal.

The parties may not derogate from the application of the provisions of this article.

Article 953

The commercial agent's remuneration

In the absence of any agreement between the parties on this matter, the commercial agent shall be entitled to the remuneration normally earned, in the place where he carries on his activities, by commercial agents appointed for contracts forming the subject matter of his agency contract. If no such customary practice exists, the commercial agent shall be entitled to reasonable remuneration, taking into account all aspects of the contract.

All payment elements received by the agent, which vary according to the number or value of commercial transactions, are considered as the agent's remuneration.

In the absence of such customs, the commercial agent shall be entitled to reasonable remuneration, taking into account all elements related to the transaction.

Article 954

The commercial agent is entitled to remuneration for contracts concluded during the period of the agency contract:

a) if the contract has been concluded as a result of his actions;

b) if the contract was concluded with a third party whom he had previously acquired as a client for contracts of the same type;

c) if he has an exclusive right for a specific geographical area or group of clients and the contract has been performed with a client belonging to this area and/or this group.

For a contract concluded after the termination of the agency contract, the commercial agent is entitled to remuneration:

a) if the contract is mainly due to his efforts carried out during the agency contract, regardless of the fact that the contracts were concluded within a reasonable period of time after the termination of the agency contract; or

b) if the order of a third party has been received by the principal or by the commercial agent before the termination of the agency contract.

The commercial agent is not entitled to remuneration if it is owed to the previous commercial agent, except when it does not result from the circumstances that it is fair for the remuneration to be shared between the commercial agents.

The remuneration becomes payable at the time and to the extent that one of the following circumstances occurs:

a) the principal has performed the contract;

b) the principal should have performed the contract, in accordance with the agreement concluded with the third party;

c) the third party has performed the contract.

The remuneration is obtained later when a third party has performed his part of the contract or should have performed it if the principal had performed his part of the contract.

The remuneration is paid no later than the last day of the month following the quarter in which it becomes due.

The application of this provision to the detriment of the commercial agent may not be excluded by agreement.

Article 955

The right to remuneration may be extinguished only if and to the extent that:

a) it is determined that the contract between the third party and the principal will not be performed; and

b) non-performance is not due to circumstances attributable to the principal.

The commercial agent must return the remuneration he has received if the right to receive it no longer exists.

The application of this provision to the detriment of the commercial agent may not be excluded by agreement.

Article 956

The principal shall provide the agent with a statement of account of the remuneration due to him, no later than the last day of the month following the quarter in which it becomes payable. The statement of account must show the essential elements on the basis of which the remuneration has been calculated.

The agent is entitled to be provided with all information, in particular a statement of the accounting books, that are at the disposal of the principal, necessary to verify the amount of the remuneration paid.

The application of this provision to the detriment of the commercial agent may not be excluded by agreement.

Article 957

Termination and dissolution of the agency contract

The agency contract for a fixed term, when it continues to be performed by the parties after the expiration of the term, is converted into a contract of indefinite duration. If the agency contract is for an indefinite term, either party may withdraw from this contract, by giving prior notice to the other party within a specified period.

The period of prior notice may not be less than one month for the first year of the duration of the contract, two months for the second year commenced, three months for the third year commenced, four months for the fourth year, five months for the fifth year, and six months for the sixth and for all subsequent years. If the parties agree on longer notice periods, the notice period to be observed by the principal must not be shorter than the period to be observed by the agent. Except where otherwise agreed by the parties, the expiration of the notice period must coincide with the last day of the calendar month. The same rules apply to the agency contract for a fixed term, converted into a contract of indefinite duration, provided that in calculating the notice period, the previous term must be taken into account.

Upon termination of the agency contract, the principal is obliged to pay the agent a compensation in the amount and if:

a) the agent has secured new clients for the principal or has significantly developed contracts with existing clients, and the principal still has considerable benefits deriving from contracts with these clients;

b) the payment of this compensation is fair, taking into account all the circumstances, especially the commission that the commercial agent loses as a result of transactions with these clients, as well as from the restriction of his professional activities due to the existence of a non-competition clause.

The amount of compensation may not exceed a value equal to the annual compensation calculated from the annual average of the compensations received by the commercial agent during the last five years. If the contract covers a period shorter than five years, the compensation is calculated on the average of the contract period. The entitlement to compensation does not exclude the agent from the right to possible compensation for damages.

The commercial agent is entitled to compensation for the damage suffered as a result of the termination of the relationship with the principal.

This damage arises in particular when the termination of the contract has occurred under conditions:

a) which deprive the commercial agent of the compensation that he could have obtained by properly performing the contract, while at the same time providing the principal with significant benefits linked to the activity of the commercial agent; and/or

b) which have not allowed the agent to reimburse the costs and expenses incurred for the performance of the contract, according to the instructions of the principal.

The right to compensation also arises when the agency contract is terminated as a result of the death of the commercial agent and may be claimed by his heirs. The commercial agent loses the right to compensation if, within one year from the termination of the contract, he does not communicate to the principal the intention to protect his rights.

Article 958

No compensation is paid when:

a) the principal terminates the contract due to a non-performance attributable to the agent, which justifies an immediate termination of the contract;

b) the agent terminates the contract, except when the termination is justified by circumstances attributable to the principal, or due to the age, incapacity, or illness of the commercial agent, for which it cannot reasonably be required of him to continue the activity;

c) the agent does not personally fulfill the rights and obligations he has under the agency contract, but transfers them to a third party.

Article 959

The parties may not avoid, before the termination of the contract, the application of Articles 957 and 958 to the detriment of the commercial agent.

Article 960

An agreement that provides for a restriction on the professional activities of the commercial agent after the termination of the contract is called a non-compete clause.

The non-compete agreement is valid when made in writing. It must relate to a geographical area or a group of clients entrusted to the commercial agent, as well as the type of contracts for which the commercial agent had representation under the agency contract.

The non-compete clause is valid for a period not exceeding 2 years from the date of termination of the contract.

Article 961

The guarantee agreement signed by the agent

An agreement by which the agent guarantees that a client will pay the price of the goods which form the subject matter of the contract, which has been negotiated or concluded by him, is valid only if and to the extent that it is made in writing, covers only the contracts expressly specified in the agreement, and is reasonable in relation to the interests of the parties, especially with regard to the amount of remuneration the agent receives. In any case, the amount set as a guarantee may not be greater than the remuneration which the agent would receive from this contract.

CHAPTER XIV

TRANSFER OF PROPERTY TO CREDITORS GENERAL PROVISIONS

Article 962

The transfer of property is the contract by which the debtor assigns his creditors or some of them to liquidate all or some of his assets in order to distribute among them the proceeds obtained in satisfaction of their claims.

Article 963

The transfer of property must be made in writing, otherwise it is invalid.

If among the assigned assets there are also claims, then the provisions of Articles 502 and 503 of this Code shall apply.

Article 964

The administration of the transferred property belongs to the respective creditors. They may bring actions for all proprietary matters relating to that property, including actions for the protection of possession.

Article 965

The debtor cannot dispose of the assets transferred to the creditors. Creditors whose claims existed prior to the transfer of property and who have not intervened may seek execution over all of this property.

Creditors to whom the property has been transferred, in the event that the transfer concerns only certain assets of the debtor, cannot seek execution against other assets before the settlement of those connected to the transfer of property.

Rights and obligations of the parties

Article 966

Creditors who have entered into the contract or have adhered to it must advance the necessary expenses for the liquidation and have the right to receive the amount from the proceeds of the liquidation.

Article 967

The creditors must divide among themselves the amounts obtained in proportion to their respective claims, except in cases of preferences. The remainder belongs to the debtor.

Article 968

The debtor has the right to monitor the administration and to receive a report on the financial status at the end of the liquidation, or at the end of each year if the administration lasts more than one year.

If a liquidator has been appointed, he must also provide the report to the debtor.

Article 969

The debtor is discharged towards the creditors only from the day when they receive the share that belongs to them from the proceeds of the liquidation and only within the limits of the amount they have received, except when there is an agreement to the contrary.

Article 970

The debtor may withdraw from the contract by offering to pay the obligations and interest to those with whom he has contracted or who have joined this contract. The withdrawal takes effect from the day of payment.

The debtor is obliged to pay the expenses of the sale.

Termination of the contract

Article 971

The contract may be terminated if the debtor, after having declared that he is transferring all his property, has concealed a significant part of it, or if he has concealed losses or has presented losses that did not exist.

Article 972

The contract may be terminated due to non-performance according to the general rules.

CHAPTER XV MEDIATION

Contents

Article 973

A mediator is one who puts two or more parties in contact for the conclusion of an agreement, without being bound to any of them by a relationship of cooperation, dependence, or representation.

Remuneration

Article 974

When there is no agreement, or when professional tariffs or customs do not provide any determination, the amount of the remuneration and the proportion in which it is borne by each of the parties shall be determined by the court.

Rights and obligations of the parties

Article 975

The mediator's right to remuneration arises when the mediation contract produces its effects and regardless of the contract's subsequent events.

The above paragraph does not apply when the mediation contract may be declared void because the mediator had knowledge of the reason for invalidity.

Article 976

The mediator has the right to be reimbursed for expenses by the person for whom the expenses were incurred even when the agreement has not been concluded, except when otherwise agreed or provided by custom.

Article 977

If the agreement has been concluded with the involvement of several mediators, each of them is entitled to a share of the remuneration.

Article 978

The mediator must inform the parties of circumstances he is aware of that relate to the evaluation and security of the agreement, which may affect its conclusion.

The mediator is liable for the authenticity of signatures on the documents and for the final transfers of titles executed through him.

Article 979

The duties of the professional mediator in agreements for goods or securities are:

1. to retain samples of goods sold by means of samples, as long as the possibility of disputes regarding the identity of the goods exists;
2. to provide the buyer with a signed list of the securities discussed, indicating their series and number;
3. to record in the relevant register the main data of the contract connected with his intervention and to provide the parties with a copy of each such entry signed by him.

Article 980

The mediator may be entrusted by one of the parties to represent it in actions related to the implementation of the contract concluded through his intervention.

Article 981

The mediator, who does not disclose to one contracting party the name of the other contracting party, is liable for the performance of the contract and, once he has performed it, acquires the rights against the undisclosed contracting party.

If, after the conclusion of the contract, the undisclosed contracting party appears before the other party or is identified by the mediator, either of the contracting parties may bring an action directly against the other, but without prejudice to the liability of the mediator.

CHAPTER XVI DEPOSIT

GENERAL PROVISIONS

Article 982

Deposit is the contract by which one party receives from another a movable item with the obligation to keep it and return it in kind.

Article 983

The deposit contract is considered concluded from the moment the item is delivered for safekeeping.

Article 984

The deposit is presumed to be for remuneration, except where a different intention of the parties is evident from the professional capacity of the depositary or from other circumstances.

Rights and obligations of the parties

Article 985

The depositary must keep the item with care. He may not use it himself or give it in deposit to others, without the consent of the depositor. If the depositary uses the item without the depositor's consent, he is liable for its loss or damage, even due to force majeure.

If urgent circumstances so require, the depositary may safeguard the item in a manner different from that agreed upon, by notifying the depositor immediately once it becomes possible to do so.

Article 986

The depositary is obliged to return the item left on deposit at any time requested by the depositor, even if a period has been set for its return, except when the period has been set in the interest of the depositary.

The return of the item left on deposit is carried out at the place where the item was to be kept, except in cases of fulfillment by the parties, the return is made at the depositor's expense.

Article 987

If the deposit is without compensation, the court may reduce the amount of damages.

Article 988

The depositor is obliged to pay the depositary the expenses incurred for safeguarding the item, if they are not included in the compensation.

Article 989

When no period has been set for the return of the item left on deposit, the depositary has the right, at any time, to request to be discharged from the obligation to safeguard the item, by notifying the depositor to take back the item within a reasonable period set by the depositary.

Article 990

The depositor is obliged to compensate for the damage caused to the depositary by hidden defects of the item, if, knowing about them, the depositor did not notify the depositary.

Article 991

When there is more than one depositor of an item and they do not reach an agreement regarding its return, the court shall decide.

The same applies when a sole depositor has left several heirs, if the item is not divisible.

When there is more than one depositary, the depositor has the right to request the return from the person in possession of the item, who must immediately notify the others.

Article 992

If the item is deposited also in the interest of a third party and the latter has notified the depositor and the depositary of his acceptance, the depositary cannot be discharged by returning the item to the depositor without the third party's approval.

Article 993

The depositary is obliged to return the fruits of the item which he has collected.

Article 994

The heir of the depositary who, in good faith, has alienated the item without knowing that it was held in deposit, is only obliged to return the payment received.

If it has not yet been paid, the depositor acquires the rights of the alienator.

Article 995

The depositary must return the item to the depositor or the person designated to receive it, without the need for the depositor to prove that he is the owner.

If the depositary is sued by a person who claims ownership of the item or asserts rights over it, the depositary must notify the depositor of the dispute and request to be excluded from the proceedings by indicating that very person, otherwise he must compensate for the damages. In this case, he may be discharged from the obligation to return the item, by depositing it in the manner determined by the court, at the depositor's expense.

Article 996

If the depositary is deprived of the safekeeping of the item as a result of an event for which he is not at fault, he is discharged from the obligation to return the item, but must immediately notify the depositor of the fact by which he has lost possession of the item, otherwise he shall be liable for compensation for the damage.

The depositor has the right to receive whatever, as a result of the very fact, the depositary has obtained and takes over the rights belonging to the latter.

Article 997

Credits arising from deposits in favor of the depositary have priority over the item given on deposit. The depositary may retain the item that is subject to privilege until he is compensated for his credit and may also sell it according to the provisions on pledge.

Article 998

When the item left on deposit is not withdrawn within the period specified in the contract or after the notice given by the depositary, the depositary is not liable for the loss or damage to the item occurring after the expiration of the period, except when the loss or damage is caused intentionally or by his gross negligence.

In the above cases, the depositary has the right to request the court to allow the sale of the item left on deposit according to the rules of compulsory execution.

The amounts obtained from the sale of the item, after deducting the amounts the depositary is entitled to receive, are given to the depositor or deposited in a bank in his name.

Reference provision

Article 999

If the subject matter of the deposit consists of a quantity of money or other fungible items, and the depositary has the right to use them, he acquires ownership and is obliged to return the same quantity of the same type and quality.

In such cases, the provisions concerning the loan shall apply, provided they do not conflict with the provisions governing the deposit.

A. Deposit in general warehouses

Article 1000

General warehouses (depots) acting as depositaries are responsible for the safekeeping of the deposited items, except when it is proven that the damage resulted from force majeure, from the nature of the items, or from defects in the items or their packaging.

The depositary must in any case carry out the necessary activities to limit the damage.

Article 1001

Depositary warehouses must keep the deposited items separate from each other and must also mark them with distinctive signs indicating the ownership of the item by the depositor.

Except with the express consent of the depositor, they may not mix with each other interchangeable items of the same kind and quality.

The depositor has the right to inspect the deposited items and to withdraw samples for use.

Article 1002

When general warehouses have issued a representative title for the deposited items, the depositary must return the items only to the creditor who is legitimized by the title.

Article 1003

General warehouses, after notifying the depositor, may start selling the items at the highest price when, at the end of the contract, the items have not been withdrawn, or the deposit has not been renewed, and in any case, when the items are at risk of being lost or pose a great danger to the safety of the places where they are stored.

The proceeds from the sale, after deducting the cost and the remaining deposit expenses, must be delivered to the depositor without delay.

B. Deposit in hotel

Article 1004

Hoteliers are liable for the damage, destruction or loss of items that guests have brought into the hotel.

Are considered to have been brought into the hotel:

1. the items that are present during the time in which the guest is accommodated there;
2. the items which the hotelier, a member of his family or his assistant undertakes to safeguard, outside the hotel, during the period of time in which the guest is accommodated;
3. the items which the hotelier, a member of his family or his assistant undertakes to safeguard either in the hotel or outside it, for a reasonable time, before or after the guest has stayed.

The liability referred to in this article is limited to the value of what has been stolen, damaged or lost, up to the equivalent of one hundred times the daily accommodation rental price.

Article 1005

The liability of the hotelier is unlimited:

1. when the items have been handed over for safekeeping;
2. when he has refused to accept for safekeeping items which he was obliged to accept. The hotelier has a duty to accept securities, money, and valuables; he may refuse to accept them when it concerns dangerous objects or, taking into account the importance and management conditions of the hotel, items of considerable value or very large dimensions.

The hotelier may require that the item handed over be placed in a closed or sealed package.

Article 1006

The hotelier is not liable when the theft, damage or loss is caused:

1. by the client, by persons accompanying him, who are in his service, or who visit him;
2. by force majeure;
3. by the nature of the items.

Article 1007

The hotelier is liable, without being able to invoke the limits provided in the last paragraph of Article 1004, when the theft, damage, or loss of items brought by the client into the hotel is caused by his fault, that of his family members, or his assistants.

Article 1008

Except for the case provided in Article 985, the client cannot use the above provisions if, after discovering the theft, damage, or loss, he reports the fact to the hotelier with an unjustifiable delay.

Article 1009

Invalid are agreements or statements aimed at excluding or limiting in advance the liability of the hotelier.

Article 1010

The above provisions do not apply to vehicles, to items left in them, or to live animals.

Article 1011

For the assessment of liability, or to determine the compensation limit, the provisions for deposits in hotels also apply to operators of public and private health clinics, institutions for public performances, holiday homes, hotel-pensions, restaurants, and to all cases in which, due to the specific activity carried out by the operator, the client cannot personally take care of the safekeeping of the items.

Article 1012

The credits of the hotelier, for compensations made to lodging persons, have privilege over the items brought by them into the hotel and its dependencies and which continue to be located there.

The privilege takes effect even to the detriment of third parties who have rights over these items, provided that the hotelier is aware of these rights at the time the items are brought into the hotel.

CHAPTER XVII CURRENT ACCOUNT

Article 1013

The current account is a contract by which the parties are obliged to record in an account the reciprocal credits, considering them unavailable and non-repayable until the closing of the account. The account balance is repayable upon the expiration of the term.

If payment has not been requested, the balance is considered to be renewed for an indefinite period.

Article 1014

Excluded from the current account are credits that cannot be compensated.

When the contract operates between entrepreneurs, foreign credits for the respective undertakings are excluded from the account.

Article 1015

Interest is accrued on the balance at the rate established in the contract and, in the absence of such a rate, by law, but always within the limits set by it.

Article 1016

A commission and the expenses incurred for transactions related to deposits are paid for the current account. These rights are not included in the account, except when otherwise provided in the agreement.

Article 1017

The inclusion of a credit in the current account does not exclude the exercise of the right of action and other rights related to the act from which the credit arises.

When the above-mentioned act is invalid, or is declared as such, or is terminated, the corresponding amount of money is excluded from the current account.

Article 1018

When the credit included in the account is secured by a real or personal guarantee, the client has the right to use this guarantee for the existing surplus in his favor from the closure of the account until the collection of the guaranteed credit.

The above paragraph also applies if there is a joint and several obligation for the credit.

Article 1019

Except when the parties have provided otherwise in the contract, the inclusion in the current account of a credit against a third party is presumed to be made under the condition of being paid. In the case where the credit is not fulfilled, the recipient has the right to act for the collection, to withdraw the amount from the account, by reintegrating what he has deposited. This amount may be withdrawn from the account even after exercising his rights against the debtor without result.

Article 1020

In the event that a creditor of a client has seized the possible balance of the account belonging to his debtor, the other client cannot, by making new deposits, prejudice the rights of the creditor. Deposits that depend on rights arising before the seizure are not considered new deposits.

The client against whom the seizure has been made or the pledge has been placed must notify the other party. Each of them may withdraw from the contract.

Article 1021

The closing of the account with the settlement of the balance is performed upon the expiration of the periods specified in the contract, and in their absence, at the end of each 6-month period calculated from the date of the conclusion of the contract.

Article 1022

The transfer of transactions to the account from one client to another is considered accepted if it is not contested within the period set by the parties or within a period that may be considered appropriate according to the circumstances.

The acceptance of the transaction does not include the right to object for writing or calculation errors, for omissions or duplications.

The objection must be made within 6 months from the date of the transfer of the account, regarding the settlement and closing, which must be sent by registered mail. Reinstatement within the deadline is not allowed.

Article 1023

When the contract is concluded for an indefinite period, each party may withdraw from the contract at any account closing, by giving at least 10 days' notice in advance.

In the event of a prohibition on exercising this activity, incapacity to act, insolvency, or the death of one of the parties, each of them, or their heirs, have the right to withdraw from the contract.

The termination of the contract prohibits the inclusion of new amounts in the account, but payment of the balance may not be requested until after the expiry of the period specified in Article 1021.

CHAPTER XVIII BANKING CONTRACTS

A. Bank deposits

Article 1024

When a sum of money is deposited with a bank, the bank acquires ownership and is obliged to return it in the same kind of currency, upon the expiry of the term specified or upon the depositor's request, taking into account the notice period specified by the parties or by banking custom.

Article 1025

If the bank issues a savings deposit book, deposits and withdrawals must be recorded in the book.

The entries in the book, signed by the bank employee designated for this service, constitute full evidence between the bank and the depositor.

Any contrary agreement is void.

Article 1026

If the savings book is payable to bearer, the bank which inadvertently and without gross negligence provides the service to the holder is not liable even if the holder is not the depositor. The same provision applies in the case where the deposit book payable to bearer is issued in the name of a specific person.

The provisions of special laws are excluded.

Article 1027

The bank that receives and accepts the deposit of securities for administration must safeguard the securities by collecting interest or dividends, verify trading for the price or for the repayment of capital, taking care to collect revenues for the depositor's account, and in general ensure the protection of the rights related to the security. The amounts collected must be credited to the depositor's account.

If the exercise of an option right is required in respect to the deposited securities, the bank must timely request the necessary instructions from the depositor and carry them out, provided that, if necessary, it has received the required funds. In the absence of such instructions, the option rights must be sold for the account of the depositor through exchange agents.

The bank is entitled to compensation in the amount determined by the agreement of the parties or the one customarily applied, in addition to reimbursement of the expenses incurred by it.

Any agreement exempting the bank from the safekeeping and administration of securities with ordinary care is null and void.

B. Banking service and safety deposit boxes

Article 1028

The bank, for the safety deposit box service, is liable to the user for solvency, the security of the premises, and the inviolability of the box, except in cases of force majeure.

Article 1029

When the safety deposit box is in the name of several persons, access to it is granted to each of them, except where otherwise agreed.

In the event of the death of the sole holder or one of the holders, the bank that has received notification may allow the opening of the safety deposit box with the agreement of all those entitled, or in the manner determined by the court.

Article 1030

When the contract term has expired, the bank, after notifying the holder or after six months have passed from the date of expiration, may request the court's authorization to open the safety deposit box. Notification may also be made by confirmed registered mail.

The opening shall be carried out in the presence of a notary, taking into account any measures deemed necessary by the court. The court may order the adoption of necessary measures for the safekeeping of the items found, including the sale of a part of them, as necessary to cover the expenses incurred by the bank.

C. The opening (granting) of bank credit

Definition

Article 1031

The opening of bank credit is a contract by which the bank undertakes to keep at the disposal of the other party a sum of money, for a specified period of time or for an unspecified period.

Article 1032

Except where there is another agreement, unless otherwise agreed, the borrower may use the credit several times, according to the forms of use, and may, through further deposits, restore its availability.

Deposits and withdrawals are carried out at the bank where this relationship originated, except where otherwise provided by the parties.

Article 1033

If a real or personal guarantee has been given for the opening of the credit, it is not extinguished by the fact that the borrower, at the moment of the termination of this relationship, ceases to be a debtor of the bank. When the guarantee becomes insufficient, the bank may require a supplementary guarantee or the replacement of the guarantor.

When the borrower does not act in accordance with the requirements, the bank reduces the credit in proportion to the reduction in the value of the guarantee or may withdraw from the contract.

Article 1034

The bank may not withdraw from the contract before the expiration of the contract term, except in reasonable cases, or when there is another agreement. The withdrawal immediately terminates the use of the credit, but the bank must set a period of at least fifteen days for the return of the amounts used and any additional amounts.

When the granting of credit is for an indefinite period, either party may withdraw from the contract by giving notice within the period specified in the contract, which is customarily used or, in their absence, within fifteen days.

C. Bank advance Disposition of pledged items

Article 1035

In a bank advance secured by a pledge over securities or goods, the bank may not dispose of the items for which the pledge has been established if it has issued a document in which these items have been identified.

The contrary agreement must be proven in writing.

Article 1036

The bank must, on behalf of the contracting party, ensure the insurance of the pledged goods if, by their nature, value, and location, insurance corresponds to customary care.

Article 1037

The bank, in addition to its obligations, is entitled to be reimbursed for the expenses it has incurred for the safekeeping of the goods and securities, unless it has undertaken otherwise.

Article 1038

The contracting party, even before the expiration of the contract term, may withdraw the securities or goods pledged, after making a proportional payment between the amounts received as advance and the other amounts owed to the bank according to the above article, if the credit balance is found to be sufficiently secured.

Article 1039

If the value of the security decreases by at least one tenth compared to its value at the time the contract was concluded, the bank may require the debtor to provide additional security, with the

warning that, in its absence, the pledged goods or securities will be sold. If the debtor does not act in accordance with the requirements, the bank may proceed with their sale based on the provisions for pledge.

The bank has the right to immediate payment of the account balance that has not been fully covered by the amounts resulting from the sale

Article 1040

If, as security for one or more loans, deposits in cash, goods, or securities have been frozen that were not identified or for which the bank was given the ability to dispose of them, the bank must return only the amount or a portion of the goods or securities that exceed the amount of the secured loans. This excess is determined in relation to the value of the goods or securities at the time the loans expire.

D. Banking transactions with current accounts

Article 1041

When a deposit, granting of credit, or other banking transactions are arranged in the current account, the client may at any time dispose of the amounts that result in his credit, except when a term reservation is foreseen in the agreement.

Article 1042

If there exist multiple relationships or several accounts between the bank and the client, even in different currencies, the active and passive balances are mutually offset, except when there is an agreement to the contrary.

Article 1043

In the case where the settlement account is in the name of several persons, with the right to carry out transactions even individually, these persons are considered as joint and several creditors or debtors of the account balances.

Article 1044

If the transactions in the current account are for an indefinite period, each party may withdraw from the contract by notifying the other party within the period specified in the contract or, in the absence thereof, within 15 days.

Article 1045

The bank is liable according to the provisions governing the contract of mandate for the execution of obligations undertaken by the depositor or by another client.

If this obligation is to be performed in a place where there are no branches of the bank, it may assign another bank for its execution.

Article 1046

The provisions of Articles 1016, 1019, and 1022 shall also apply to the current account.

E. Bank discount

Definition

Article 1047

Discount is the contract by which the bank, applying interest, gives the client the value of a credit against third parties, which has not yet matured, by means of assignment.

Discounting of bills of exchange

Article 1048

If the discount is effected by endorsement of a bill of exchange or bank check, the bank, in the event of non-payment, in addition to the rights arising from the instrument, also enjoys the right to repayment of the advance.

The provisions of special laws concerning checks and bills of exchange are retained.

Article 1049

The bank that has discounted the documented bills of exchange enjoys over the goods the same privilege as the consignee, as long as the representative instrument is in its possession.

CHAPTER XIX

LOAN

Article 1050

With the loan contract, one party (the lender) gives ownership to the other party (the borrower) of a sum of money or items determined by number, weight, or measure, and the borrower is obliged to return to the lender an equal amount of money, or the same number of items of the same kind and quality, within the time limit specified in the contract or, when no time limit is specified, upon the request of the lender.

Article 1051

Except where otherwise provided by agreement between the parties, the borrower must pay interest to the lender.

Interest, as agreed, is paid annually, unless the parties have provided otherwise.

Non-payment of interest constitutes a fundamental breach of the obligation.

Article 1052

If the parties have agreed on the repayment in installments of the money or items, and the borrower fails to fulfill the obligation to pay two installments or fails to fulfill, with a delay of more than three months, the payment of a single installment, the lender may demand the immediate return of the money or items lent.

Article 1053

When the return of the items lent has become impossible or excessively difficult without the debtor's fault, the debtor is obliged to pay their value, taking into account the time and place at which the return would have been made.

Article 1054

The lender is liable for the damage caused to the borrower for the defects of the items lent, unless he proves that it was not his fault that he was unaware of them.

If the loan is without compensation, the borrower is liable only in the case when, knowing the defects, he has not informed the lender about them.

Article 1055

Whoever has promised to grant a loan may refuse to fulfill the obligation if the financial conditions of the other party are such as to make repayment excessively difficult and the lender has not been offered suitable guarantees.

CHAPTER XX FRANCHISING

Definition

Article 1056

The franchising contract contains a relationship of ongoing obligations under which independent undertakings are mutually bound to jointly promote and develop trade and the provision of services, in implementation of specific obligations.

Obligations of the franchisor

Article 1057

The franchisor is obliged to make available to the franchisee a standardized set of intangible rights, models, sketches, profit ideas, trading and organization concepts, and other know-how suitable for the development of the business. Moreover, he is obliged to protect this entire program of obligations from infringement by third parties, to develop it continuously, and to support its implementation by the franchisee through guidelines, information, and improvements.

Pre-contractual relations

Article 1058

In negotiations for the conclusion of the contract, the parties must disclose to each other the state of business affairs related to the franchising contract and, in particular, the franchising obligations program, as well as inform each other in accordance with the principles of good faith. They are obliged to maintain the confidentiality of confidential information, even if the contract is not concluded.

Whoever breaches this obligation is obliged to compensate the damage. This right is time-barred after three years from the day the negotiations cease.

The party who has participated in negotiations may request reimbursement of expenses incurred in legitimate expectation of concluding the contract, which was not concluded due to the intentional conduct of the other party.

Form of the contract

Article 1059

The franchising contract must be made in writing, specifying, among other things, a clear definition of the mutual obligations of the parties, the duration of the contract, and its other

essential elements. The text of the contract must contain a complete description of the franchising program and obligations.

Withdrawal from the contract

Article 1060

The duration of the contract is determined by agreement of the parties, respecting the requirements dictated by trade and the relevant services.

When the contract does not specify a term, or the term is more than ten years, each party has the right to withdraw from the contract, by notifying the other party one year in advance.

In the event of termination of the contract as a result of the expiration of its term or withdrawal from it, and before the actual presentation of the work report, the parties, guided by the principles of good faith, shall make an effort to reach an agreement on the renewal of the contract under the same or different conditions.

Prohibition of competition

Article 1061

Even after the termination of contractual relations, the parties have a mutual obligation of fair competition.

On this basis, a local prohibition of competition may be imposed on the franchisee for a period of up to one year.

If the prohibition of competition results in a reduction of his professional activity, the franchisee shall be granted equivalent financial compensation, regardless of the termination of the contract.

Liability of the franchisee

Article 1062

The franchisor is liable for the existence of the rights and knowledge of the franchise obligations program. If the rights do not exist, or if the franchisor culpably breaches other contractual obligations, the franchisee has the right to reduce the compensation. The reduced amount must be determined competently by an impartial expert. The franchisee may claim compensation for damages caused by the absence of elements of the obligations program or by the culpable breach of contract by the franchisor.

Article 1063

The franchisor may claim compensation for damages caused by the culpable breach of contract, in particular from the inadequate implementation of the franchise obligations program, by the franchisee.

Waiver

Article 1064

In the case of a breach of contractual obligations that seriously endangers the purpose of trade development, the contracting party has the right to withdraw from the contract, without referring to the term.

CHAPTER XXI THE LIFETIME ANNUITY CONTRACT

Article 1065

The lifetime annuity may be established in return for compensation (for consideration) through the transfer of a movable or immovable property or a sum of money.

The lifetime annuity may also be established by means of a gift or by will, respecting the requirements of the law for such legal acts.

Article 1066

The lifetime annuity may be granted for the entire life of the beneficiary or another person. It may also be established for the entire life of one or more persons.

Article 1067

When an annuity is established in favor of several persons, the share of a beneficiary who died earlier increases in favor of the others, except when there is an agreement to the contrary.

Article 1068

The lifetime annuity contract established in favor of a person who had died at the time of the contract is invalid.

EFFECTS OF THE LIFETIME ANNUITY CONTRACT

Article 1069

The person for whose benefit the lifetime annuity is established, for consideration, may request the termination of the contract if the person granting the annuity does not provide the guarantees or reduces the guarantees given in the agreement.

Article 1070

The non-payment of the due installments of the lifetime annuity does not entitle the person for whose benefit the annuity is established to request the termination of the contract; but may only request that the assets of his debtor be seized and sold, and that from the proceeds of the sale a sufficient amount be used to secure the payment of the annuity.

Article 1071

The debtor of the annuity cannot be released from the obligation to pay it even if he offers the payment of the sum of money or the thing received, even by waiving the payment of the settled installments.

The grantor is obliged to pay the annuity for the entire period for which it was established, regardless of how burdensome the annuity obligation becomes, except where there is a contrary agreement.

Article 1072

The lifetime annuity is given to the person for whose benefit it is established in proportion to the number of days he has lived. If the agreement provides for advance payment in installments, each installment is acquired from the day the payment term is fulfilled.

Article 1073

In the event that the lifetime annuity is established on the basis of a gratuitous title, it may be stipulated (or decided) that it shall be unseizable.

SIMPLE PARTNERSHIP CHAPTER XXII

GENERAL PROVISIONS

Article 1074

A partnership is a contract by which two or more persons agree to carry out an economic activity with the aim of sharing the profits deriving from it.

The member of the partnership must make available to this activity money, things, or services.

Article 1075

In a simple partnership, the contract is not subject to any special form, except when required by the nature of the things contributed.

A partnership is simple when it does not possess the distinctive characteristics of a commercial company regulated by the Commercial Code.

RELATIONS BETWEEN THE MEMBERS

Article 1076

The member is obliged to pay the contributions specified in the partnership contract. It is presumed that the members are obliged to contribute, in equal parts among themselves, as much as is necessary to achieve the purpose of the partnership, unless otherwise stipulated in the contract.

Article 1077

The partnership contract can be amended only with the consent of all partners, unless otherwise agreed in the contract.

Article 1078

For things contributed in ownership, the warranty required of the member and the transfer of risks are regulated by the provisions on sale.

Article 1079

A member who has contributed by way of credit is liable for the debtor's insolvency, within the limits indicated in Article 506 of this Code concerning the case of an agreed guarantee.

Article 1080

Except where otherwise stipulated by agreement, the management of the partnership belongs to each of the members separately from the others.

If the management belongs separately to several members, each of them has the right to object to an action that another wishes to perform, before it is carried out.

The majority of the members, determined according to each member's share in the profit, settles the dispute.

Article 1081

If the management belongs jointly to several members, the consent of all managing partners is required for the performance of acts on behalf of the partnership.

If it has been decided that for management or for certain acts the approval of the majority is required, this is determined according to the last paragraph of Article 1080 of this Code.

In the cases provided for in this article, individual administrators may not perform any act alone, except in urgent cases, when it is necessary to avoid harm threatening the partnership.

Article 1082

The removal of the administrator appointed in the partnership agreement may be effected for a just cause.

The administrator appointed by a separate act may be removed in accordance with the provisions of the contract of mandate. In such a case, his removal may also be requested in court by any member.

Article 1083

The rights and obligations of administrators are governed by the provisions on mandate. Administrators are jointly and severally liable to the partnership for the fulfillment of the obligations assigned to them by law or by the partnership agreement, except when they prove that they are not at fault.

Article 1084

Members who do not participate in management have the right to receive notification from the administrators regarding the progress of the partnership's affairs, to consult the documents related to management, and to receive a report when the work for which the partnership was created has been completed.

If the execution of the partnership's affairs lasts more than one year, the members have the right to receive the administration's report at the end of each year, except in cases where the partnership agreement provides for a different term.

Article 1085

Except where otherwise agreed, each member has the right to receive their share of the profits after the approval of the report.

Article 1086

The shares that belong to the members in the profits or losses are presumed to be in proportion to their contributed quotas. If the value of the contributions is not determined by the partnership agreement, it shall be determined by the court. If the agreement specifies only each member's share in the profits, it is presumed that participation in the losses must be determined in the same proportion.

Article 1087

Any agreement that excludes one or more members from participation in the profits or losses is invalid.

Relations with third parties

Article 1088

The partnership acquires rights and assumes obligations through the members who have the right to represent it.

In the absence of other provisions in the partnership agreement, representation belongs to each managing member and extends to all acts included in the subject matter of the partnership. Amendments to and termination of the powers of representation are governed by the provisions for representation.

Article 1089

The creditors of the partnership may assert their rights over the partnership's property. For the obligations of the partnership, the members who have acted in the name and on behalf of the partnership are also personally or jointly liable, and, if there is another agreement, so are the other members.

The agreement must be made known to third parties by appropriate means; in the absence of notification, the limitation of liability or exemption from joint liability cannot be asserted against those who were not aware of it.

Article 1090

The member who is required to pay the obligations of the partnership may request, even when the partnership is in liquidation, the prior enforcement against the property of the partnership, indicating the assets from which the creditor may be most suitably satisfied.

Article 1091

Anyone who becomes a member of a partnership that has already been established is liable together with the other members for the obligations of the partnership incurred before acquiring the status of member.

Article 1092

The separate creditor of a member, for as long as the partnership exists, may claim their rights to the profits due to the debtor, as well as seek conservatory measures over the share that belongs to the latter in the event of liquidation.

If other assets of the debtor are insufficient to satisfy his creditors, the separate creditor of the member may also, at any time, request the liquidation of his debtor's share. The share must be

liquidated within three months from the submission of the request, except where the dissolution of the partnership has been decided.

Article 1093

Set-off is not permitted between an obligation that a third party has towards the partnership and a claim that the third party has against a member.

DISSOLUTION OF THE PARTNERSHIP

Article 1094

The partnership is dissolved:

1. upon the expiration of the term;
2. upon the fulfillment of the object of the partnership or the impossibility of its fulfillment;
3. by the will of all members;
4. for other grounds provided for in the partnership agreement.

Article 1095

The partnership agreement is tacitly extended for an indefinite period when, even though the term provided for in the agreement has expired, the members continue to carry out acts on behalf of the partnership.

Article 1096

After the dissolution of the partnership, the managing members retain the power of administration only for urgent matters, until the necessary actions for liquidation are undertaken.

Article 1097

If the agreement does not provide the method for liquidation of the property and the members do not agree to determine it, the liquidation is carried out by one or more liquidators, appointed with the consent of all the partners or, in the case of disagreement, by the court.

The liquidators may be revoked by the will of all the partners and, in any case, by the court upon the reasoned request of one or several members.

Article 1098

The obligations and responsibilities of the liquidators are regulated according to the rules established by the administrators, unless otherwise provided by the following provisions or by the partnership agreement.

Article 1099

The administrators must hand over to the liquidators the items and documents of the partnership and present to them the account of administration for the period after the last report.

The liquidators must take possession of the partnership's items and documents and, together with the administrators, prepare an inventory showing the assets and liabilities of the partnership's property. The inventory must be signed by the administrators and the liquidators.

Article 1100

The liquidators may perform the acts necessary for liquidation and, unless the members have provided otherwise, may also sell the property of the partnership in bulk and enter into agreements and compromises.

They represent the partnership also in court.

Article 1101

The liquidators may not undertake new actions. Otherwise, they are personally and jointly liable for the matters initiated.

Article 1102

The liquidators may not distribute among the members, even partially, the property of the partnership, until the creditors of the partnership have been paid, or until the amounts necessary to pay them have been set aside.

If the funds available are insufficient to pay the obligations of the partnership, the liquidators may require the members to make the contributions to which they are still obliged for their respective shares and, if necessary, the sums needed within the limits of their respective liability and in proportion to each member's share in the losses. The obligation of a member unable to pay is distributed among the members in the same proportion.

Article 1103

Members who have contributed property for use have the right to reclaim it in the condition in which it is at the time. If the items have been lost or damaged for reasons attributable to the administrators, the members have the right to compensation for the damage from the property of the partnership, except in cases where a lawsuit may be brought against the administrators.

Article 1104

After the obligations of the partnership are settled, the remaining assets are allocated for the payment of the contribution shares. Any surplus is distributed among the members in proportion to each member's share in the profits.

The value of contribution shares that do not consist of sums of money is determined according to the valuation made in the contract or, in its absence, according to the value they had at the time they were provided.

Article 1105

If the agreement stipulates that the division of items is to be made in kind, the provisions on the division of common property shall apply.

THE TERMINATION OF THE RELATIONSHIP OF A MEMBER WITH THE PARTNERSHIP

Article 1106

Each member may withdraw from the partnership when it has been formed for an indefinite period or for the lifetime of one of the members.

In addition, withdrawal may occur in the cases provided for in the partnership contract or when there is a just cause.

In the cases provided for in the first paragraph, withdrawal must be communicated to the other members at least three months in advance.

Article 1107

Except where otherwise provided in the partnership contract, in the event of the death of one of the members, the others must liquidate the share in favor of the heirs, unless they prefer to dissolve the partnership or to continue it with the heirs alone, and the latter give their consent.

Article 1108

The exclusion of a member may occur due to the significant non-fulfillment of obligations arising from the law or from the partnership contract, as well as for prohibition, incapacity, or for his conviction to a measure that includes prohibition, even if only temporary, from official duties.

A member who has contributed to the partnership by means of his own work or the enjoyment of an item may also be excluded due to immediate unsuitability to perform the work provided or due to the loss of the item, when such loss has occurred for reasons that cannot be attributed to the administrators.

Also, a member who has contributed by transferring ownership of an item may be excluded if the item is lost before it is acquired by the partnership.

Article 1109

The exclusion is decided by the majority of the members, not including the member to be excluded in their number, and takes effect 30 days after the date the excluded member has been notified.

Within this period, the excluded partner may file an objection before the court, which may suspend the implementation of the decision.

If the partnership is composed of two members, the exclusion of one is decided by the court upon the request of the other.

Article 1110

The following are also excluded from the partnership:

- a) the member who has been declared bankrupt;
- b) the member against whom a specific creditor of his has obtained the right to liquidate the share pursuant to Article 1092 of this Code.

The exclusion provided for in the first paragraph of this Article does not apply in cases where the member's bankruptcy is a consequence of the partnership's bankruptcy.

Article 1111

In the case where only one member leaves the partnership, he and his heirs are entitled only to a sum of money representing the value of the share.

The liquidation of the share is carried out on the basis of the financial situation of the partnership on the day the member leaves.

If there are ongoing activities, the member and his heirs shall share in the profits and losses related to those activities. Except as provided in Article 1092, the payment of the share due to the partner must be made within 6 months from the date of his departure.

Article 1112

In the case where only one member leaves the partnership, he or his heirs are liable to third parties for the obligations of the partnership up until the day he has left.

The departure must be made known to third parties by appropriate means; otherwise, it cannot be asserted against those third parties who, through no fault of their own, were unaware of it.

CHAPTER XXIII INSURANCE

GENERAL PROVISIONS

Article 1113

By the insurance contract, one party (the insurer), if the event provided for in the contract is established, is obliged:

a) in the case of property insurance, to indemnify the other party or a third person, for whose benefit the contract is concluded, for the loss suffered within the limits of the sum provided for in the contract;

b) in the case of personal insurance, to pay the other party or a third person, for whose benefit the contract is concluded, the sum insured as provided for in the contract.

The insured is obliged to pay the premium (the insurance price) specified in the contract.

The insurer may be a public or private person.

Article 1114

The insurance contract must be concluded in writing, by means of the insurance certificate (insurance policy) that the insurer issues to the insured, otherwise it is invalid.

Article 1115

The insurance certificate shall indicate in particular:

a) name of the insurer;

b) name of the insured person, in the case of personal insurance, the insured property and the place where this property is located in the case of property insurance;

c) the event, the proof of which obliges the insurer to fulfill the obligation undertaken in the contract;

c) the commencement and termination of the insurance contract (the duration of the insurance);

d) the time from which the insurer's liability begins;

e) the valuation of the property in those cases where this is required for a specific type of insurance;

e) insurance premiums and their payment deadlines.

When, according to the law or the contract, the insurance indemnity or the insurance amounts must be paid not only to the insured but also to a third party, for whose benefit the contract has been concluded, this condition must be indicated in the insurance certificate.

Article 1116

When the insurance certificate is lost, the insurer, at the request and expense of the insured, must issue a duplicate of it.

Article 1117

The insured must notify the insurer, at the time of concluding the contract, of all circumstances of which he is aware and which are of essential importance for determining the nature and extent of the risk.

All circumstances about which the insurer has asked the insured in writing are deemed to be of essential importance.

The insurance contract concluded without receiving an answer to any of these questions cannot, for this reason, be invalid.

Article 1118

When, after the conclusion of the insurance contract, it is found that the insured, knowingly, has provided incorrect information in the application or in the documents submitted by him and on the basis of which the insurance contract was concluded, the insurer, within three months from becoming aware, has the right to:

a) to change the amount of the insurance premium, the amount of the insurance sum or the term of the insurance;

b) to terminate the insurance contract in case there are such circumstances that, if the insurer had known, would not have entered into the contract. In this case, the insurance premiums up to the time the termination of the contract is requested, and in any case the insurance premium to be paid for the first year of the contract, are not returned to the insured.

If the occurrence of the insured event is established before the period indicated in the above paragraph begins, the insurer is not obliged to pay the insurance sum.

When the insurance contract is concluded for more than one person or object, it remains valid for those persons or objects to whom the incorrect statements or omissions do not refer.

Article 1119

The provision of incorrect information in the application or in the submitted documents, on the basis of which the insurance contract was concluded, or the omission of information when it is established that it was not done intentionally or by gross negligence, does not constitute grounds for termination of the contract, but the insurer may withdraw from the contract by notifying the insured in writing, within 3 months from becoming aware thereof.

If the insured event is established before the inaccuracies of the information or their omission are discovered by the insurer, or before the withdrawal from the contract is declared, the amount due shall be reduced in proportion to the difference between the amount specified in the contract and what would have been applied if the true state of facts had been known.

Article 1120

When the insurance contract is concluded in the name and for the account of third parties and these parties are aware of the inaccuracies of the declarations or of omissions regarding the risk (the insured event), the provisions of Articles 1118 and 1119 of this Code shall apply in favor of the insurer.

Article 1121

The insurance contract is void if it is established that the insured risk has never existed or ceased to exist before the conclusion of the contract.

Article 1122

The insurance contract is terminated if the insured risk ceases to exist after the conclusion of the contract, but the insurer is entitled to payment of premiums until the cessation of the insured risk has been notified to him or has otherwise been made known to him.

Article 1123

The insured, during the period when the insurance contract is in force, is obliged to notify the insurer of all changes in circumstances of which he becomes aware after the conclusion of the insurance contract and which may influence the increase of risk.

If the insured does not make the above notification, the insurer has the right, from the moment of the increase of the risk, to change the amount of the insurance premium, the sum insured, the insurance term, or to terminate the contract.

When the insured does not accept the modification or termination of the contract, he has the right to file a lawsuit with the court.

Article 1124

The insurance contract enters into force at 24:00 on the day of the conclusion of the contract and ends at 24:00 on the last day of the duration of the contract.

When the term of the contract is over 10 years, the parties, upon the expiry of this period and in the absence of any contrary agreement, have the right to withdraw from the contract, by giving 6 months' advance notice.

The contract may be tacitly extended once or several times, but in any case not for more than two years.

This provision does not apply to life insurance contracts.

Article 1125

The policyholder is obliged to pay the insurance premium to the insurer within the deadlines specified in the contract. If the premium or its first installment is not paid on time, the insurance is suspended until 24:00 of the day the policyholder pays the amount due.

When the policyholder does not pay subsequent premiums within the specified deadlines, the insurance is suspended from 24:00 on the fifteenth day after the expiry of the payment deadline and the insurer has the right to request the termination of the contract.

Article 1126

When the insured event is confirmed, the insured is obliged to notify the insurer within the period specified in the contract. If the insured does not make this notification, the insurer has the right not to pay the insurance compensation or the sum insured.

Article 1127

The insured or the third person, for whose benefit the insurance contract has been concluded, is obliged to prove that the insured event has occurred and, in the case of property insurance, to also prove the extent of the damage, as well as to notify the insurer, upon the latter's request, of all information known to him that is related to the insured event. In the case of personal insurance, when the loss of work capacity is confirmed, a medical examination is also carried out.

When the above obligations are not fulfilled, the insurer has the right not to pay the insurance compensation or the sum insured.

Article 1128

The insurance compensation or the sum insured that must be paid not to the insured, but to the third person, for whose benefit the contract has been concluded, cannot be seized for the debts of the insured.

The insurer has the right to deduct from the insurance compensation or from the sum insured any amount owed to him by the insured under the same insurance contract (the premium, etc.).

Article 1129

The insurer may oppose to the person for whose benefit the contract has been concluded all the objections that he could oppose to the insured under the same insurance contract.

Article 1130

When a person concludes an insurance contract in the name of another, without having such authority from him, the latter may accept the concluded contract even after the occurrence of the insured event has been established.

The person who has concluded the contract is obliged to fulfill himself the obligations arising from the contract, up to the moment when the insurer has received notification of the acceptance or non-acceptance thereof, from the person in whose name the contract has been concluded.

The insurance premium is paid to the insurer by the above-mentioned policyholder for the entire period until the moment when the insurer has been informed of the non-acceptance of the contract.

Article 1131

The insurer is not liable when the death or loss of working capacity of the insured, as well as when the loss or damage of property, are caused directly by acts of war, unless otherwise provided in the insurance contract.

Article 1132

The conditions for the various types of voluntary insurance of property and persons are determined in the contract.

Article 1133

The provisions of this chapter do not extend to compulsory insurance, which is governed by special provisions.

Insurance in maritime navigation is governed by the Maritime Navigation Code.

PROPERTY INSURANCE

Article 1134

The person who enters into the property insurance contract or the third person for whose benefit the contract is entered into must have a property interest in the insured subject, otherwise the insurance contract is invalid.

Article 1135

When, after the conclusion of the insurance contract, the property interest of the insured or of the third person for whose benefit the contract has been concluded ceases to exist, the contract is considered terminated.

Article 1136

The amount of insurance cannot exceed the value of the property. This value, for certain types of insurance, may be determined in the insurance contract also by means of an appraisal of the property.

By value should be understood the highest value that the property has had at the time of the verification of the insured event.

In insurance of agricultural products, the damage is determined in relation to the value that the products would have had at the time of their ripening or when they are usually harvested.

When only a part of the value of the property is insured, the amount of insurance cannot exceed the value of the insured part of the property.

When the above conditions are violated, the insurance contract is valid, as the case may be, for an amount equal to the value or to the value of the insured part of the property.

Article 1137

When the insured property is lost or damaged, its value or the decrease in the value of the property is compensated, as the case may be, within the limits of the insurance amount, unless otherwise provided in the insurance contract.

The insurer is liable for lost profit only if it is expressly provided for in the contract.

Article 1138

When the insured property has been partially lost or damaged and, for this, a partial insurance amount has been paid, the remaining property is considered insured until the end of the period specified in the contract for an amount equal to the difference between the amount of insurance and the compensation paid.

Article 1139

When the amount of insurance is less than the value of the insured property, the compensation for the damage is determined in proportion to the ratio between the amount of insurance and the value of the insured property, unless otherwise provided in the contract.

Article 1140

The insured is obliged to carefully preserve the insured property, in accordance with fire safety, agronomic, and veterinary regulations. The insurer has the right to inspect the insured property and to request that the insured take measures for the proper preservation of the property and to eliminate any irregularities that have been identified. When the insured breaches the aforementioned obligation, the insurer has the right to terminate the insurance contract.

Article 1141

When the insured event is verified, the insured is obliged to take all measures within his power to save and preserve the insured property in order to prevent or reduce the damage.

The insurer is not obliged to pay compensation for that part of the damage which was caused by the insured's failure to take measures that could have been taken by him to save and preserve the insured property.

The insurer is obliged to pay the expenses for the necessary measures taken to save and preserve the insured property, regardless of whether the intended result was achieved or not, except when the insurer proves that the means used and the expenses incurred were used or incurred without due care. The insurer is liable for material damage caused to the insured items by the means used by the insured to avoid or reduce the damage arising from the insured event, except when it is proven that such means were used carelessly and unnecessarily.

Article 1142

The insurer who has paid the insurance compensation has the right to seek the return of the paid amount from the persons who are responsible for causing the damage.

Article 1143

The insurer is released from the obligation to pay the insurance compensation if the insured event was caused intentionally or by the gross negligence of the insured or of the person for whose benefit the insurance contract was concluded.

In the insurance of the property of individuals, the insurer is released from the obligation to pay the insurance compensation even when the insured event was caused intentionally or by the gross negligence of the adult family members of the insured.

Article 1144

When the insured property passes into the ownership of another person, the insurance contract is considered terminated. In this case, the paid premium shall be returned to the insured in proportion to the remaining time until the expiration of the insurance contract.

Article 1145

When, for the same insurance risk, several insurance contracts have been concluded separately with different insurers, the insured must notify each insurer about all the insurances.

When the insured intentionally fails to provide the above notification, the insurers are not obliged to pay the compensation for the damage.

When the insured event is verified, the insured must notify all insurers, indicating to each the name of the other insurers.

The insured has the right to request from each insurer the payment of the damage required under the contract, but in any case, the amounts paid together must not exceed the amount of the damage.

Article 1146

The insurer who has paid the amount of the damage has the right of recourse against the other insurers for the allocation of the amount due according to the respective contracts.

When an insurer is insolvent, his share is divided among the other insurers.

Article 1147

Insurance of goods against land, inland water, and air transport risks covers all damages that the goods may suffer during their transport, except when otherwise provided by law.

Article 1148

The contract for insurance of goods against transport risks enters into force from the moment the goods are delivered to the carrier and continues until they are delivered to the consignee, except when otherwise provided in the contract.

Article 1149

When the transported goods are taken over by the consignees without a report being drawn up in this case, the insurer is not liable for the damage or shortage of the goods, except when otherwise provided by law.

INSURANCE OF PERSONS

Article 1150

The contract of insurance of persons may be concluded for the event of verification of occurrences relating to the life and working capacity of the insured.

Article 1151

In the contract of insurance of persons, the insured amount is determined by agreement of the parties and according to other provisions on insurance.

Article 1152

The insurance contract is valid even when the life of a third party is insured. The appointment of the person is made in the insurance contract, or by a subsequent written declaration notified to the insurer, or by will.

Article 1153

The insured may designate in the insurance contract that, in the event of his death, the insured amount shall be paid to a member of his family, another person, the state, or another public legal person.

Article 1154

The insured, during the period in which the insurance contract is in force, has the right to replace the person designated to receive the insured amount with another person. For this, the insured is required to notify the insurer in writing and to present the insurance certificate in order to make the necessary annotations on it.

Article 1155

The designation of the person who benefits from the insurance may be revoked by the policyholder in the form and manner used for their designation.

Revocation cannot be made by the heirs after the death of the policyholder, once the insured event has been verified and the person has declared that they desire this benefit.

The waiver by the policyholder and the statement of the beneficiary must be notified in writing to the insurer.

Article 1156

The designation of the person who benefits from the insurance, even if it may be irrevocable, has no effect in the case provided for in letter “a” of Article 771 of this Code.

Article 1157

When the beneficiary is not indicated in the insurance policy, or when the designated person has died before the insured without being replaced by another person, or when that person has intentionally killed or attempted to kill the insured, the insurance amount is paid to the insured, and if the latter has died, to his legal or testamentary heirs.

Article 1158

When more than one person has been designated to receive the insurance amount and some of them have died before the insured, or some of them have intentionally killed or have attempted to kill the insured, the shares belonging to them are divided among the other persons designated to receive the insurance amount in proportion to the share assigned to each of them.

If the contract does not specify the shares of the persons designated to receive the insurance amount, it is presumed that they are equal.

Article 1159

Changes in the profession or activity of the insured result in the termination of the insurance effects, if they do not increase the risk to such an extent that, had this new situation existed at the time the contract was concluded, the insurer would not have entered into it.

If the changes are of such a nature that, had the new situation existed at the time the contract was concluded, the insurer would have entered into the contract for a higher price, the payment of the insurance amount shall be reduced in proportion to the lower price, determined in relation to the price that was set initially.

If the insured notifies the insurer of the above-mentioned changes, the insurer must, within 15 days, declare whether he will terminate the contract, reduce the insurance amount, or increase the price.

The insured must, within 15 days, declare whether he accepts the above-mentioned changes to the contract. If the insured declares that he does not accept them, the contract is terminated.

Article 1160

The insurance amount, which after the death of the insured is designated to be paid to the person for whose benefit the insurance contract was concluded, is not included in the estate of the insured.

Article 1161

The insurance amounts arising from personal insurance contracts are paid regardless of the amounts that may be paid by social insurance.

TITLE III TRANSITIONAL AND FINAL PROVISIONS

Article 1162

The Civil Code of the Republic of Albania applies to legal relationships created after its entry into force.

Article 1163

For the prescription of actions and acquisitive prescription, which began to run before the entry into force of this Code, but which have not been fulfilled according to the previous provisions, the latter shall apply.

Article 1164

The provisions of this Code regarding possession also apply to possessions that have begun before its entry into force.

Article 1165

The legal regulation of the term and price of rent in the residential lease contract shall continue to be governed by the previous provisions, until the complete liberalization of this contract through specific provisions.

Article 1166

Special contracts concluded before its entry into force and which continue to be applied shall be governed by the provisions of this Code.

Article 1167

Law no. 6340, dated 26.6.1981 “Për Kodin Civil”, except for the provisions regarding co-ownership between spouses, Law no. 2362, dated 16.11.1956 “Për organizatat shoqërore që nuk ndjekin qëllime ekonomike”, Law no. 7688, dated 13.3.1993 “Për bashkëpronësinë në banesa”, Law no. 7695, dated 7.4.1993 “Për fondacionet” articles 1-15, Decree no. 600, dated 22.7.1993

“Për pengun dhe hipotekën”, approved with amendments by Law no. 7753, dated 30.9.1993, are repealed.

Article 1168

The Civil Code of the Republic of Albania enters into force on 1 November 1994.

Transitional provision

(as provided in Law no. 121/2013, dated 18.4.2013)

The provisions on inheritance are applicable only to requests for the issuance of the certificate of inheritance made after the entry into force of this law. Judicial cases with the subject matter “request for the issuance of the certificate of inheritance” will continue to be examined by the competent court, in accordance with the law in force at the time the request was submitted.

The provisions on agency are applicable to agency contracts concluded after the entry into force of this law.