CIVIL CODE OF PARAGUAY

LAW No. 1183/85

THE CONGRESS OF THE PARAGUAYAN NATION ENACTS WITH THE FORCE OF

LAW PRELIMINARY TITLE

GENERAL PROVISIONS

Art. 1.—Laws are binding throughout the territory of the Republic as of the day following their publication, or as of the date specified therein.

Art. 2.— Laws apply prospectively; they have no retroactive effect and may not alter acquired rights. New laws shall apply to prior events only when they deprive persons of mere expectant rights or of powers that were theirs but which they had not exercised.

Art. 3.—Legal capacity is governed by the new laws, even if they abolish or modify the qualifications established by previous laws, but only with respect to subsequent acts and effects.

Art. 4.—Laws intended to clarify or interpret other laws have no effect with respect to cases already adjudicated.

Art. 5.—Laws that establish exceptions to general rules or restrict rights are not applicable to cases or periods other than those specified by them.

Art. 6.—Judges may not refrain from adjudicating in cases of silence, ambiguity, or insufficiency in the laws.

If a matter cannot be resolved by the wording or the spirit of the provisions of this Code, the provisions governing analogous cases or matters shall be taken into consideration; failing that, recourse shall be had to the general principles of law.

Art. 7.—Laws may not be repealed in whole or in part except by other laws.

Special provisions do not repeal general provisions, nor do general provisions repeal special provisions, unless they refer to the same subject matter in order to render it ineffective, either explicitly or implicitly.

Custom, tradition, or practice cannot create rights unless the laws refer to them.

Art. 8.—Ignorance of the law does not exempt one from compliance with it, unless the exception is provided for by law.

Art. 9.—Legal acts may not render void laws whose observance is in the interest of public order or public morals.

Art. 10.—A general waiver of laws has no effect; however, the rights conferred by them may be waived, provided that they concern only individual interests and that such waiver is not prohibited.

Art. 11.—The existence, civil status, legal capacity, and legal incapacity of natural persons domiciled in the Republic, whether nationals or foreigners, shall be governed by the provisions of this Code, even if the acts in question were not performed or the property in question is not located in the Republic.

Art. 12.—The legal capacity and legal incapacity of persons domiciled outside the Republic shall be governed by the laws of their domicile, even if the acts in question were performed or the property in question is located in the Republic.

Art. 13.—A person who is a minor under the laws of his or her domicile, if he or she moves from that domicile to the territory of the Republic, shall be considered of legal age or an emancipated minor, when such status is consistent with this Code. If, under the laws of their domicile, they are of legal age or an emancipated minor—rather than under the provisions of this Code—the laws of their domicile shall prevail, and their legal age or emancipation shall be deemed an irrevocable fact.

Art. 14.—The capacity and incapacity to acquire rights, the subject matter of the legal act to be performed within the Republic, and any substantial defects it may contain shall be judged as to their validity or nullity according to the provisions of this Code, regardless of the domicile of the parties to the act.

Art. 15.—Legal and factual capacity is equal for men and women, regardless of the woman’s marital status, except for the limitations expressly established by law.

Art. 16.—Property, regardless of its nature, shall be governed by the law of the place where it is situated, in with respect to its nature, possession, absolute or relative alienability, and all real property rights to which it is subject.

Art. 17.—Creditor's rights are deemed to be located in the place where the obligation is to be performed. If this cannot be determined, they shall be deemed to be located at the domicile that the debtor had established at that time.

Instruments representing such rights and transferable by simple delivery shall be deemed to be located where they are found.

Art. 18.— A change in the location of movable property does not affect the rights acquired in accordance with the law of the place where the property was located at the time of acquisition. However, the interested parties are required to meet the substantive and procedural requirements established by the law of the new location for the acquisition and preservation of such rights.

A change in the location of the movable property in dispute, occurring after the filing of the action in rem, does not alter the rules of legislative and judicial jurisdiction that were originally applicable.

Art. 19.—Rights acquired by third parties over the same property, in accordance with the law of the place of its new location, after the change has occurred and before the aforementioned requirements are met, take precedence over those of the first acquirer.

Art. 20.—Industrial property rights are governed by the law of the place of their creation, unless the matter is legislated in the Republic .

Intellectual property rights are governed by the law of the place where the work is registered.

Art. 21.—Ships and aircraft are subject to the law of the flag state with respect to their acquisition, disposal, and crew. For the purposes of the rights and obligations arising from their operations in non-national waters or airspace, they are governed by the law of the State within whose jurisdiction they are located.

Art. 22.— Judges and courts shall apply foreign laws ex officio, provided that such laws do not conflict with political institutions, public policy, morality, or good customs, without prejudice to the parties' right to allege and prove the existence and content of such laws.

Foreign laws shall not apply when the provisions of this Code are more favorable to the validity of legal acts.

Art. 23.—The form of legal acts, whether public or private, is governed by the law of the place where they are executed, except for those executed abroad before competent diplomatic or consular officials, which shall be subject to the provisions of this Code.

Art. 24.—Legal acts entered into abroad that relate to real property located in the Republic shall be valid provided they consist of duly legalized public instruments, and shall take effect only once they have been recorded by order of a competent judge and entered in the public registry.

Art. 25.—Intestate or testamentary succession, the order of inheritance, the rights of heirs, and the intrinsic validity of testamentary dispositions—regardless of the nature of the property—are governed by the law of the decedent's last domicile; however, the transfer of property situated or existing within the national territory shall be subject to the laws of the Republic.

Art. 26.—The existence and legal capacity of private legal entities incorporated abroad shall be governed by the laws of their domicile, even in the case of acts performed or property located in the Republic.

Art. 27.—Acts prohibited by law are void, unless the law provides for a different consequence in the event of a violation.

Book One

ON PERSONS AND PERSONAL RIGHTS IN FAMILY

RELATIONSHIPS

TITLE I

ON NATURAL PERSONS

CHAPTER I

GENERAL PROVISIONS

Art. 28.—A natural person has legal capacity from the moment of conception to acquire property by gift, inheritance, or bequest.

The irrevocability of the acquisition is subject to the condition that the child be born alive, even if only moments after being separated from the mother's womb.

Art. 29.—It is presumed, without admitting evidence to the contrary, that the legal maximum duration of pregnancy is three hundred days, including the day of marriage or the day of its dissolution, and the minimum is one hundred eighty days, calculated from the day prior to the day of birth, excluding both the day of marriage and the day of its dissolution.

It is also presumed, without admitting evidence to the contrary, that the time of conception for those born alive falls within the entire period of time between the maximum and minimum duration of pregnancy.

Art. 30.—The pregnancy of the mother, whether unmarried or married, shall be deemed established by her own declaration, that of her husband, or that of other persons with an interest in the birth of the unborn child, whose filiation may not be contested or be the subject of litigation before the child is born.

Art. 31.—Representation of unborn persons ceases on the day of delivery, or when the maximum duration of pregnancy has elapsed without delivery having taken place.

Art. 32.—A live birth shall be deemed to have occurred when the persons present at the birth have heard the newborn's breathing or voice or have observed other signs of life.

Art. 33.—Children born in a single delivery shall be of the same age.

Art. 34.—If two or more persons have died on the same occasion, and it cannot be determined who died first, it is presumed, for legal purposes, that they died at the same time.

Art. 35.—The birth and death of persons shall be proven by the records and authentic certificates issued by the Civil Registry.

In the case of persons born or deceased prior to the establishment of the Civil Registry, proof shall be provided by certifications extracted from parish records.

In the absence of records or entries, or if they are not in due form, by other means of proof.

CHAPTER II

ON LEGAL CAPACITY AND LEGAL INCAPACITY

Art. 36.— Legal capacity consists of the legal ability to exercise one's rights by oneself or independently. This Code deems every human being who has reached the age of twenty and has not been declared legally incapacitated to be fully capable.

Art. 37.—The following are absolutely incapable de facto:

a) unborn persons;

b) minors under fourteen years of age;

c) the mentally ill; and

d) deaf-mutes who are unable to make themselves understood in writing or by other means.

Art. 38.—Minors who have reached the age of fourteen and persons who have been judicially incapacitated are subject to relative legal incapacity.

Art. 39.—The de facto incapacity of minors shall cease:

a) for males and females who have reached the age of eighteen, by a ruling of a competent judge before whom their consent and that of their parents—or, in the absence of both, that of their guardian—is established, authorizing them to engage in commerce or other lawful activities;

b) for males who have reached the age of sixteen and females who have reached the age of fourteen, upon their marriage, subject to the limitations set forth in this Code; and

c) upon obtaining a university degree.

Emancipation is irrevocable.

Art. 40.—The necessary legal representatives of persons who are absolutely or relatively legally incapacitated are:

a) for unborn persons, the parents, and in the event of their incapacity, the guardians appointed for them;

b) for minors, the parents, and in their absence, the guardians;

c) for the mentally ill subject to interdiction, and for the deaf-mute who cannot make themselves understood in writing or by other means, the respective curators; and

d) for those judicially disqualified, their guardians.

This representation extends to all acts of civil life that are not expressly excluded in this Code.

Art. 41.—In the event of a conflict of interest between the person lacking legal capacity and their necessary representative, the latter shall be replaced by a special guardian for the specific case in question.

CHAPTER III

ON THE NAMES OF PERSONS

Art. 42.—Every person has the right to a first name and last name, which must be registered in the Civil Registry.

Only a judge may authorize, for just cause, changes or additions to a person's first and last names.

Art. 43.—Every person has the right to sign their public and private documents with their name in the manner in which they customarily use it. They also have the right to adopt the form they prefer.

Art. 44.—Any person harmed by the improper use of their name has the right to seek an order to cease such use and to be compensated for damages. This provision applies to legal entities.

The action may be brought not only by the bearer of the name but also, in the event of death, by any of their heirs.

Art. 45.— A change or addition to a name does not alter the civil status or condition of the person who adopts it, nor does it constitute proof of filiation.

Art. 46.—Any person wishing to engage in a for-profit activity already undertaken or operated by another under the same name or business name may do so, provided that additions or deletions are made to avoid any confusion or unfair competition.

Art. 47.—A pseudonym, used by a person in such a way that it has acquired the significance of a name, may be protected in accordance with Article 44.

Art. 48.—A person harmed by a name change may challenge it in court within one year from the date the judge's ruling authorizing the change was published.

Art. 49.—A married woman shall add her husband's surname to her own. She may be exempted from this requirement if she is known professionally or artistically by her maiden name.

This rule shall also apply to a widow who remarries.

A woman who is divorced through no fault of her own may retain her husband's surname. If she is found at fault, her husband may request that the judge strip her of her surname.

Art. 50.—A child born in wedlock shall bear the father's surname and may add the mother's surname to it.

A child born out of wedlock shall bear the surname of the father or of the mother who recognized the child, either voluntarily or by court order.

Art. 51.—A foundling, or a child of unknown parents, shall bear the first name and last name under which they were registered in the Civil Registry.

CHAPTER IV

ON DOMICILE

Art. 52.—A person's actual domicile is the place where they have established their principal residence or place of business. The domicile of origin is the place of the parents' domicile on the day of the child's birth.

Art. 53.—The legal domicile is the place where the law presumes, without admitting evidence to the contrary, that a person resides permanently for the exercise of their rights and the fulfillment of their obligations:

a) public officials have their domicile in the place where they perform their duties, provided such duties are not temporary or periodic;

b) military personnel on active duty have their domicile at the place where they are serving;

c) persons sentenced to imprisonment have their domicile at the facility where they are serving their sentence;

d) transients or itinerant workers, such as those without a known domicile, have their domicile at their current place of residence; and

e) persons lacking legal capacity have their domicile at the residence of their legal representatives.

Art. 54.—The duration of legal domicile depends on the circumstance giving rise to it. For a residence to constitute a domicile, it must be permanent.

Art. 55.—In the case of alternating residence in different locations, the domicile is the place where the person has a family or their principal residence.

If a person has established their family in one place and their business in another, the former is the place of their domicile.

Art. 56.—Involuntary residence in another place does not alter the previous domicile if the family remains there or if the principal place of business is located there.

Art. 57.—The domicile of origin shall take effect once the domicile established abroad is abandoned with no intention of returning to it.

Art. 58.—The actual domicile may be changed from one place to another. This right may not be restricted by contract or by a testamentary disposition. A change of domicile is established by the act of moving one's residence from one place to another with the intention of remaining there.

Art. 59.—A person's last known domicile shall prevail when the new one is unknown.

Art. 60.— Domicile is retained by the mere intention not to change it or not to adopt another, as long as a permanent residence has not yet been established in fact.

Art. 61.— The legal domicile and the actual domicile determine the jurisdiction of the authorities for the exercise of rights and the fulfillment of obligations.

Art. 62.—Without prejudice to the provisions of the preceding article, a special domicile may be chosen in legal acts for specific purposes, and this shall extend jurisdiction.

CHAPTER V

DECLARATION AND PRESUMPTION OF DEATH

Art. 63.—The death of a person missing as a result of an earthquake, shipwreck, air or land accident, fire, or other catastrophe, or in the course of hostilities, may be judicially declared when, given the circumstances of the disappearance, it is not reasonable to assume that the person is still alive.

Art. 64.—Uncertainty arising from a lack of news regarding the existence of persons who have disappeared or been absent from their domicile or last residence in the Republic for four consecutive years, counted from the last information received about them, gives rise to a presumption of their death for the purposes set forth in the provisions of this chapter.

Art. 65.—The four-year period established in the preceding article shall be reduced to two years if the missing person has not designated a representative or agent to administer their property.

Art. 66.—In the case described in the preceding article, even if the missing person has left an agent with sufficient authority to administer their property but that agent is unwilling or unable to fulfill their mandate, the judge shall, at the request of a party with a legitimate interest, appoint a guardian ad litem for their property, who

must strictly adhere, in the performance of his or her duties, to the provisions of this Code and those of the Code of Minors governing guardianship and curatorship.

Art. 67.—A presumption of death shall be declared independently of the status of mere absence:

a) when a person has disappeared as a result of military operations, with no further news of him or her, and two years have elapsed since the ratification of the peace treaty, or, in the absence thereof, three years since hostilities ceased;

b) when a person is taken prisoner, or is interned or transferred to a foreign country, and two years have elapsed since the ratification of the peace treaty, or, in the absence thereof, three years since hostilities ceased, without any news having been received of that person; and

c) when a person has disappeared in an accident and no news of him has been received after two years have elapsed. If the date of the accident is unknown, after two years counted from the end of the month. If the month is also unknown, from the end of the year in which the accident occurred. The presumed date of death shall be the last day of the periods established in this article.

Art. 68.— The following may request a declaration of disappearance with presumption of death:

a) the spouse;

b) their heirs and legatees;

c) his or her creditors;

d) any person who can demonstrate a legitimate interest in the missing person's property; and

e) the Public Prosecutor's Office.

Art. 69.—The person requesting the declaration must substantiate the circumstances mentioned in this chapter and prove their right.

Art. 70.—Once the judgment establishing the presumed date of death has become final, the judge shall grant provisional possession of the missing person's estate to the heirs and legatees who have requested it, subject to an inventory and the posting of a bond.

They may not dispose of, mortgage, or pledge such property without judicial authorization.

Art. 71.—If, after provisional possession has been granted, the missing person reappears or proof of their existence is provided, the effects of the declaration of presumed death shall cease.

Art. 72.—Ten years after the disappearance, or after the last news received of the missing person, or seventy years after the date of their birth, the judge may grant definitive possession of their property to the heirs and legatees.

If the missing person subsequently reappears, they shall recover the property in its current condition, as well as any property acquired with the value of the missing property, and any unspent income or interest.

CHAPTER VI

ON INTERDICTION AND DISQUALIFICATION

Art. 73.—Adults and emancipated minors who, due to mental illness, lack the capacity to care for themselves or manage their property, as well as deaf-mutes who are unable to make themselves understood in writing or by other means and who find themselves in the same circumstances, shall be declared legally incapacitated and placed under guardianship.

Art. 74.—A petition for interdiction may be filed by a spouse who is neither legally separated nor divorced; by the innocent spouse; by relatives up to the fourth degree of consanguinity or the second degree of affinity; and by the Public Defender for the Incapacitated.

Art. 75.—When requesting guardianship, the petitioner must substantiate the alleged incapacity with a report from a medical specialist or, in the absence thereof, with other compelling evidence.

Art. 76.—Before rendering a decision, the judge shall summon the respondent and examine him or her personally, assisted by a medical specialist. If the person alleged to be incapacitated is unable or unwilling to appear, the judge shall go to his or her residence or place of lodging for that purpose.

The Guardian for the Incapacitated must be present during these proceedings.

If, in the judge's opinion, the complaint appears to be manifestly unfounded and implausible, the judge may dismiss it without further proceedings, after hearing the opinion of the Guardian for the Incapacitated.

Art. 77.—Once the complaint is admitted, the judge shall appoint a provisional guardian for the respondent, unless the judge deems it unnecessary in light of the circumstances, and the trial shall proceed with the respondent, the complainant, the Advocate for the Incapacitated, and the guardian, if applicable, as parties.

Art. 78.—A declaration of legal incapacity may not be issued without the respondent having been examined by one or more specialists, as ordered by the court.

Art. 79.—When mental illness is evident and beyond doubt, and the adoption of precautionary measures is urgent, the judge shall order an inventory of the respondent's assets and their transfer to a provisional guardian for administration.

Art. 80.—The guardian's primary obligation shall be to ensure that the person under interdiction regains their health and capacity, and to that end, the guardian shall apply the income from the person's assets as a matter of priority. In the case of a deaf-mute, the guardian shall seek to provide for their reeducation.

Art. 81.—The person under guardianship may not be transferred outside the Republic except with the authorization of the guardianship judge, after hearing the opinion of two or more psychiatrists regarding the necessity of the measure and the facility where the person could receive appropriate treatment.

Art. 82.—Once a petition based on mental illness has been dismissed, no further petition against the same person shall be admitted—even if the petitioner is different—unless facts supervening the judicial ruling are alleged.

Art. 83.—The guardianship shall be revoked, upon a medical opinion, at the request of any person entitled to do so, the guardian, or the person under guardianship, when the grounds for the guardianship no longer exist.

Art. 84.—A judgment of legal incapacitation, or a judgment terminating such incapacitation, does not constitute res judicata in criminal proceedings for determining the defendant's criminal responsibility.

Art. 85.—Nor does a judgment rendered in criminal court declaring a defendant not criminally responsible due to mental illness, or which—by finding the defendant free from such illness—affirms the defendant's criminal responsibility, constitute res judicata in civil proceedings.

Art. 86.—Once a judgment declaring a person legally incapacitated or disqualified is entered in the registry, any acts of administration or disposition performed by that person shall be null and void.

Art. 87.—Acts performed prior to the declaration of legal incapacity may be annulled if the cause of such incapacity, as declared by the judge, was of public knowledge at the time the acts were performed, provided that the rights acquired by third parties acting in good faith are respected.

Art. 88.—Upon a person's death, their acts entered into during their lifetime may not be challenged on the grounds of legal incapacity, unless such incapacity results from those very acts, or unless those acts were consummated after a petition for legal incapacity was filed.

Art. 89.—A person shall be judicially declared incapacitated if, due to mental weakness, blindness, senile dementia, habitual abuse of alcohol or narcotics, or other psychophysical impairments, they are unable to care for themselves or manage their own affairs.

If, in such proceedings, the facts set forth in Article 73 are proven, the respondent shall be declared legally incapacitated.

Art. 90.— A person declared incapacitated may not dispose of or encumber their property, appear in court, enter into transactions, receive payments, borrow or lend money, or perform any act other than simple administration without the authorization of the guardian appointed by the judge.

The provisions relating to legal incapacitation and its revocation shall apply, as appropriate, to disqualification.

Likewise, the judgment declaring a person's disqualification shall be entered in the appropriate registry.

BOOK ONE

ON PERSONS AND PERSONAL RIGHTS

IN FAMILY RELATIONSHIPS TITLE II

ON LEGAL ENTITIES CHAPTER I

GENERAL PROVISIONS

Art. 91.— The following are legal entities:

a) the State;

b) municipalities;

c) the Catholic Church;

d) autonomous and semi-autonomous entities, mixed-economy entities, and other entities governed by public law that, in accordance with the relevant legislation, are capable of acquiring property and entering into obligations;

e) universities;

f) associations whose purpose is the common good;

g) registered associations with limited legal capacity;

h) foundations;

i) corporations and cooperatives; and

j) all other entities regulated in Book II of this Code.

Art. 92.—Foreign states, international organizations recognized by the Republic, and other foreign legal entities are also legal entities.

Art. 93.—The legal entities referred to in subsections (e), (f), (h), and (i) of Article 91 shall come into existence once their operation has been authorized by law or by the Executive Branch. Administrative decisions granting or denying recognition may be appealed in court.

Art. 94.— Legal entities are legal persons distinct from their members, and their assets are independent.

Their members are not liable, either individually or collectively, for the entity's obligations, except as provided in this Code.

Art. 95.—Legal entities, unless otherwise provided in their articles of incorporation, have their domicile at the location of their headquarters. If they have establishments in different locations, their domicile shall be in those locations for the purpose of fulfilling the obligations incurred there.

Art. 96.—For the purposes of their establishment, legal entities possess the same legal capacity as natural persons to acquire property or assume obligations through the bodies established in their bylaws. Within these limits, they may bring civil and criminal actions and respond to those brought against them.

Art. 97.— The acts of a legal entity's governing bodies are deemed to be acts of the legal entity itself.

Art. 98.—Legal entities are liable for damages caused to third parties by the acts of their governing bodies, whether through action or omission and even if such acts constitute a crime, provided that the acts were performed in the exercise of their functions and for the benefit of the entity.

Such acts render their perpetrators personally liable in relation to the legal entity.

Legal entities are also liable for damages caused by their employees or the property they use, in accordance with the provisions of this Code.

Art. 99.—Directors and officers are liable to the legal entity in accordance with the rules governing agency. Those who did not participate in the act that caused the damage shall be exempt from liability, unless, having been aware that the act was going to be carried out, they failed to express their dissent.

Art. 100.—If the powers of directors or administrators have not been expressly established in the articles of incorporation or in the instruments authorizing them, the validity of their acts shall be governed by the rules of agency.

Art. 101.—The existence and legal capacity of foreign private legal entities are governed by the laws of their domicile. Their status as such entitles them to exercise in the Republic all the rights to which they are entitled for the purposes of their establishment, to the same extent established by this Code for domestic private individuals.

In carrying out acts falling within the specific purpose of their establishment, they shall be subject to the provisions set forth in the laws of the Republic.

CHAPTER II

ON ASSOCIATIONS RECOGNIZED AS BEING OF PUBLIC BENEFIT

Art. 102.— Persons wishing to form a nonprofit association whose purpose is the common good shall express their intent through bylaws formalized in a public deed.

Art. 103.—Associations shall be governed by the provisions of this Chapter and by their bylaws.

Art. 104.—The bylaws must include the association's name; a statement of its purposes, assets, and registered office; as well as rules governing its operation and administration; the rights and obligations of the members; and the conditions for their admission. The bylaws shall also contain provisions regarding the dissolution of the association and the disposition of its assets.

Art. 105.—The association's executive body shall consist of one or more members of the association appointed by the general assembly, which may remove them, as well as appoint agents and revoke the powers of attorney authorized by the bylaws for specific matters.

Unless the bylaws provide otherwise, decisions of the executive board shall be made by a simple majority, with at least half plus one of its members present.

Art. 106.—In the event of the dissolution or vacancy of the board of directors, or in the event of a dispute regarding it, one or more members may be appointed by the court, at the request of an interested party, if there is urgency, to fill the vacancies until the general assembly decides on the appropriate course of action.

If there are no members to whom the management can be entrusted, the judge may appoint other persons of recognized competence and integrity.

Art. 107.—The general assembly is the highest authority of the association. It must be convened by the board of directors in the cases and at the times specified by the bylaws, or when the resolution of urgent matters within its jurisdiction so requires, or upon the written request of at least one-fifth of the members. The notice of the meeting shall always specify the matters to be discussed, and these shall be decided by a simple majority of votes, for which purpose each member is granted an equal right to vote.

If the board of directors denies a request for a meeting submitted by the members, the members may seek authorization from a judge, who, if appropriate, will convene the meeting and appoint the person to preside over the assembly until the assembly makes the necessary decision.

Art. 108.—The legal quorum for the assembly to be constituted is half plus one of the members, unless the bylaws require a larger number. If this number is not reached at the first call, a second call shall be issued, with the warning that the meeting will proceed with any number of members present. Both calls may be made for the same date, in a single notice, indicating the respective times. Any amendment to the bylaws and any resolution regarding dissolution and the disposition of assets is subject to the attendance and approval of three-fourths of the members.

To change the association's purpose or objectives, the approval of four-fifths of the members is required.

No amendment to the bylaws shall be valid without the approval of the Executive Branch.

Members may be represented at the meeting by a simple power of attorney; however, no single person may represent more than one member.

Art. 109.— Directors and other members may not vote on matters in which they have a personal interest.

Art. 110.—Any member may withdraw, forfeiting the rights or benefits recognized in the bylaws in the event of dissolution. Membership is non-transferable.

Art. 111.— The exclusion of a member may not be decided by the general meeting except for serious and justified reasons. The excluded member may appeal to the courts within thirty days from the date on which the decision was communicated to him or her.

Art. 112.—Decisions of the general assembly or the board of directors that are contrary to the law or the bylaws may be annulled by a court, at the request of any member or the Public Prosecutor's Office.

The annulment of the decision shall not prejudice the rights acquired by third parties acting in good faith by virtue of acts performed in execution of said resolution.

The judge, after hearing the directors or administrators of the association, may, at the request of the party seeking annulment, suspend the execution of the contested act when there are serious grounds for doing so.

Art. 113.—The existence of associations recognized as being of public benefit shall terminate:

a) upon expiration of the term or for other reasons provided for in the bylaws;

b) by resolution of the assembly;

c) due to the inability to fulfill their purposes;

d) upon bankruptcy; and

e) upon their dissolution decreed by the Executive Branch, based on grounds of public utility or convenience, or due to a violation of legal or statutory provisions.

Art. 114.—The association is dissolved upon the loss of all its members. Dissolution must be declared by the government.

Art. 115.—Once the governmental decision declaring the termination of the legal entity has been notified to its directors or administrators, they may not carry out any new transactions without incurring personal and joint liability.

Art. 116.—Upon the dissolution of an association, its assets shall be disposed of as specified in its bylaws; if no such provisions have been made, they shall be deemed vacant, unless this would prejudice third parties or the members.

Art. 117.—Creditors who have not asserted their claims during the liquidation may demand payment from those to whom the assets have been awarded, within one year of the conclusion of the liquidation, in proportion to and within the limits of what they have received.

CHAPTER III

REGISTERED ASSOCIATIONS WITH LIMITED LEGAL CAPACITY

Art. 118.—Nonprofit associations that have not been recognized as legal entities by the Executive Branch may acquire and exercise the rights conferred by this chapter if they meet the following requirements:

a) that their bylaws are set forth in a public deed and meet the conditions set forth in Article 104; and

b) that they are registered in the respective registry.

Once these requirements are met, such associations constitute entities independent of the individuals who comprise them, for the purpose of fulfilling their objectives.

Art. 119.— Any duly registered association may appear in court as a plaintiff or defendant through the person to whom, by agreement of its members, management has been entrusted.

Art. 120.— Every registered association shall also have the following rights:

a) to collect dues and contributions from its members;

b) to acquire, for consideration or free of charge, movable and immovable property necessary for the fulfillment of its purposes;

c) to borrow money, with or without collateral, to make the acquisitions provided for in the preceding paragraph; and

d) to receive funds granted as subsidies by the State.

Art. 121.—The rules governing associations recognized as being of public benefit shall apply to registered associations, to the extent they are relevant to their operation, administration, liability, and dissolution. The revocation of their legal status and corresponding registration shall be ordered by the same authority that ordered their registration, at the request of a legitimate party or the Public Prosecutor's Office.

Art. 122.—Registered associations may accept testamentary bequests, provided they are recognized as public-benefit associations by the Executive Branch.

Art. 123.— Associations that are neither authorized nor registered may not take legal action against their members or against third parties. In the case of a legal act performed on behalf of the association, the person who executes it shall be personally liable; if there are several such persons, they shall be jointly and severally liable.

CHAPTER IV

FOUNDATIONS

Art. 124.— A foundation is established by the will of one or more persons who, in perpetuity, dedicate certain assets to the creation of an entity for the common good.

This expression of intent must be recorded in a public deed or in a will.

Art. 125.— The founder may revoke a foundation deed executed inter vivos prior to its approval by the Executive Branch, to which such revocation must be communicated. The founder's heir shall not be authorized to revoke the foundation if the founder had sought its approval.

Art. 126.—The foundation may be challenged by the heirs, to the extent that it affects their statutory share, or by the founder's creditors.

Art. 127.—Once the foundation is approved, the founder, or his or her heirs, must transfer ownership and possession of the assets assigned to it.

When the foundation is not approved until after the settlor's death, it shall be deemed, with respect to the settlor's provisions, to have existed prior to his or her death.

Art. 128.—If the foundation is established by testamentary provisions, it is the responsibility of the executor or the heirs to seek its approval; failing that, the Public Prosecutor's Office shall do so.

Art. 129.— The founding document shall establish the governing and administrative bodies and the rules governing their operation. If such provisions are omitted from the founding document, the Executive Branch shall issue them, taking into account the established purpose and the intentions of the founder.

Art. 130.— The Executive Branch may authorize, in cases of evident necessity, the disposal of the foundation's assets.

Art. 131.—If the foundation's purposes become impossible to fulfill, or if their fulfillment would harm the public interest, or if its assets prove insufficient, the Executive Branch may assign the foundation a different purpose or decree its dissolution.

In the change of purpose, abolition, or modification of provisions or conditions, the founder's intent must be respected to the extent possible.

The Executive Branch may also alter the foundation's organization, provided that such alteration is required by the change in its purpose or by the need to better fulfill that purpose.

In the event of dissolution, the provisions governing recognized public-benefit associations shall apply with respect to the disposition of the foundation's assets.

The decision of the Executive Branch may be appealed in court.

BOOK ONE

ON PERSONS AND PERSONAL RIGHTS IN FAMILY

RELATIONSHIPS

TITLE III

ON PERSONAL RIGHTS IN FAMILY RELATIONSHIPS CHAPTER I

MARRIAGE—GENERAL PROVISIONS

Art. 132.—The capacity to enter into marriage, as well as the form and validity of the marriage, shall be governed by the law of the place where the marriage is celebrated.

Art. 133.—The rights and duties of the spouses are governed by the law of the marital domicile.

Art. 134.—The property regime for property located in the Republic, in the case of marriages contracted therein, shall be determined in accordance with the provisions of this Code, even if the spouses had their domicile abroad at the time of the dissolution of the marriage.

Art. 135.—Those who have their domicile and property in the Republic but were married outside the Republic may, upon the dissolution of their marriage within the country, seek enforcement of their marriage agreements, provided such agreements do not conflict with the provisions of this Code or public policy.

Compliance with marital agreements entered into abroad may also be enforced in the Republic by spouses who were domiciled at the place of the marriage but who, at the time of the dissolution of their marriage, were domiciled in the country, provided that such agreements do not specify a place of enforcement nor contravene the provisions of this Code regarding the regime of property.

CHAPTER II

ENGAGEMENT

Art. 136.— A promise of marriage does not create an obligation to marry.

Art. 137.—The party at fault for the breach of the engagement shall be liable to the other party for compensation for expenses incurred in good faith. If the breach causes serious harm to the innocent fiancé, the judge may award compensation for emotional distress.

This claim is non-assignable.

Art. 138.—In the event of a breach of engagement, the betrothed parties may demand the return of gifts given in connection with the promise of marriage.

If the gifts no longer exist in kind, restitution shall be made in accordance with the rules governing unjust enrichment.

If the breach was caused by death, restitution shall not be granted. Any action arising from the betrothal is barred by the statute of limitations one year after the date of the breach of the promise of marriage.

CHAPTER III

ON THE CAPACITY TO ENTER INTO MARRIAGE AND IMPEDIMENTS

Art. 139.— A man may not marry before the age of sixteen, and a woman may not marry before the age of fourteen.

Art. 140.—The following may not marry one another:

a) direct ascendants and descendants;

b) siblings;

c) relatives by marriage in the direct line;

d) the adoptive parent and their descendants with the adoptee and their descendants;

e) the adoptee and the adoptive parent’s spouse, nor the adoptive parent and the adoptee’s spouse;

f) the adopted children of the same adoptive parent among themselves; and

g) persons of the same sex.

Art. 141.—A person who is bound by a prior marriage may not enter into marriage.

Art. 142.—Two persons may not marry each other if one of them has been convicted as the perpetrator or accomplice of a completed, attempted, or thwarted homicide of the other's spouse. The pendency of criminal proceedings suspends the celebration of the marriage.

Art. 143.—A person who has been declared legally incapacitated due to mental illness, or who for any reason has lost the use of reason to the point of unconsciousness—even if temporary—may not enter into marriage.

Art. 144.—If a petition for legal incapacitation has been filed, the Public Prosecutor's Office may, at the request of a party authorized to file such a petition, request that the marriage ceremony be suspended until a final judgment is rendered.

Art. 145.—The disappearance of a person presumed dead does not authorize their spouse to remarry. The spouse may do so only upon a judicial declaration of death, as provided for in this Code.

Art. 146.—A woman who, not having become pregnant, remarries before three hundred days have elapsed since the dissolution or annulment of her marriage shall forfeit any bequests or other gifts or benefits that her husband may have granted her in his will.

Art. 147.—A guardian who marries his ward before the accounts of the guardianship have been approved shall forfeit the compensation to which he would have been entitled, without prejudice to his liability.

The same penalty shall apply to the guardian if the marriage to the ward is contracted by a descendant of the guardian who is under the guardian's parental authority.

This provision also applies to a female guardian.

Art. 148.—Minors, even if they have reached the age required by this Code, may not marry without the authorization of their parents or that of their guardian, and in the absence of such authorization, without that of a judge.

Art. 149.—If minors marry without the necessary authorization, they shall be subject to the statutory regime of separate property until they reach the age of majority. The judge, however, shall determine the amount of support that the emancipated minor may use to provide for his or her needs in the household, which shall be drawn from his or her net income and, if necessary, from his or her capital.

The same rule shall apply when either of the contracting parties has not reached the required age, or when a guardian or their descendants marry a person under guardianship, until the accounts of the ward have been approved.

Upon reaching the age of majority, or once the accounts have been approved, the spouses may opt for the community property regime.

CHAPTER IV

ON PRELIMINARY PROCEDURES AND THE CELEBRATION AND REGISTRATION OF MARRIAGE

Art. 150.—The preliminary formalities and the solemnization of marriage shall be governed by the provisions of the law and the Civil Registry.

Art. 151.—The following may object to the marriage: the spouse of the person wishing to marry, relatives of the betrothed within the fourth degree of consanguinity or the second degree of affinity, and the guardian or conservator, if applicable.

The Public Prosecutor's Office must file an objection whenever it becomes aware of the existence of any impediment.

Art. 152.—Proof of marriage shall be provided by the records or authentic certificates issued by the Civil Registry, and in the case of marriages solemnized prior to the establishment of the Civil Registry, by certifications from parish records.

In the event of the loss or destruction of records or entries, or if they are not in proper form, this may be substantiated by other means of evidence.

CHAPTER V

ON THE RIGHTS AND OBLIGATIONS OF SPOUSES

Art. 153.—Within marriage, the wife and the husband have the same rights and the same legal capacity, subject to the limitations arising from the unity of the family and the diversity of their respective roles in society. (1/92)

Art. 154.—Marriage creates a community between the spouses that obligates them to lead a conjugal life, to uphold the dignity of the home, and to provide for one another's protection, fidelity, and support, as well as to provide for the support, care, and education of their children.

Art. 155.—The marital domicile shall be established or changed by mutual agreement between the husband and wife. The judge may, for just cause, authorize either spouse to temporarily leave it.

Art. 156.—Spouses may not enter into contracts with one another, except in cases expressly provided for in this Code or in special laws.

Art. 157.—A wife of legal age who is under the regime of separate property may, without the judge's permission, grant power of attorney to her husband, post bail for his release, enter into a loan agreement with him, entrust him with a deposit, or enter into a corporation or limited liability company agreement; however, she may not, without judicial permission, act as his surety or co-obligor in a matter of the husband's exclusive interest.

Art. 158.—The consent of both spouses is required for a woman to validly perform the following acts:

a) to practice a profession, engage in industry, or conduct business on her own account, or to perform work outside the home;

b) to offer her services for hire;

c) form general partnerships, capital and industrial partnerships, or limited partnerships, whether simple or by stock;

d) accept gifts;

e) disposing of, without consideration, property under her administration through inter vivos transactions.

In all cases where the husband's consent is required, if he refuses to give it or is unable to do so, the wife may request the necessary authorization from a judge, who shall grant it when the request is in accordance with the needs or interests of the household.

Art. 159.—Consent by both spouses shall be presumed to exist only in the following cases:

a) when the wife practices a profession, engages in industry, or conducts business on her own account, or performs work outside the shared home, personally and in her own name; and

b) if she continues to engage in the activities she was engaged in at the time of marriage.

In the cases provided for in these articles, if the husband wishes to modify or reject the agreement and the wife does not consent, he must request the intervention of the judge, who shall decide by considering whether the withdrawal is based on valid grounds. The husband's opposition alone shall not be sufficient to compel the wife to cease her activities.

Art. 160.—Disputes between spouses, as provided for in the preceding articles, shall be resolved summarily by the judge, following a hearing of the parties concerned. Where delay would cause prejudice, the court may order that, pending the decision, the acts giving rise to the dispute be suspended.

Art. 161.—For the agreement, its revocation, and its reinstatement to be effective against third parties acting in good faith, they must be registered in the appropriate registry.

Art. 162.—The husband's obligation to support his wife ceases if she abandons the marital home without just cause and refuses to return to him.

CHAPTER VI

DISSOLUTION OF MARRIAGE

Art. 163.— A valid marriage celebrated in the Republic is dissolved only by the death of one of the spouses.

Art. 164.—A marriage entered into abroad shall not be dissolved in Paraguay, if the spouses are domiciled there, except in accordance with the provisions of this Code.

Art. 165.—The dissolution abroad of a marriage entered into in the Republic shall not entitle either spouse to remarry in the Republic, except in accordance with the provisions of this Code.

Art. 166.—The law of the spouses' domicile governs the separation of the spouses, the dissolution of the marriage, and the effects of its annulment.

CHAPTER VII

ON LEGAL SEPARATION

Art. 167.—Spouses may, regardless of the country in which they were married, obtain a judicial separation by mutual consent and without stating a cause, after two years of married life have elapsed.

Minors emancipated by marriage shall also enjoy this right, but only after two years have elapsed since both spouses reached the age of majority.

Art. 168.—The judge shall hear each spouse separately, within a period of thirty to sixty days, to confirm or deny their intention to separate.

Art. 169.—The judge shall approve the agreement if both spouses ratify it within the time limit set for them. If either spouse recants or remains silent, the petition for separation shall be denied.

Art. 170.—A legal separation may be sought by either spouse on the following grounds:

a) adultery;

b) an attempt by one spouse on the life of the other, and attempted murder, whether as the perpetrator or as an accomplice;

c) dishonorable or immoral conduct by one spouse, or that spouse's incitement of the other to adultery, prostitution, or other vices and crimes;

d) cruelty, abuse, and serious insults;

e) willful and malicious abandonment. A spouse also commits abandonment if he or she fails to fulfill his or her duty of support toward the other spouse or their children, or if, having been ordered to pay alimony, he or she is in default for more than two consecutive months without just cause; and

f) a habitual state of intoxication or repeated use of narcotic drugs, when such conduct renders married life intolerable.

Art. 171.—Once a petition for separation has been filed, or prior to such filing in cases of urgency, the judge may, at the request of a party, order the legal separation of the spouses, authorize the wife to reside outside the marital home, or order the husband to leave it. The judge may also determine, if necessary, the spousal support to be provided to the wife, as well as the costs of the proceedings. If there are minor children, the parties shall apply to the guardianship judge to request the appropriate measures.

Art. 172.—All types of evidence shall be admissible in this proceeding, with the exception of confessions and the testimony of the spouses' ascendants and descendants.

Art. 173.—The action for separation shall be terminated by the death of one of the parties; however, if the action has already been initiated and is a prerequisite for another action relating to the estate, it may continue for this purpose alone by the heirs of the deceased, or against them. It may also be continued by the defendant spouse or his or her heirs when the allegation on which it is based constitutes a violation of that spouse's honor.

Art. 174.—In the cases provided for in Article 170, the judgment shall rule on the fault of one or both spouses.

The innocent spouse shall retain the rights inherent in that status that are not incompatible with the state of separation.

The guilty spouse shall forfeit any profits or benefits to which he or she would be entitled under the marriage agreement. He or she shall only have the right to request spousal support from the other spouse if he or she lacks the means to support himself or herself.

Art. 175.—If there are minor children, a copy of the case file shall be forwarded to the Guardianship Judge once the judgment granting the separation has been issued.

Art. 176.—The spouses may, by mutual agreement, terminate the effects of the separation judgment by making an express declaration to the judge or by resuming cohabitation.

Under no circumstances shall reconciliation prejudice the rights acquired by third parties during or prior to the separation.

CHAPTER VIII

ON THE NULLITY OF MARRIAGE

Art. 177.—The nullity of a marriage may be declared only on the grounds established in this chapter.

Art. 178.—The court of the marital domicile has jurisdiction to hear cases of annulment and its effects if the spouses have their domicile in the Republic. If the defendant spouse does not have a domicile in the country and the marriage was solemnized there, the action for annulment may be brought before the court of the last marital domicile in the Republic.

Art. 179.—A marriage is void:

a) when it is entered into in the presence of any of the impediments set forth in Articles 140, 141, and 142; and

b) when it has been contracted between persons of the same sex.

Art. 180.—Such nullity must be declared at the request of the Public Prosecutor's Office or of persons with an interest in the matter.

Art. 181.—A marriage is voidable:

a) if it was entered into by either spouse while subject to the impediment set forth in Article 143. If, at the time the marriage was entered into, a judgment of interdiction had already become final and binding, or if the interdiction was pronounced subsequently but the mental illness existed at the time of the marriage, the challenge may be raised by the guardian appointed under the interdiction or by those who could have opposed the marriage. The action may not be brought if, after the interdiction was revoked, the spouses have lived together as husband and wife;

b) when either party does not meet the minimum age required by law. Annulment may be sought by any person who could have objected to the marriage. The right to challenge the marriage shall cease once the minor has reached the age of majority, and in the case of a woman, once she has conceived. If the challenge had been filed earlier, the case shall be dismissed;

c) if the consent of one of the contracting parties was vitiated by fraud, violence, or error regarding the identity of the other spouse;

d) due to permanent, absolute, or relative impotence existing at the time the marriage was solemnized; the action may be brought by either spouse; and

e) when the marriage was not performed in accordance with the prescribed forms and solemnities. Failure to observe these may not be invoked against the validity of the marriage if the marriage certificate and the fact of cohabitation exist.

Art. 182.—An action for annulment based on a defect in consent may be brought only within sixty days from the time the error was discovered or the violence ceased, and, in the case of abduction, from the time the victim regained their freedom.

Art. 183.—In cases of voidable marriages, proceedings may be initiated only at the request of a party.

Such marriages may be confirmed

An action for annulment of marriage based on error may be brought only by the

deceived spouse. Art. 184.— A judgment declaring the nullity of a marriage shall have the

following effects:

a) if both spouses entered into the marriage in good faith, it shall have the effects of a valid marriage until the date of the judgment. Thereafter, the rights and obligations arising from the marriage shall cease, with the exception of the reciprocal duty to provide support when necessary. The marital partnership shall also cease;

b) when one of the spouses acted in good faith, the effects of a valid marriage shall apply to that spouse until the date of the judgment. The spouse who acted in bad faith shall not be entitled to spousal support, nor to any benefit granted by the marriage contract, nor to the rights inherent in parental authority with respect to the children, but shall retain the obligations; and

c) if both spouses acted in bad faith, the marriage shall have no legal effect whatsoever, except as provided in the following article. With regard to property, the rules governing common-law unions, where applicable, or de facto partnerships shall apply.

Art. 185.—The annulment of a marriage, even if both spouses acted in bad faith, does not affect the status as a child born in wedlock of any child conceived prior to the judgment declaring the annulment.

Art. 186.—Bad faith on the part of the spouses consists of the knowledge they had, or should have had, prior to the celebration of the marriage, regarding the grounds that rendered it void.

A husband who was under the legal age for marriage and one who was subjected to coercion in expressing his consent shall always be considered to have acted in good faith.

A party acting in bad faith must compensate the party acting in good faith for any damages resulting from the nullity of the marriage.

Art. 187.—The nullity of a marriage does not prejudice the rights of third parties who, in good faith, have entered into contracts with the spouses or with one of them.

Art. 188.—An action for the nullity of a marriage may be brought only during the spouses' lifetimes. One spouse may, however, at any time bring the action to which he or she is entitled against a second marriage contracted by the other spouse. If the nullity of the first marriage is raised as an objection, that objection shall be adjudicated first. This prohibition does not apply if, in order to determine the plaintiff's right, it is necessary to examine the validity of the marriage, when the annulment is based on impediments of consanguinity, incest, or a crime, and the action is brought by ascendants or descendants.

CHAPTER IX

THE MATRIMONIAL PROPERTY REGIME SECTION I

COMMUNITY OF PROPERTY

Art. 189.—Spouses shall be subject to the community of property regime, which shall be governed by the provisions of this Chapter, provided they do not agree upon a different matrimonial property regime.

Art. 190.—The community is entitled to the use and enjoyment of both separate property and

marital property. Art. 191.—Marital property includes:

a) property acquired for valuable consideration by either spouse during the marriage, unless it is proven to be separate property. In the case of personal property, the rules governing usufruct shall apply;

b) property acquired by gift, inheritance, or bequest in favor of both spouses;

c) the natural and civil fruits of the joint property or the separate property of the spouses, received during the marriage or pending at the time of the dissolution of the community of property. Proceeds of other kinds shall be governed by the provisions on usufruct;

d) the civil fruits of the profession, work, or business of either spouse;

e) those received by the spouses through the usufruct of the property of children from another marriage;

f) those acquired through fortuitous events. Excluded are those arising from a lottery or redemption, with or without a premium, of securities belonging to one of the spouses;

g) the value, at the time of disposal or upon dissolution of the community of property, of improvements made to the spouses' separate property when such improvements have increased its value. The amount may not exceed what was actually spent, and for this purpose, account shall be taken of any changes in the value of the currency between the time the improvements were made and the time of their disposition or the liquidation of the community of property;

h) property that should have been acquired by one of the spouses during the marriage but was acquired after the dissolution of the community of property, either because the other spouse was unaware of it or because its acquisition was unjustly prevented; and

i) amounts spent on expenses related to separate property, or for any other purpose, provided that only one of the spouses derived a benefit therefrom.

Art. 192.—All property existing at the end of the community of property is presumed to be community property, unless proven otherwise. A mere admission by the spouses shall not be valid against the creditors of the community of property or of either spouse.

SECTION II

SEPARATE PROPERTY

Art. 193.—The following are the separate property of each spouse:

a) those which each spouse owned at the time of marriage;

b) those acquired thereafter by gift, inheritance, or bequest;

c) property obtained through the exchange of their own separate property, or purchased with their own money;

d) any material increases in the value of a separate asset when such increases become part of the asset by accession or for any other reason;

e) compensation for damages suffered to a separate asset;

f) retirement benefits, pensions, and life annuities in favor of one of the spouses prior to the marriage;

g) compensation for occupational hazards or for unlawful acts, and compensation derived from insurance covering the spouse's person or personal property;

h) personal and family mementos, clothing, jewelry, work tools, and books necessary for the practice of a profession;

i) letters received by one of the spouses, when addressed to the recipient, and the recipient's manuscripts;

j) property acquired during the term of the community property regime, even if acquired for valuable consideration, when the cause for its acquisition predated the marriage;

k) property that belonged to either spouse prior to the marriage, based on a title whose defect was cured during the community property period, by whatever means;

l) property that reverts to one of the spouses due to the nullity, rescission, or revocation of a transfer prior to the community of property; and

m) half the value of community property disposed of to satisfy the other spouse's own debts.

SECTION III

ENCUMBRANCES ON THE COMMUNITY PROPERTY

Art. 194.—The following constitute encumbrances on the community property:

a) the support of the spouses and their children, their ascendants, and any children either spouse may have had at the time of marriage;

b) the maintenance and repair of the spouses' separate and community property;

c) the obligations incurred by the husband, and those incurred by the wife in cases where she may legally bind the community; and

d) property lost due to unforeseeable events;

SECTION IV

ON THE ADMINISTRATION OF PROPERTY

Art. 195.—The husband is the administrator of the community's property, except as provided in this Chapter.

Art. 196.—In exercising his administrative authority, the husband must act diligently, in accordance with the nature of the property and the rules of this Chapter.

Art. 197.—The husband may not, without the express consent of the wife,

a) dispose of her separate property or community property that must be registered in public records, or create real rights over such property;

b) provide security by pledging the wife's separate property or community property; and

c) make donations, unless they are of negligible value or in payment for services provided at the community's expense.

If the wife refuses to give her consent, or is unable to do so, the husband may be authorized by a court, if the interests of the family so require.

Art. 198.—The administration of the marital estate shall pass to the wife, with the same powers and responsibilities, when she is appointed guardian of her husband, or when he is declared absent or unable to exercise such administration.

The husband shall regain administration when the circumstances that led to its transfer to the wife cease to exist.

Art. 199.—If, due to the wife's incapacity or justified excuse, another person is appointed as the husband's guardian, the guardian shall have administration of all the property of the marital community, with the same rights and obligations.

Art. 200.—The administration of the marital property entrusted to the husband does not extend to the wife's reserved property.

SECTION V

THE WIFE'S RESERVED PROPERTY

Art. 201.—The wife's reserved property consists of:

a) items intended exclusively for her personal use, particularly her clothing, jewelry, and work tools;

b) those acquired after her marriage by inheritance, bequest, or gift, provided that the testator or donor has so provided;

c) those acquired in the exercise of a right inherent to her reserved property or by way of compensation for damages suffered in connection with such property, or by virtue of a legal act relating to said property; and

d) those obtained from the legal usufruct of the property of her minor children from a previous marriage.

Art. 202.—The reserved property shall be liable for the obligations the wife has incurred before or after the marriage, but not for those of her husband, whether he incurred them in the interest of a personal business or in the interest of the community property she administers.

If the community's assets are insufficient to meet the ordinary needs of the household, the wife who possesses reserved property shall contribute to their satisfaction, alongside her husband, and in proportion to said property.

SECTION VI

ON MARRIAGE AGREEMENTS

Art. 203.—Prospective spouses may enter into prenuptial agreements for the following purposes only:

a) to opt for the separate property regime;

b) to specify the property that each of the future spouses will contribute, stating its value and any encumbrances;

c) to establish a detailed list of the debts of the prospective spouses;

d) record the gifts from the husband to the wife;

e) specify the wife's separate property, the administration of which she reserves for herself.

Minors authorized to marry may also enter into the agreements referred to in subsections (a), (b), and (c), with the consent of their legal representatives.

Art. 204.—After the marriage has been solemnized, the spouses may agree only on the following:

a) opt for the separate property regime or adopt the community property regime, as applicable;

b) reserve the wife's separate property for her own administration or place reserved property under the husband's administration;

c) grant each other power of attorney;

d) exchange property of equal value; and

e) form limited liability companies.

Art. 205.—In the cases provided for in subsections (d) and (e) of the preceding article, prior judicial authorization shall be required, which shall be granted provided that the contract takes into account the interests of the family and of both spouses equally.

Art. 206.—Gifts made by the future husband to his fiancée pursuant to a prenuptial agreement or by a separate act, or those made by third parties to either or both of them on the occasion of their marriage, shall be void if the marriage is not solemnized or, if solemnized, is annulled, except for the rights recognized by this Code to the spouse acting in good faith.

Art. 207.—Marriage agreements and any amendments thereto must be in writing and shall be effective against third parties only upon their registration in the appropriate registry.

SECTION VII

ON THE DISSOLUTION AND LIQUIDATION OF THE MARITAL COMMUNITY

Art. 208.—The marital community is dissolved:

a) upon the death of one of the spouses;

b) upon the disappearance of one of the spouses with a presumption of death, when definitive possession of the property has been decreed;

c) upon judicially declared nullity of the marriage; and

d) upon judicial separation of property, ordered at the request of one or both spouses.

Art. 209.—At any time, either spouse or both spouses by mutual agreement may request, without stating a reason, the dissolution and liquidation of the community property.

The judge shall order it without further proceedings, and the community of property shall be dissolved.

Art. 210.—Once the judge orders the dissolution of the community property regime, the status of the assets comprising it may not be altered, and both lease agreements entered into by one spouse without the consent of the other or without court approval, as well as advance receipts for rent or lease payments not permitted by custom, shall be deemed simulated and fraudulent.

Art. 211.—Once the petition for dissolution is filed, an inventory and appraisal of the property shall be conducted immediately, and the court may, at the request of a party, order precautionary measures and appoint either spouse or a third party as provisional administrator.

Art. 212.—The court shall issue public notices calling upon those with an interest in filing a claim against the community to appear within a mandatory period of thirty days to file their claims. The notice shall be published for fifteen consecutive days in one of the newspapers within the court's jurisdiction.

Interested parties who do not appear within the specified period shall have a claim only against the debtor's separate property.

Art. 213.—The effects of the dissolution of the community property shall take effect between the spouses as of the date of the judgment declaring it and, with respect to third parties, as of the date on which it has been registered.

Art. 214.—Once the inventory has been completed and the notices published, any claims against the joint estate that have been recognized in court shall be paid; each spouse shall be returned what they contributed to the community property; and the community property shall be divided equally between the spouses. If there is a loss, the amount of the loss shall be

deducted from each spouse's share in proportion to the profits that would have accrued to them; if only one spouse contributed capital, the total loss shall be deducted from that spouse's share.

Art. 215.—Upon dissolution of the community property, the husband or his heirs shall return to the wife her property in the condition in which it is found, within thirty days if it consists of real property or non-consumable personal property in their possession; and within one hundred eighty days in the case of money, fungible goods, or the value of the wife's separate property not held by the husband or his estate.

Art. 216.—When creditors have enforced a judgment against the community property for debts owed by only one of the spouses, the other spouse shall be entitled to half the value of the property disposed of as his or her separate property.

CHAPTER X

DE FACTO UNION

Art. 217.—A public and stable extramarital union between persons capable of entering into marriage shall produce the legal effects provided for in this Chapter.

Art. 218.—An obligation undertaken by a cohabiting partner to provide support to his abandoned cohabiting partner is valid for as long as she needs it. If there was seduction or abuse of authority on his part, he may be compelled to provide her with adequate compensation, regardless of the duration of the extramarital union.

Art. 219.—Provisions regarding financial benefits agreed upon by cohabiting partners or contained in testamentary dispositions shall be valid, subject to the provisions of this Code regarding the statutory share of forced heirs.

Art. 220.—A common-law union, regardless of its duration, may give rise to a de facto partnership, provided that the requirements set forth in this Code for the existence of such a partnership are met. Unless proven otherwise, a partnership shall be presumed to exist whenever the common-law relationship has lasted more than five years.

Art. 221.—A de facto partnership formed between cohabiting partners shall be governed, where applicable, by the provisions regulating the community of marital property. The status of joint ownership of property registered as belonging to only one of the cohabiting partners may not be invoked to the detriment of third-party creditors.

Art. 222.—A cohabiting partner is liable to third parties for household purchases made by the other cohabiting partner with the former's tacit authorization.

Art. 223.—The surviving partner in a de facto union shall enjoy the same rights to retirement benefits, pensions, and compensation due to the deceased as would be granted to a spouse.

Art. 224.—A common-law marriage that meets the requirements of this Chapter shall entitle the parties to the settlement of joint property.

SECTION I

MARITAL CHILDREN

Art. 225.—Married children are:

a) those born more than one hundred eighty days after the marriage was solemnized, and within the three hundred days following its dissolution or annulment, unless it is proven that it was impossible for the husband to have had sexual relations with his wife during the first twenty days of the three hundred days preceding the birth;

b) those born to parents who, at the time of conception, were eligible to marry and who were acknowledged prior to, at the time of, or up to sixty days after their parents' marriage. Presumption of legitimacy substitutes for such acknowledgment;

c) those born more than one hundred eighty days after the mother's valid or putative marriage and those born within three hundred days from the date the valid or putative marriage was dissolved by the husband's death or because it was annulled; and

d) children born within one hundred eighty days of the marriage ceremony, if the husband, prior to the marriage, was aware of his wife's pregnancy, or if he consented to their being recorded as his children in the Civil Registry, or if he otherwise acknowledged them expressly or tacitly.

Art. 226.—Children born after the reconciliation and cohabitation of spouses separated by a court order are considered legitimate, unless proven otherwise.

Children conceived during a putative marriage shall be considered children of the marriage. Those conceived before such a marriage but born afterward are also considered children of the marriage.

Art. 227.—If, after the marriage has been dissolved or annulled, the woman enters into another marriage within three hundred days, any child born before one hundred eighty days have elapsed since the second marriage was solemnized shall be presumed to have been conceived during the first marriage, provided that the child is born within three hundred days of the dissolution or annulment of the first marriage.

Art. 228.—A child born more than one hundred eighty days after the second marriage is celebrated shall be presumed to have been conceived during that marriage, even if the birth occurs within three hundred days following the dissolution or annulment of the first marriage. The presumption established in this article and the preceding one admits of no evidence to the contrary.

Art. 229.—A child born within three hundred days following the dissolution of the mother's marriage is presumed to have been conceived during that marriage, even if the mother or anyone claiming paternity acknowledges the child as born out of wedlock.

SECTION II

CHILDREN BORN OUT OF WEDLOCK AND THEIR RECOGNITION

Art. 230.—Children conceived outside of marriage are considered children born out of wedlock, whether their parents could have married at the time of conception or whether there were impediments to the marriage.

Art. 231.—The acknowledgment of children born out of wedlock may be made before a civil registrar, by public deed, before a judge, or by will.

Such acknowledgment is irrevocable and is not subject to conditions or time limits. If made by will, it remains effective even if the will is revoked.

Art. 232.—Children born out of wedlock may be acknowledged jointly or separately by their father and mother. In the latter case, the parent who acknowledges the child may not disclose the name of the person with whom the child was conceived.

Art. 233.—A child born out of wedlock who is recognized voluntarily by his or her parents, or through a court order, shall bear the parents' last name.

SECTION III

ON ACTIONS FOR ESTABLISHMENT OF PARENTAGE

Art. 234.—Children have the right to be recognized by their parents. This right is not subject to a statute of limitations and cannot be waived. In the investigation of paternity or maternity, all evidence suitable for proving the facts shall be admitted.

In the absence of legal status, this right may only be exercised during the parents' lifetimes.

An investigation into maternity shall not be permitted when its purpose is to attribute the child to a married woman, unless the child was born before the marriage.

Art. 235.—The legal status of a child is established by the existence of facts indicating parentage or kinship, such as:

a) the use of the last name of the person claimed to be the parent;

b) that the person has treated the child as a son or daughter, and the child, in turn, has treated that person as a father or mother; and

c) that the child has been regarded as such by the family or society.

Art. 236.—The husband may disown a child conceived during the marriage in the following cases:

a) if, during the period between the earliest and latest possible dates of conception, he was impotent or sterile;

b) if, during that period, he was legally separated from his wife—even as a result of a precautionary court order—unless the spouses cohabited, even temporarily; and

c) if, during that period, the wife committed adultery and concealed her pregnancy and the birth of the child from her husband. The husband may also prove any other fact that excludes his paternity.

Art. 237.—While the husband is alive, only he has the right to bring an action to disavow paternity of a child conceived or born during the marriage. If the husband is declared legally incapacitated, the action to disavow paternity may not be brought by his guardian unless authorized by the judge, following a hearing with the Juvenile Prosecutor's Office.

If the guardian has not brought the action and the husband is no longer under legal incapacitation, he may bring it within the time limit set forth in the following article.

Art. 238.—Upon the husband's death, his presumed heirs who would otherwise share the estate with the child or be excluded by the child, as well as the deceased's ascendants, may continue the action to disavow paternity initiated by the husband.

Art. 239.—The action to contest the paternity of a child conceived during the marriage is barred sixty days after the husband learned of the birth. The complaint shall be filed against the mother and the child.

If the husband dies, the case shall proceed against his heirs.

Art. 240.—Parentage, even if it is in accordance with the entries in the Civil Registry or, where applicable, in the parish records, may be contested by the father or mother, and by any person who has a current interest in doing so, provided that a claim is made of a supposed birth, substitution of the child, or that the woman is not the mother of the child who is considered to be hers.

Art. 241.—The heirs or descendants of a child who has died may continue the paternity action or initiate it if the child died while a minor, provided they do so within two years following the child's attainment of majority.

Art. 242.—Filiation is proven by the registration of the birth in the Civil Registry; in the case of children born in wedlock, the authentic marriage certificate of their parents is also required.

If the child's birth has not been registered, or if the records have been destroyed or lost in whole or in part, filiation may be established by other means of proof.

In the absence of registration and established paternity, or if the registration was made under a false name, or as the child of unknown parents, or in cases of presumed or substituted birth, the birth and parentage may be proven by other means.

Art. 243.—When the husband has acknowledged paternity expressly or tacitly, or has allowed the time limit to expire without contesting it, the action may not be brought, unless the husband was induced, by error or fraud, to acknowledge the child as his own.

In this case, the action must be brought by the husband, his descendants, or his heirs within sixty days of discovering the fraud or error.

Art. 244.—The husband's ascendants and his presumptive heirs, who would otherwise share the inheritance with the child or be excluded by the child, may also bring an action to disavow paternity:

a) when the husband has disappeared or his existence is uncertain. The time limit established in the preceding article shall be calculated one year after the disappearance or absence, if the plaintiffs are the ascendants; and if they are the heirs, after the declaration of presumed death; and

b) if the husband was deprived of mental capacity during the statutory period in which he could have disavowed his paternity, or had died before the expiration of that period. In the first case, the action must be filed within sixty days of learning of the birth; in the second, the period shall be counted from the date of death.

Art. 245.—A judicial ruling issued prior to marriage that recognizes the child's extramarital filiation, followed by the marriage of the child's parents, confers upon the child the status of a child born in wedlock.

Art. 246.—The legal effects provided for in the preceding article extend to the descendants of the child who acquires the status of a child born in wedlock, and apply to those who had already died at the time the marriage was celebrated, provided they left descendants, and shall also benefit such descendants.

Art. 247.—The acknowledgment of a child by the parents may be challenged by the child or by the mandatory heirs of the parent making the acknowledgment within a period of one hundred eighty days from the date they became aware of the act.

Art. 248.—Parental authority, adoption, and guardianship are governed by the provisions of Law No. 903/81 of the Juvenile Code.

CHAPTER XII

KINSHIP AND THE OBLIGATION TO PROVIDE SUPPORT SECTION I

KINSHIP

Art. 249.—Kinship may be by blood, marriage, or adoption.

Art. 250.—Kinship by blood is the relationship that exists between persons united by the bond of blood. The closeness of the kinship is determined by the number of generations. Each generation constitutes a degree. The series of degrees forms the line.

Art. 251.— A direct line is the series of degrees between persons who are descended from one another.

A collateral line is the series of degrees between persons who have a common ancestor but do not descend from one another.

The direct line is either descending or ascending. The descending line connects the ancestor to those who descend from him or her. The ascending line connects a person to those from whom he or she descends.

Art. 252.—In both lines, there are as many degrees as there are persons, minus one. In the direct line, one ascends to the ancestor. In the collateral line, one ascends from one of the persons to the common ancestor, and then descends to the other person with whom the degree of kinship is to be established.

Art. 253.—Affinity is the bond between a spouse and the other spouse's blood relatives. The degree and line of affinity are determined according to the degree and line of consanguinity.

Art. 254.—Kinship by affinity in the direct line is not extinguished by the dissolution of the marriage that gave rise to it.

Kinship by affinity does not create a kinship relationship between the blood relatives of one spouse and those of the other.

Art. 255.—Adoption establishes a kinship relationship between the adoptee and the adoptive parent, as well as with the adoptive parent's family, in the cases provided for in the Juvenile Code.

SECTION II

ON THE OBLIGATION TO PROVIDE SUPPORT

Art. 256.—The obligation to provide support arising from kinship includes what is necessary for subsistence, housing, and clothing, as well as what is essential for medical care. In the case of persons of school age, it shall include what is necessary to cover these expenses.

Art. 257.— Unless otherwise provided by law, the person requesting support must prove that they are unable to provide it for themselves.

Art. 258.—The following parties are mutually obligated to provide support, in the following order:

a) spouses;

b) parents and children;

c) siblings;

d) grandparents, and in their absence, the nearest ascendants; and

e) parents-in-law, sons-in-law, and daughters-in-law.

Descendants shall be liable before ascendants. The obligation shall be determined according to the order of succession, in proportion to the inheritance shares.

Among ascendants, the closest are obligated before the more distant ones, and those of the same degree are obligated in equal shares.

Art. 259.—When several persons are jointly obligated to provide support, the proportion in which they must contribute shall be determined by their inheritance share.

If there are several obligated parties and the person primarily responsible for providing support is unable to do so, the obligation shall pass in whole or in part to the other relatives, according to the order established in the preceding article.

Art. 260.—If, after the maintenance has been ordered, the financial situation of the person providing it or the person receiving it changes, the judge may order an increase, decrease, or termination of the maintenance, depending on the circumstances.

Art. 261.—A person who provides or has provided support, whether voluntarily or by court order, may not seek reimbursement, in whole or in part, from other relatives, even if they are of the same degree of kinship and in the same circumstances as the provider.

Art. 262.—The obligation to provide support may not be the subject of a set-off or settlement. The right to claim support is inalienable and non-transferable, and the support payment may not be encumbered or garnished.

Art. 263.—The obligation to provide support shall cease:

a) in the case of children, when they reach the age of majority, or, if they are minors, when they leave their parents' home without authorization;

b) if the recipient of alimony commits any act that renders him or her unworthy of inheriting from the obligor;

c) upon the death of the obligor or the recipient of support; and

a) when the circumstances that gave rise to the obligation have ceased to exist.

Art. 264.—The person obligated to provide support may do so by paying alimony or by taking in and supporting the person entitled to support in his or her own home. The judge shall decide, as he or she deems appropriate, whether or not to allow this latter form of support.

Art. 265.—Alimony shall be paid in monthly installments in advance.

CHAPTER XIII

ON

GUARDIANSHIP

SECTION I

ON THE GUARDIANSHIP OF PERSONS

Art. 266.—A guardian shall be appointed by the court for persons under legal interdiction or who have been disqualified.

The provisions of the Juvenile Code relating to guardianship shall apply to curatorship, subject to the modifications set forth in this Chapter.

Art. 267.—Persons under guardianship shall be confined or placed in appropriate facilities only by court order, when necessary for their safety, the safety of third parties, or their rehabilitation.

Art. 268.—A father or mother may appoint a guardian for their legally incapacitated children under the same circumstances and in the same manner as provided for guardianship.

Art. 269.—The following shall be legitimate curators:

a) a husband for his wife, and vice versa, provided they are not separated;

b) the adult children of a widowed father or mother. If there is more than one, the judge shall select the most suitable one;

c) the father or mother, with respect to their unmarried children or widowed children who have no children capable of serving as guardians; and

d) siblings and uncles or aunts who would be eligible to serve as guardians.

Art. 270.—Whenever the incapacitated person has minor children, the guardian of the incapacitated person shall also be the guardian of those children. If the guardianship pertains to a pregnant woman, it shall extend to the unborn child.

Art. 271.—Guardianship shall cease upon a court order lifting the interdiction or disqualification, and in cases where guardianship ceases.

SECTION II

CURATEL OF PROPERTY

Art. 272.—In addition to the cases provided for in this Code, a court shall appoint a guardian over a person's property when that person is absent or has disappeared from their domicile, their whereabouts are unknown, and they have left no agent to administer their property.

Art. 273.—A guardian over the property of an absent person shall also be appointed, even if his or her whereabouts are known , if he or she is unable to provide for the care of his or her property, provided that there is urgency.

Art. 274.—When a decedent leaves heirs who are not domiciled in the Republic, the curator shall be appointed in accordance with the treaties concluded with the countries of their respective domiciles.

Art. 275.—Custodians of property, without prejudice to the limitations established for guardians, may only perform acts of mere custody and preservation, as well as those necessary for the collection of receivables and the payment of debts.

They are also responsible for bringing legal actions and asserting legal defenses on behalf of the person under curatorship.

Creditors, with respect to the property subject to the curatorship, shall direct their claims against said representatives.

Art. 276.—The guardianship of property terminates upon the extinction of the property, upon the cessation of the cause that gave rise to it, or upon the return of the property to its owner.

Book Two

ON LEGAL FACTS AND ACTS AND OBLIGATIONS TITLE I

ON LEGAL FACTS AND ACTS CHAPTER I

ON FACTS IN GENERAL SECTION I

GENERAL PROVISIONS

Art. 277.— The voluntary acts provided for in this Code are those which, when performed with discernment, intent, and free will, result in the acquisition, modification, or extinction of rights. Those that do not meet these requirements shall not, in and of themselves, produce any effect.

Art. 278.—Acts shall be deemed to have been performed without discernment:

a) when the persons performing them have not reached the age of fourteen;

b) when their authors, for any reason, are deprived of reason; and

c) if they are performed by persons subject to legal incapacity or disqualification, except in the cases provided for in this Code;

Acts vitiated by error or fraud shall be deemed to have been performed without intent; and acts performed under duress or fear shall be deemed to have been performed without freedom.

Art. 279.—No act shall be considered voluntary without an external act through which the will is manifested.

Art. 280.—The will may be manifested either through a completed material act or simply through its positive or tacit expression.

Art. 281.—A positive declaration of intent is one that is expressed verbally, in writing, or through unequivocal signs, with reference to specific objects. However, such a declaration shall not be valid if it does not comply with the prescribed formalities, when the law requires a specific form for certain legal acts.

Art. 282.—A tacit manifestation arises from acts from which the existence of intent can be ascertained with certainty, provided that a positive declaration is not required or there is no other express statement to the contrary.

Silence shall be deemed consent to an act or a question when there is a legal duty to respond, or because of the relationship between the current silence and the agent's prior conduct. An expression of intent is presumed only in cases expressly provided for by law.

Art. 283.—No one may compel another to do anything or restrict their freedom without being legally authorized to do so. Anyone who is authorized by law to direct the actions of another may prevent that person, even by force, from harming themselves. This shall also be permitted to anyone who becomes aware of an unlawful act when it is not possible for the public authorities to intervene in a timely manner.

Art. 284.—When, through involuntary acts, harm is caused to another's person or property, liability for compensation shall arise only if the perpetrator of the act was enriched by the harm, and only to the extent of such enrichment.

SECTION II:

ERROR

Art. 285.—Ignorance of the law or a mistake of law shall not prevent the validity of lawful acts, nor shall it excuse liability for unlawful acts.

Art. 286.—A declaration of intent shall not be valid when the error relates to any of the following points:

a) the nature of the act;

b) the person with whom the legal relationship was formed, or to whom it refers;

c) the principal cause of the act, or the characteristic that was reasonably considered essential, according to business practice;

d) the object, in the event that a different good or one of a different kind was specified, or a different quantity, extent, or amount, or any other fact other than that which was intended to be designated; and

e) any other circumstance that the agent, in good faith, could have considered a necessary element of the act entered into.

These same rules shall apply in the event that the declaration of intent was inaccurately conveyed

Art. 287.— An error regarding the qualities of the thing not covered by subsection (d) of the preceding article does not invalidate the transaction, even if it was a determining factor in the transaction, unless there is an express warranty, or the agent acted with fraud, or such qualities constitute a condition.

Art. 288.—A party that has been subject to a mistake may not rely on it in violation of the principles of good faith. That party shall be obligated to perform the obligation it understood it had undertaken, provided that the other party consents to such performance.

Art. 289.—A mistake does not give rise to liability when there was a reasonable basis for the mistake, but it may not be invoked when it results from attributable negligence. In such a case, a party who, relying on its own mistake, invokes the nullity of the act to evade its effects must compensate the other party for the damages it has suffered, provided that the other party was not aware of the mistake or should not have been aware of it.

Such compensation shall not be allowed in the context of last wills and testaments.

SECTION III

FRAUD

Art. 290.—Fraudulent conduct intended to bring about the performance of an act consists of any false assertion or concealment of the truth, as well as any cunning, artifice, or scheme employed for that purpose. These rules shall apply equally to fraudulent omissions.

Art. 291.—For fraud to render an act void, it must have determined the declaration of intent and caused harm.

Incidental fraud shall only give rise to an obligation to compensate for the resulting harm.

Art. 292.—Fraud shall affect the validity of acts, whether it originates from the parties or from a third party.

SECTION IV

FORCE AND FEAR

Art. 293.—The agent shall be deemed to lack free will when irresistible force is used against him or her.

Intimidation shall be deemed to have occurred when, through unjust threats, someone causes the agent to have a well-founded fear of suffering any imminent and serious harm to his or her person, liberty, honor, or property, or to that of his or her spouse, descendants, ascendants, or collateral relatives. In the case of other persons, it shall be up to the judge to decide whether intimidation has occurred, depending on the circumstances.

Art. 294.—The normal exercise of rights shall not constitute unjust threats. However, when excessive advantages have been extracted from the other party by this means, moral coercion may be considered sufficient to void the act.

Art. 295.—Force or intimidation vitiates the act, even if employed by a third party. When one of the parties has been aware of this, that party shall be jointly and severally liable with the perpetrator for damages. In all other cases, compensation shall be borne exclusively by the party responsible.

CHAPTER II

LEGAL ACTS IN GENERAL SECTION I

GENERAL PROVISIONS

Art. 296.—Legal acts are voluntary and lawful acts whose immediate purpose is to create, modify, transfer, preserve, or extinguish rights.

Omissions that possess the same characteristics are subject to the rules of this title.

Art. 297.—Without prejudice to the provisions of this Code regarding the capacity or incapacity of persons and the form of acts, such acts shall be governed exclusively—regardless of the place of their execution—with respect to their formation, proof, validity, and effects, by the laws of the Republic when they are to be performed within its territory or when legal actions are brought therein for failure to comply with them.

Acts relating to succession upon death shall be governed by the special provisions of this Code.

Art. 298.—The incapacity of one of the parties may not be invoked for the benefit of the capable party. However, if a capable person and an incapacitated person are simultaneously bound by an act, only the incapacitated person may seek the partial annulment of the act and benefit from the effects of such annulment, unless the subject matter is indivisible, in which case the declared nullity shall also benefit the capable party.

Art. 299.—The following may not be the subject of legal acts:

a) anything not within the scope of commerce;

b) anything prohibited by law; and

c) acts that are impossible, unlawful, contrary to morality and public policy, or that infringe upon the rights of third parties.

Failure to comply with these rules renders the act null and void; the same applies to ancillary clauses that, under the guise of conditions, contravene the provisions of this article.

Art. 300.—An erroneous legal characterization of the act by the parties does not affect its validity, which shall be determined based on the actual content of the act. Where an instrument contains language that is inconsistent with the intent reflected in the act, the intent shall prevail.

Art. 301.—Legal acts produce the effect declared by the parties, the effect implicitly contained therein, and the effect assigned to them by law.

SECTION II

ON THE FORM OF LEGAL ACTS

Art. 302.—In the execution of legal acts, the formalities prescribed by law must be observed. In the absence of a specific rule, the parties may use the forms they deem appropriate.

Art. 303.—When a specific form of instrument is exclusively prescribed by law, it may not be replaced by another, even if the parties have agreed in writing to execute it within a specified time and have imposed any penalty. This clause and the act itself shall be null and void.

Art. 304.—The requirement that a document be in writing may be satisfied by a public instrument or a private instrument, except in cases where the form of a public instrument is exclusively required.

SECTION III

ON SIMULATION IN LEGAL ACTS

Art. 305.—Simulation is not prohibited by law when it does not harm anyone nor serve an unlawful purpose.

Art. 306.—A legal act may be annulled when the simulation harms a third party or pursues an unlawful purpose. In such a case, the parties to the simulation may bring an action for annulment only against one another, in accordance with the provisions of this Code regarding unjust enrichment.

Art. 307.—If there is a counter-document signed by any of the parties to set aside the simulated act—whether the act was unlawful or, if lawful, to clarify or limit the preceding act—the courts may rule on both the counter-document and the simulation, provided that the counter-document does not contain anything contrary to statutory prohibitions or the rights of a third party.

Art. 308.—Third parties harmed by a simulated act have the right to sue for its annulment; however, the effects of the judgment shall not affect the validity of acts of administration or disposition entered into for valuable consideration with other persons acting in good faith. This provision shall apply equally to annulment declared by a court or effected by agreement of the parties who entered into the simulated act.

Art. 309.—The contracting parties may not invoke the simulation against creditors of the apparent owner who, in good faith, have taken enforcement actions against property that was the subject of the simulated contract. The creditors of the party who simulated the transfer may challenge the simulated act that prejudices their rights, and, in the event of a conflict with the unsecured creditors of the simulated acquirer, they shall have priority over the latter if their claim predates the simulated act.

Art. 310.—Evidence of the sham transaction shall be admissible without limitation if the action is brought by third parties and when it is intended to establish the unlawfulness of the sham act, even if the action is brought by the parties.

SECTION IV

ACTS COMMITTED IN FRAUD OF CREDITORS

Art. 311.— Acts of disposition made without consideration by an insolvent debtor, or by a debtor rendered insolvent as a result of such acts, may be revoked at the request of the creditors.

Art. 312.—Transactions for consideration carried out by an insolvent debtor shall also be revocable when the insolvency is notorious, or there was reasonable grounds for the other contracting party to be aware of it, and the claim on which the action is based predates the fraudulent transaction.

If the act is intended to evade liability arising from the commission of a criminal offense, it is not necessary for the claim to predate said act.

Art. 313.—If the debtor waives rights—even if they have not been irrevocably acquired—by which he could have improved his financial situation or prevented its deterioration, the creditor may obtain the revocation of such waiver and exercise the waived rights or actions.

Art. 314.—Revocation shall also apply when the debtor creates security interests in his or her property to the detriment of his or her creditors.

Art. 315.—Revocation shall be ordered exclusively in the interest of the creditor who requested it, and only up to the amount of the creditor’s claim.

The creditor’s action shall cease if a third party makes payment or provides security in the event that the debtor’s assets are insufficient.

Art. 316.—Once the revocation has been obtained, the creditor may bring enforcement or protective actions against the third party with respect to the property that is the subject of the revoked act. The accomplice in the fraud must return such property, along with all proceeds therefrom, as a possessor in bad faith.

Art. 317.—Any person who has acquired in bad faith property transferred in fraud of creditors must compensate the creditors for damages when the property has passed to a subsequent purchaser in good faith or when it has been lost.

SECTION V

ON THE FORMS OF LEGAL ACTS PARAGRAPH I

CONDITIONS

Art. 318.—In legal acts, the parties may make the existence or termination of their effects contingent upon a future and uncertain event.

Art. 319.—A condition involving an impossible event, one contrary to morality or public policy, or one prohibited by law, renders the legal act void. The following conditions are specifically prohibited:

a) to always reside in a specific place or to make the choice of domicile subject to the will of a third party;

b) to change or not to change one's religion;

c) to marry a specific person, with the approval of a third party, or in a certain place or at a certain time; however, a condition to enter into marriage shall be valid; and

d) to remain celibate permanently or temporarily, or not to marry a specific person, or to divorce.

Art. 320.—The condition must be fulfilled in the manner in which it was stipulated. The fulfillment of the condition is indivisible, even if the performance consists of divisible acts. If fulfilled only in part, the effects of the legal act do not exist or are partially rescinded.

Art. 321.—A condition shall be deemed fulfilled when the parties who benefit from its fulfillment voluntarily waive it; or when, if the fulfillment depends on the voluntary act of a third party, that party refuses to perform the act or withholds consent.

Art. 322.—If the legal relationship is subject to a resolutory condition, its effects cease upon fulfillment of the condition. From that moment on, the situation prior to the conclusion of the act is restored.

Anything received by virtue of the obligation must be returned.

Art. 323.—While a suspensive condition remains pending, performance of the obligation subject to it cannot be demanded.

If, by mistake, the debtor has delivered property in performance of the conditional obligation, the debtor may reclaim it.

If the condition is not fulfilled, the transaction shall be deemed not to have existed.

Art. 324.—A party whose right is subject to a suspensive condition may, if the condition is fulfilled, claim damages from the other party if the latter, during the period of suspension, has destroyed or limited the right dependent on the condition. In the case of an act subject to a resolutory condition, the party in whose favor the prior legal situation is restored shall have the same right under the same circumstances.

Art. 325.—If a person has disposed of an object subject to a suspensive condition, any subsequent act performed with respect to that object while the condition remains pending shall be ineffective if the condition is fulfilled, to the extent that it would prejudice the effect dependent on the condition.

Any act performed while the condition remains unfulfilled—whether through compulsory enforcement, attachment, or by the trustee in an insolvency proceeding—shall be treated as equivalent to such an act.

The same shall apply, in the case of a resolutory condition, to acts of disposition performed by the party whose right ceases upon fulfillment of the condition.

The declared nullity shall not affect the rights of third parties acting in good faith.

Art. 326.—Once the condition is fulfilled, the acts of administration performed by the owner during the intervening period shall remain in effect.

Art. 327.—While the condition remains pending, the interested parties may take all measures necessary to preserve the rights that would accrue to them if the condition were fulfilled.

PARAGRAPH II ON

THE

ENCUMBRANCE

Art. 328.— The obligation imposed shall only prevent the legal act from taking effect when it constitutes a suspensive condition. In case of doubt, it shall be presumed that such a condition did not exist.

Art. 329.—If there is a resolutory condition due to failure to fulfill the imposed obligation, a court judgment will be required for the beneficiary to forfeit the acquired right.

Art. 330.—If there is no resolutory condition, failure to fulfill the obligation shall not result in the loss of the acquired property, and the interested parties shall retain the right to compel the obligated party, through judicial proceedings, to fulfill the imposed obligation.

Art. 331.—In the absence of a specified time limit, the obligation must be fulfilled within the time limit set by the judge.

Art. 332.—The obligation to fulfill the obligation imposed for the acquisition of a right passes to the heirs of the person upon whom it was imposed, unless it could only be fulfilled by the debtor, as it is inherent to his or her person. In this case, if the person upon whom the obligation was imposed dies without fulfilling it, the acquisition of the right is rendered null and void, and the property reverts to the party who imposed the obligation or to that party's heirs.

With respect to third parties, the provisions regarding resolutory conditions shall apply.

Art. 333.—If the event is not absolutely impossible but subsequently becomes so through no fault of the acquirer, the acquisition shall remain in effect, and the property shall be acquired free of any encumbrance.

PARAGRAPH III

ON THE TIME

LIMIT

Art. 334.—It may be stipulated that the legal effect of an act shall not be enforceable before the term expires, or that it shall cease upon the expiration of the term. Such term may refer to a specific date or to a future event that will necessarily occur.

Art. 335.—In legal acts, the term is presumed to be established in favor of all interested parties, unless the contrary is implied by the purpose of the act or by other circumstances. Payment may not be made before the expiration of the term unless by mutual agreement. In wills, the term is in favor of the beneficiary.

Art. 336.—A debtor subject to insolvency proceedings may not invoke the time limit for performance of the obligation. Even if the time limit was established in favor of the debtor, the creditor may demand immediate performance if the debtor has, by his own act, diminished the promised security.

If the obligation is joint and several or secured by a surety, the time limit shall not lapse with respect to the other co-debtors or sureties.

Art. 337.—If the time limit is set in months or years, a month shall be counted as thirty days, and a year as three hundred sixty-five days, according to the Gregorian calendar.

Art. 338.— Time periods expressed in days shall be counted from the day following the date on which the act was performed.

If the period is specified in days starting from a specific day, that day shall be excluded from the count. The period includes the due date. If the due date falls on a Sunday or a holiday, performance shall take place on the first following day that is not a Sunday or a holiday.

Art. 339.—A time limit established in months or years shall end on the day of the last month that bears the same number as the month in which the time limit began to run.

Art. 340.—When a period begins on the last day of a month that has more days than the month in which the period ends, the period shall expire on the last day of that month.

Art. 341.— All time periods shall be continuous and complete, and shall always end at midnight on the last day.

Sundays and holidays shall be included in the calculation, unless expressly provided otherwise.

Art. 342.— The provisions of the preceding articles shall apply to all time limits established by law, by judges, or by the parties in legal acts, provided that the laws or such acts do not provide otherwise.

SECTION VI

REPRESENTATION IN LEGAL ACTS PARAGRAPH I

REPRESENTATION BY POWER OF ATTORNEY

Art. 343.—Legal acts between living persons may be entered into through representatives. Those concerning family rights may only be performed by a representative in cases expressly authorized by this Code.

The consequences of a legal act shall be attributed to the representative with respect to defects in his or her intent or to the knowledge he or she had or ought to have had of certain circumstances. Even if the representative is legally incapacitated, the act performed on behalf of the principal shall be valid.

Art. 344.—Acts performed by the principal shall be deemed to have been performed by the agent, provided that the agent performs them within the limits of his or her powers. If the agent exceeds those limits but third parties are acting in good faith, the agent shall be deemed to have acted within his or her powers, thereby binding the principal if the act falls within the scope of the agent's authority. In case of doubt, the agent shall be deemed to have acted on his or her own behalf.

Any error on the part of the agent regarding the existence and scope of his or her powers shall be judged in accordance with the rules governing agency.

Art. 345.—Third parties with whom representatives enter into a transaction have the right to demand that they be presented with the instrument evidencing the representation and the letters, orders, or instructions pertaining thereto.

Art. 346.—If the representative lacks authority or has exceeded it, and the principal—or the competent authority, as the case may be—does not ratify the act performed in the principal's name, such act shall not be binding on the principal.

Art. 347.—Ratification is equivalent to representation. It has retroactive effect as of the date of the act, but the rights of third parties shall remain unaffected.

Art. 348.— The representative must:

a) act within the scope of their authority; the representative shall not be bound by any act performed without authority or beyond the scope of their authority, unless ratified;

b) refrain from entering into a legal act with himself, whether on his own behalf or on behalf of a third party, if the principal has not authorized it, unless the purpose is to fulfill an obligation;

c) when the mandate is to invest funds for a return, refrain from applying them to his own business or to that of others also represented by him, unless the principal has expressly consented; however, when he has been entrusted with borrowing money, he may provide it at the prevailing interest rate; and

d) not to use his powers for his own benefit.

Transactions entered into with persons who knew or ought to have known the circumstances mentioned in the preceding paragraphs shall not be binding on the principal.

Art. 349.— The principal must abide by the date of the instruments signed by his or her agent, unless he or she proves that such instruments were backdated.

PARAGRAPH II

ON THE AUTHORIZATION AND RATIFICATION OF LEGAL ACTS

Art. 350.—When the validity of a contract or of a unilateral legal act affecting another person depends on the will of a third party, that third party's consent or refusal may be given to any of the interested parties.

Art. 351.—Consent shall be revocable until the act is performed, unless the legal relationship under which such consent was given provides otherwise. Revocation may be communicated to any of the interested parties.

Art. 352.—Unless otherwise agreed, the effects of consent given subsequently shall be retroactive to the time the legal act was entered into.

The power to approve is transferred to the heirs.

Art. 353.—A disposition made by a person who is not legally entitled to do so is validated

a) when it has been authorized by the holder of the right, or when the holder's approval has been obtained;

b) when the conclusion of the act required prior authorization, and such authorization was granted subsequently;

c) if the person subsequently acquires the object; and

d) provided that the person inherits from the owner, provided that the acceptance of the inheritance is not with the benefit of inventory.

When several acts of disposition have been made with respect to the same thing and they cannot coexist, the rules governing obligations to deliver shall apply.

SECTION VII

NULLITY OF LEGAL ACTS

Art. 355.— The only nullities that judges may declare are those expressly or implicitly established in this Code.

Art. 356.—Null acts have no legal effect, even if their nullity has not been adjudicated, unless the cause of the nullity is not apparent from the act itself, in which case it must be established in court.

Voidable acts shall be deemed valid until they are annulled, and shall only be considered void once a judgment has been rendered.

Art. 357.—A legal act is void:

a) when it has been performed by a person lacking legal capacity due to lack of discernment;

b) if the act or its subject matter is unlawful or impossible;

c) if it does not comply with the form prescribed by law;

d) if its validity depends on the form of the instrument and the respective instrument is void; and

e) when the agent acts with simulation or fraud as presumed by law. Art. 358.—A

legal act is voidable:

a) when the party acts while temporarily incapacitated, such as when, for any reason, they are deprived of their reason;

b) when, if performed by a person lacking legal capacity, that person possessed the capacity to discern;

c) if it is vitiated by error, fraud, violence, or simulation;

d) when its validity depends on the form of the instrument, and the respective instrument is voidable; and

e) if it is performed in violation of a general or special prohibition on disposition issued by a competent judge.

Art. 359.—When an act is void, its nullity must be declared ex officio by the judge if it is apparent from the act itself or has been established in court. The Public Prosecutor's Office and all interested parties shall have the right to allege it.

When the act is voidable, proceedings may be initiated only at the request of the persons designated by law.

The Public Prosecutor's Office may do so when the act affects legally incapacitated persons or emancipated

minors.

Art. 360.—When a person lacking legal capacity has acted with fraud to induce the other party to consent, neither that person nor his or her representatives or successors shall have the right to annul the act. If the person is a minor, the mere assertion of having reached the age of majority shall not preclude him or her from obtaining a declaration of nullity.

In the case of a minor, the mere assertion of having reached the age of majority shall not be considered

sufficient deception. If there are defects in consent, it shall be the exclusive responsibility of the aggrieved

party to allege them.

Art. 361.—A declaration of nullity issued by the courts restores the situation to the same or an equivalent state as it was prior to the annulled act and imposes on the parties the obligation to mutually return everything they received by virtue of it, as if it had never existed, except as provided for in this Code.

Art. 362.—If the act is void or voidable due to legal incapacity, the capable party may not demand restitution of what was delivered or reimbursement of expenses, unless it proves that what was given remains in the possession of the incapacitated party or that the act resulted in manifest benefit to that party.

Art. 363.—All real or personal rights in real property transferred to third parties by a person who became the owner by virtue of the annulled act shall be void and may be claimed directly from the current possessor.

Third parties may always rely on the rules protecting good faith in transfers.

Art. 364.—Void acts and voidable acts that have been annulled, even if they do not produce the effects of legal acts, may produce the effects of unlawful acts or of facts in general, the consequences of which must be remedied.

Art. 365.—The nullity of a legal act may be total or partial. In wills, the ineffectiveness of a particular provision shall not affect the validity of the others, provided they are separable.

With respect to acts between living persons, partial nullity shall render them wholly invalid, unless it appears from the context that they would have been concluded even without that part, or unless the aggrieved party chooses to uphold them.

SECTION VIII

CONFIRMATION OF VOIDABLE ACTS

Art. 366.—A voidable act shall be deemed confirmed when, by means of another valid act, the person entitled to seek its annulment remedies the defects, provided that such action is taken after the incapacity or defect that caused the invalidity has ceased.

Art. 367.—Confirmation may be express or tacit. The instrument of express confirmation must contain, on pain of nullity, the substance of the act to be confirmed, the defect from which it suffered, and a statement of intent to remedy it.

Art. 368.— The form of the instrument of confirmation must be the same as that established for the act being confirmed.

Art. 369.—Tacit confirmation is that which results from the voluntary performance, in whole or in part, of the voidable act.

Art. 370.—Confirmation, whether express or tacit, does not require the consent of the party in whose favor it is made.

Art. 371.—Confirmation has retroactive effect as of the date on which the act took place between living persons, or as of the date of the testator’s death in the case of acts of last will and testament.

This retroactive effect shall not prejudice the rights of third parties.

CHAPTER III

ON THE EXERCISE AND PROOF OF RIGHTS SECTION I

ON THE EXERCISE OF RIGHTS

Art. 372.—Rights must be exercised in good faith. The abusive exercise of rights is not protected by law and renders the agent liable for any harm caused, whether the rights are exercised with the intent to cause harm—even without personal gain—or when such exercise contradicts the purposes the law intended in recognizing those rights. This provision does not apply to rights that, by their nature or by virtue of the law, may be exercised at the holder’s discretion.

Art. 373.— An act committed in self-defense is not contrary to law. Self-defense applies when it is necessary to ward off from oneself or another a current attack carried out in violation of the law.

Art. 374.—A person who damages or destroys another’s property to avert harm that such property threatens to cause to oneself or another shall not be liable in tort when the damage or destruction is necessary to avert the danger, and the harm is not disproportionate to the danger.

If the actor is at fault for the risk, he or she shall be liable for compensation for the damage.

SECTION II

ON EVIDENCE

PARAGRAPH I

PUBLIC INSTRUMENTS

Art. 375.—Public instruments are:

a) notarized deeds;

b) any other instrument authorized by notaries or public officials, under the conditions established by law;

c) survey records and plans approved by a judicial authority;

d) judicial proceedings conducted in accordance with procedural laws;

e) bills of exchange accepted by the Government, or on its behalf and in its name by a State Bank; banknotes or any other negotiable instruments issued in accordance with the applicable law; and entries in the accounting books of the Public Administration;

f) registrations of public debt;

g) entries in public registries; and

h) certified copies or photocopies of public instruments and authentic certificates of their fundamental contents. If these do not match the original, the latter shall prevail.

Art. 376.— The validity of a public instrument requires:

a) that the authorizing official act within the limits of his or her authority with respect to the nature of the act;

b) that it be issued within the territorial jurisdiction assigned to the public official for the exercise of his or her functions, unless the place is generally considered to fall within that jurisdiction; and

c) that, once the legal formalities have been fulfilled, it bear the signature of the authorizing official, as well as those of all persons appearing as parties or necessary witnesses thereto. If any of the aforementioned persons fails to sign it, the instrument shall be void for all.

The public official's lack of the necessary qualifications or conditions for the performance of the office, or any irregularity in his or her appointment or assumption of the position, shall not affect the validity of the act.

Art. 377.—The following instruments are null and void:

a) those authorized by a public official after being notified of his or her suspension, replacement, or removal from office, or after his or her resignation has been accepted;

b) those in which the authorizing official, his or her spouse, or relatives within the fourth degree of consanguinity or second degree of affinity have a personal interest in the matter to which the instrument relates; however, if the interested parties have such an interest solely because they hold shares in corporations or serve as managers or directors thereof, the act shall be valid; and

c) those that do not meet the conditions prescribed for the validity of a public instrument. Art.

378.—The following shall be voidable:

a) if the public official, the parties, or the witnesses have authorized or signed them by mistake, fraud, or coercion; and

b) whenever they contain amendments, interlineations, erasures, or alterations to material points that were not corrected before the signatures were affixed.

Art. 379.—A document authorized by an incompetent official, or one that does not comply with legal formalities, shall nevertheless be valid as a private document if the parties have signed it.

Art. 380.—The following may not serve as witnesses in public instruments:

a) minors, even if they have been emancipated;

b) persons subject to legal incapacity or disqualification;

c) the blind;

d) those who do not know how to or are unable to sign;

e) persons employed by the public official authorizing the act, or by other offices where similar instruments are executed;

f) the spouse and relatives of the public official and of the parties within the fourth degree of consanguinity and the second degree of affinity; and

g) those who, by court order, have been disqualified from serving as witnesses in public instruments.

Art. 381.—An error regarding the capacity of incompetent witnesses who have participated in public instruments, but who were generally regarded as competent, does not render the instrument null and void.

Art. 382.—The witnesses to a public instrument and the official who authorized it may not contradict, vary, or alter its content, unless they signed it under fraud or duress.

Art. 383.—A public instrument shall be deemed fully authentic, unless it is alleged to be false in a criminal or civil action—whether in the main proceedings or in a motion—regarding the reality of the facts that the authorizing party states as having been performed by him or having occurred in his presence.

Art. 384.—Judges may, on their own motion, declare a public instrument presented in court to be false if, based on its context, form, and overall content, it is evident that it is tainted by falsification or alterations in essential parts.

If a certified copy of a public instrument is alleged to be false, comparison with the original shall suffice to verify this, a procedure that the judge may order on his or her own motion.

Art. 385.—Public instruments are fully binding between the parties and against third parties:

a) with respect to the fact that the act was performed;

b) with respect to the agreements, provisions, payments, acknowledgments, and other declarations contained therein; and

c) regarding statements of facts directly related to the legal act that constitutes the main subject matter.

Art. 386.—The content of a public instrument may be modified or rendered null and void by a public or private counter-document executed by the interested parties; however, a private counter-document shall have no effect against successors by individual title, nor shall a public deed have such effect if its content is not recorded in the master deed and in the copy upon which the third party relied.

Art. 387.—When the original public instruments have been destroyed or have disappeared, and certified copies of them exist, the judge may order, after serving notice and holding a hearing with the interested parties and with the participation of the Public Prosecutor’s Office, that the copy be filed in the registry of a notary public as an original instrument.

Art. 388.—If, in the case described in the preceding article, no usable copy exists, the legal act may be proven:

a) by references contained in other public instruments to the destroyed or missing instruments, as well as in judgments, details of the breakdown, or title records verified by the official citing them, and other similar documents;

b) in the case of instruments registered in public records or transcribed in judicial judgments, by the records thereof; and

c) by official publications, by the newspapers in which the instruments were transcribed or mentioned in passing, and by the information contained therein.

In all cases, proof that the original instruments have been lost will be required. Their prior existence may not be proven by any means other than those listed.

PARAGRAPH II

PUBLIC DEEDS

Art. 389.—Deeds and other public documents may only be authorized by notaries and registry clerks. In places where there are no public notaries, they shall be authorized by justices of the peace.

Notaries shall personally receive the statements of the parties involved and shall be responsible for their drafting and the accuracy of their content, even if they are written by their clerks.

Art. 390.—Deeds must be drafted in Spanish. If the parties appearing before the notary do not speak Spanish, the following procedure shall be followed:

a) the deed shall be drawn up in full accordance with a draft deed in the language in which the parties can express themselves, signed by them in the presence of the notary, who shall certify the act; and the signatures shall be authenticated if they have not signed it in his presence. The draft shall be translated into Spanish by a licensed public translator and signed by him in the presence of the notary, who shall likewise certify it. Both the draft and its translation shall be filed with the Registry as part of the deed; and

b) if the parties are unable to write even in their own language, they shall dictate their draft to the certified translator, who shall transcribe it into Spanish; once signed by the translator, it shall be filed in the protocol as part of the deed. This procedure shall be followed even if the notary and the witnesses are familiar with the parties' language.

Art. 391.—If any of the grantors is deaf-mute or mute but is able to make themselves understood in writing in an unambiguous manner, the deed shall be drawn up in accordance with a draft, the signatures on which they must acknowledge before the notary, if they have not signed it in his presence. The parties must read the deed themselves, and provided they are able to do so, they shall write in their own handwriting, before signing, that they have read it and agree to its terms. The notary public shall certify the aforementioned circumstances and file the drafts as part of the deed.

Art. 392.—If the notary does not know the parties, they must prove their identity with an appropriate legal document or, failing that, with the testimony of two persons known to the notary, which the notary shall attest to, also recording in the deed the first and last names and address or residence of those persons.

Art. 393.—If the parties act through representatives, the notary shall proceed in accordance with the following rules:

a) if it is necessary to submit powers of attorney and authorizing documents, the notary shall confirm compliance with this requirement and attach them to the notarial record;

b) if the powers of attorney are general, the notary shall transcribe them into his or her protocol and make a note therein to that effect;

a) c) if the powers of attorney and documents were executed in his or her registry, he or she shall state this fact, indicating the respective volume and page number; and d) if the registrar is required to return instruments executed by notaries or officials authorized as such, the registrar shall limit himself or herself to certifying that they have been compared with the master copy or the original.

The provisions of subsections (a) and (b) shall apply to documents submitted to the registrar by the interested parties as an integral part of their declarations.

Art. 394.— The public deed must state:

a) the first and last names of the parties, their marital status, whether they are of legal age, their nationality, and their domicile;

b) the place and date on which they sign, which may be a holiday; and

c) the nature and purpose of the transaction.

Art. 395.—If the parties decide, after they have signed the deed but before the notary has done so, to correct it or make additions, such corrections or additions shall be valid only if they are recorded immediately thereafter by the notary, read in the presence of the witnesses (if any), signed by all the parties present, and authenticated by the notary.

Art. 396.—Without prejudice to the provisions regarding the nullity of public instruments, public deeds are null and void if they lack any of the following requirements:

a) the date and place of execution;

b) the names of the parties, their representatives (if any), and the attesting witnesses, if required;

c) the purpose and nature of the act;

d) a statement, if applicable, that the powers of attorney and authorizing documents are on file in the notary's register;

e) the notary's attestation that he or she knows the parties, or, failing that, a statement that the parties proved their identity in the prescribed manner;

f) a statement confirming that the notary personally received the declarants' statements and witnessed any deliveries made during the proceeding as specified in the deed, as well as that the notary read the deed to the interested parties and the instrumental witnesses, if any;

g) the signatures of the parties, in the prescribed manner, with an indication of any impediment in the case of a signature by proxy or at the notary's request; and

h) the signatures of the notary and the witnesses, if any.

The deed shall also be null and void if any of the witnesses is legally incapacitated, and if it is not found on the page of the protocol that corresponds to it in chronological order.

Art. 397.—The notary public must provide a certified copy of the deed to the parties who request it. If the parties request additional copies, the notary public shall provide them, noting this fact on the copies and in the registry; however, if any of the parties has undertaken in the deed to give or do something, a second copy may not be issued without the express authorization of a judge.

Art. 398.—The registration of documents required by law shall be carried out only by virtue of a court order. The notary public must add the instrument to the notarial register by means of a record containing only the information necessary to identify it and must issue a certified copy to the interested parties who request it.

PARAGRAPH III

PRIVATE INSTRUMENTS

Art. 399.—Private instruments may be executed on any day and drafted in the form and language the parties deem appropriate; however, the parties' signatures are essential for their validity, and such signatures may not be replaced by symbols or by the initials of first or last names.

Art. 400.—Private instruments containing bilateral agreements must be drawn up in as many copies as there are parties with distinct interests, with each copy stating the number of signed copies.

In such a case, it does not matter if a copy lacks the signature of its holder, provided that it bears the signatures of the other parties bound by the agreement.

In the absence of the requirements set forth herein, the instrument may only be considered, where applicable, as prima facie evidence in writing.

Art. 401.—The omission of the requirements mentioned in the preceding articles does not affect the validity of the instrument:

a) when one of the parties has fulfilled all the obligations assumed by that party under the agreement;

b) provided that other evidence demonstrates that the instrument was conclusively executed;

c) if, by mutual agreement, the parties deposited the instrument with a notary public or another person entrusted with its safekeeping;

d) when the parties subsequently fulfill, in whole or in part, the obligations contained in the instrument. Performance by one of them without the other's participation or intervention does not preclude the defect from continuing to apply to the latter; and

e) if the party alleging the lack of the requirement presents its respective copy.

Art. 402.—Private instruments may be signed in blank before being drafted, and in such cases, they shall be deemed authentic once they have been completed and the signatures authenticated.

The signatory may, however, contest the content of the document by proving that he or she did not intend to declare what is set forth therein or to assume the obligations arising therefrom. The testimony of witnesses alone shall not suffice, unless there is preliminary written evidence.

Any declaration of nullity issued by the judge in such a case shall not be effective against third parties who have entered into a contract in good faith.

Art. 403.—If a blank signed document has been stolen or fraudulently obtained from the signatory or from the person to whom it was entrusted, and has been filled in by a third party to the detriment of the signatory, all forms of evidence may be admitted. Agreements entered into with third parties by the bearer of the instrument may not be enforced against the signatory, even if the third parties acted in good faith.

Art. 404.—Any person against whom a private document bearing a signature attributed to him or her is presented in court must declare whether or not the signature is his or hers.

Heirs may simply state that they do not know whether or not the person in question is the decedent.

If the signature is not recognized, a comparison of the signature shall be ordered, without prejudice to other means of proof to establish its authenticity.

Judicial recognition of the signature implies recognition of the body of the document.

Art. 405.—No person who has signed a private instrument with initials or symbols may be compelled to acknowledge them as their signature; however, they may acknowledge them voluntarily, and in such a case, the initials or symbols shall be deemed their true signature.

Art. 406.—Private instruments whose signatories are legally incapacitated at the time they are summoned by the court to acknowledge them shall not be admitted for acknowledgment, even if they were legally competent at the time of signing.

Art. 407.—A private instrument that has been judicially acknowledged by the opposing party, or declared to have been duly acknowledged, has the same legal effect as a public instrument among those who have signed it and their successors.

The evidence resulting from the acknowledgment of private instruments is indivisible and has the same force against those who acknowledge them as against those who present them.

Art. 408.—Private instruments, even if acknowledged, do not prove the accuracy of the date stated therein against third parties or successors in title. Their authentic date, with respect to such persons, shall be:

a) the date of their presentation in court or at a public office, if filed there;

b) the date of their authentication or certification by a notary public;

c) the date of their transcription into any public registry; and

d) the date of the death or permanent physical inability to write of the party who signed it, or who drew it up, or who signed as a witness.

Art. 409.—Notes written or signed by the creditor in the margin, on the reverse side, or appended to a private document in the debtor's possession shall serve as evidence to discharge the debtor, but not to establish an additional obligation.

The same shall apply to notes written or signed in the same manner by the creditor on instruments in his possession.

In both cases, notes that have been canceled or rendered unusable shall have no probative

value. PARAGRAPH IV

LETTERS AND OTHER WRITTEN EVIDENCE

Art. 410.—A letter that, in the judge's opinion, is confidential due to its content may not be used by a third party in court, even with the consent of the addressee, and shall be rejected ex officio.

Art. 411.—Letters addressed to a person may be presented by that person in court when they constitute evidence in a dispute in which the person has an interest, regardless of their nature.

Letters addressed to third parties may also be submitted with their consent in a lawsuit in which they are not a party. The holder does not need this consent when the content of the letter—which is common knowledge to the holder—must be considered, or when the holder possesses the letter because it was delivered to them by the addressee.

A litigant may also rely on such a letter when it has been submitted in another proceeding by the addressee or a third party. Outside of these two cases, the addressee's refusal to authorize its use shall constitute an insurmountable obstacle to its admission, even if the letter is not confidential.

Art. 412.—The probative value of letters does not depend on compliance with any formal requirements. Depending on the circumstances, they may be admitted even if they are unsigned, if they are handwritten, or if they are signed only with symbols or initials. Letters addressed to third parties, even if they refer to obligations, shall not be considered private instruments subject to the provisions of this Code, and their admissibility shall be determined in accordance with the provisions of these articles.

Art. 413.—The domestic books or records of non-merchants do not constitute evidence in their favor. They constitute evidence against them:

a) when they expressly state a payment received; and

b) when they contain an express statement that the entry was made to compensate for the lack of a title in favor of the person indicated as the creditor. Anyone wishing to rely on them must also accept them insofar as they are detrimental to them.

Art. 414.—Unless otherwise provided by special laws governing means of communication, telegrams shall have only the probative value of private instruments when the original on file at the office from which they were di ly dispatched bears the sender's signature. The copy delivered to the recipient is presumed to be a true copy of the original.

Art. 415.—Photocopies of private instruments contained in administrative or judicial files, or in a notary's register, that bear the certification of the competent administrative official, the court clerk, or the notary, as applicable, shall be considered faithful and exact reproductions of the originals.

Art. 416.— The acknowledgment or renewal of a legal act constitutes full proof of the statements contained in the original act, unless it is demonstrated by the production of the latter that there was an error in the acknowledgment or renewal.

BOOK TWO

ON LEGAL FACTS AND ACTS AND ON OBLIGATIONS TITLE II

ON OBLIGATIONS CHAPTER I

ON OBLIGATIONS IN GENERAL SECTION I

ON EFFECTS

PARAGRAPH I

GENERAL PROVISIONS

Art. 417.—Obligations arise from one of the sources established by law.

Art. 418.— The performance that constitutes the subject matter of the obligation must be capable of economic valuation and correspond to a personal interest, even if it is not a pecuniary interest of the creditor.

Art. 419.— The obligation to deliver a specific item includes the obligation to take care of it until it is

delivered. Art. 420.— As a consequence of the obligation, the creditor is entitled to:

a) to use legal means to ensure that the debtor fulfills the obligation;

b) to have it performed by another at the obligor's expense; and

c) to obtain the appropriate compensation.

Art. 421.—The debtor shall be liable for any damages caused to the creditor by the debtor's willful misconduct or negligence in the performance of the obligation. Negligence shall be deemed to exist when the debtor fails to take the steps required by the nature of the obligation and appropriate to the circumstances of the parties, time, and place. Liability for willful misconduct may not be waived in advance.

Art. 422.—The debtor shall be liable for the willful misconduct or negligence of his or her legal representatives or of any persons he or she has engaged in the performance of the obligation. An agreement may be made to waive this liability.

Art. 423.—The debtor shall be liable for any damages caused to the creditor by the debtor's default in the performance of the obligation.

Art. 424.—In obligations with a fixed term, default occurs upon the mere expiration of that term. If the term has not been expressly agreed upon but arises from the nature and circumstances of the obligation, the creditor must serve notice on the debtor to place the debtor in default.

If there is no term, the judge, upon request by a party, shall set it in summary proceedings, unless the creditor chooses to consolidate the actions for setting the term and for enforcement, in which case the debtor shall be deemed to be in default on the date specified in the judgment for the performance of the obligation.

To be exempt from the liabilities arising from default, the debtor must prove that the default is not attributable to him or her.

If the obligation arises from a tort, default shall occur without notice.

Art. 425.—If the failure to perform the obligation is willful, damages and interest shall also include consequential damages.

Art. 426.—The debtor shall not be liable for damages and interest incurred by the creditor due to failure to perform the obligation when such damages and interest result from unforeseeable circumstances or force majeure, unless the debtor has assumed responsibility for the consequences of the unforeseeable circumstances, or such circumstances occurred through the debtor's fault, or the debtor was already in default for reasons other than unforeseeable circumstances or force majeure.

Art. 427.—Accessory rights and obligations are subordinate to the existence of the principal ones. The nullity

or termination of the former shall have no effect on the latter.

Art. 428.— The creditor shall be deemed to be in default if the creditor refuses to accept the performance offered, even though it meets the requirements for payment; or when, upon being so requested, the creditor fails to take the necessary steps to verify it; or whenever the creditor is unable to fulfill its obligation in return. The creditor shall not be in default if the debtor who made the demand was unable to make the payment at that time.

Art. 429.—The creditor's default shall have the following effects:

a) the debtor shall be liable only for his own fraud and negligence, which shall be assessed in accordance with the rules established by this Code;

b) if uncertain items are owed, the risks shall be borne by the creditor until the debtor complies with the demand to receive the selected item;

c) the debtor's obligation to return the proceeds of a thing, or to pay the amount thereof, is limited to what the debtor has actually received;

d) the debtor shall be entitled to compensation for the costs of preservation or safekeeping, as well as those incurred due to unsuccessful demands; and

e) the debtor shall be entitled to make payment by deposit in accordance with the rules established by this Code.

PARAGRAPH II

GENERAL SECURITY FOR CREDITORS

Art. 430.— The debtor is liable for the performance of his obligations with all his present and future assets.

Limitations on liability are permitted only in the cases established by law.

Art. 431.— The existence of an obligation does not deprive the debtor of the right to dispose of and administer his or her assets, unless restrictive measures have been ordered in accordance with procedural rules.

Art. 432.—If the obligation pertains to property in the debtor's possession, the creditor may seek its surrender through the courts, and the property may be forcibly seized.

Art. 433.— The creditor may demand the judicial sale of the debtor's property, but only to the extent necessary to satisfy the claim.

Excluded from this provision are rights that, by their nature or by provision of law, are not transferable.

PARAGRAPH III

ON PRIORITY IN THE PAYMENT OF CLAIMS

Art. 434.— Creditors have an equal right to be satisfied in proportion to their claims from the proceeds of the debtor's assets, except in cases of legitimate priority.

Except in cases expressly provided for by law, no claim shall have priority in payment. Art. 435.— Claims with

a special lien take precedence over claims with a general lien.

The special privilege of a mortgage confers the right to preferential payment of the secured claim. This right shall be calculated from the date of registration of the security interest in the corresponding public registry. Registrations made on the same day shall be allocated on a pro rata basis.

This same provision shall apply to claims secured by a pledge.

Art. 436.— Simple or ordinary claims shall be paid pro rata from the remaining value of the assets, once the privileged claims have been satisfied. Privileges may not be enforced against movable property to the detriment of a right of retention.

In the case of real property, the right of retention may not be asserted against third parties who have acquired real rights in the property that were registered prior to the creation of the opposing party's claim.

As for those registered subsequently, the right of retention may not be enforced unless it has been provisionally noted in the respective registry prior to the claim, along with its amount, whether actual or contingent.

Art. 437.— The following are privileged claims on certain movable property:

a) legal costs incurred for the sale of the property and the distribution of the proceeds;

b) claims of the State and municipalities for all taxes, levies, and fees imposed on existing items that have been detained or seized at customs, or at State or municipal facilities, or authorized or supervised by them in connection with import, export, or consumption duties, as long as such items remain in the creditor's possession. If the creditor is deprived of such items against their will, the matter shall be treated as a case of a pledge;

c) the claim of the pledgee. A person deprived of possession against their will may reclaim the property subject to the pledge within three years, under the conditions prescribed for the possessor. Where there are several creditors with claims on the same pledge, the oldest claims shall have priority according to the order in which they were established, and those of the same date shall divide the proceeds pro rata. If the pledge was established through the delivery of documents conferring ownership or a security interest in property held by third parties by virtue of special privileges, the pledgee must respect such preferences.

The priority accorded to the secured claim extends to assets subject to judicial proceedings arising from intervention in enforcement proceedings, to interest due for the current year as of the date of the pledge and for the previous year;

d) and to the costs of maintenance, repair, manufacture, or improvement of the movable property, provided that such property is in the creditor's possession.

The lien also takes effect to the detriment of third parties who have rights to the property, provided that the party who made the payments or incurred the expenses acted in good faith.

The creditor may retain the property subject to the lien until the debt is satisfied and may sell it in accordance with the rules established for the sale of pledged property;

e) claims for the supply of seeds, fertilizers, pesticides, and irrigation water, as well as claims for cultivation and harvesting labor, have a lien on the produce to which they have contributed.

This lien may be exercised while the produce remains on the farm, on its premises, or in public warehouses. The provisions of the second and third subparagraphs of the preceding paragraph apply to this lien, as applicable;

f) the State's claims for indirect taxes have a lien on the personal property to which the taxes relate;

g) the claim for lodging and supplies owed by persons staying at an inn has a lien on the personal property brought by them to the inn or hotel and its premises and that remains there.

This privilege also applies to the detriment of third parties who claim rights to such property on the grounds that it was stolen or lost, unless the hotelier was aware of such rights at the time the property was brought into the hotel. In the absence of persons obligated by law, however, the innkeeper shall contribute to medical and funeral expenses when the traveler's illness or death occurred at the inn;

h) claims arising from the contract of land transportation and claims for taxes advanced by the carrier have a lien on the goods being transported as long as they remain in the carrier's possession and for the fifteen days following delivery to the consignee;

i) claims arising from the performance of a mandate have a lien on the principal's property held by the agent for the purpose of performing the mandate;

j) claims arising from a deposit in favor of the depositary also have a lien on the goods held by the depositary as a result of the deposit;

k) the claim of the owner of the deposited property has a lien on the price owed by the buyer when the depositary or his heir has sold it, even if the sale was made in good faith;

l) claims for one year's rent on residential or commercial premises, as long as eviction has not taken place. This priority includes the tenant's personal property located within the premises. Exceptions include money, claims, and securities, as well as personal property that is present only incidentally and must be removed, provided the landlord has been informed of its purpose or is aware of it due to the tenant's profession, the nature of the property, or any other circumstance. This does not apply to stolen or lost property.

When the affected items have been removed from the property, the landlord may seize them within thirty days, without prejudice to the rights acquired by third parties acting in good faith;

(ll) In the case of liability insurance, the injured party's claim for compensation takes priority over the indemnity owed to the insured; and

m) the amount of compensation arising from a work-related accident has priority over the value of the premiums that the insurance company must refund in the event of its bankruptcy.

Art. 438.— The following are privileged claims against certain real properties:

a) legal expenses incurred in the transfer of the property and the distribution of its proceeds;

b) taxes and municipal levies directly imposed on the property prior to the creation of the mortgage or the loan with which they conflict, provided they are listed by the competent authority in the certificate required to execute the deed.

Those not stated shall not enjoy priority.

Encumbrances or taxes arising after the mortgage, if they are periodic, shall have priority only for the last two years and for the duration of the proceedings;

c) the claim of the neighboring owner who has built the dividing wall, in accordance with the provisions of the relevant law, if it has been registered in the Real Estate Registry prior to the creation of the mortgage or the claim. If the construction occurred afterward, registration is not required; and

d) mortgage claims on the price of the real property. This priority extends to the unpaid price of any accessories sold.

Art. 439.—Priority claims against specific movable or immovable property shall be enforced in the order of their numbering. Claims of the same category shall be settled on a pro rata basis.

After deducting, in all cases, the amount of legal costs incurred in the interest of all competing claims and provided that the special claims are satisfied, the remainder of the proceeds from the movable and immovable property shall be added to the estate.

When it is not possible to pay the amount of the preferred claims, the remaining balance shall be converted into unsecured claims.

Art. 440.— The special lien on specific movable and immovable property shall extend to the indemnity owed by the insurer of the property and to any other indemnity owed in connection therewith.

Art. 441.—When property subject to a special lien is disposed of, the lien shall apply to the price due and payable that can be identified.

Art. 442.—A person holding a special lien on various movable assets may exercise it against the full amount of their claim on all or some of them.

In the latter case, holders of lower-ranking liens with respect to the realized assets shall have the right to demand that the claim be distributed proportionally among all the affected assets, and they shall be entitled to the share that would have corresponded to them with respect to the other assets, even if they have no priority with respect to those assets.

Art. 443.—The holders of the following claims are creditors of the estate or bankruptcy estate:

a) judicial claims arising from the bankruptcy or probate proceedings;

b) claims arising from the administration, realization, and distribution of the assets;

c) those arising from obligations legally incurred by the bankruptcy trustee or the estate administrator and those arising from their acts;

d) those resulting from contracts whose performance is the responsibility of the estate; and

e) those arising from the unjust enrichment of the estate.

The claims listed above shall be paid on an equal footing, with priority over other creditors; however, they shall encumber the asset subject to a special privilege only in proportion to the benefit received by the creditor.

Art. 444.— The following are privileged claims against the debtor's general estate and shall be satisfied in the order in which they are listed:

a) the debtor's funeral expenses incurred in moderation, as well as those of the debtor's spouse and children living with him or her;

b) the expenses of the debtor's final illness, during a period of six months. This provision applies to those of the debtor's spouse and children living with him;

c) the expenses for the decedent's burial and the construction of a tomb commensurate with the size of the estate are privileged charges of the estate; and the limit for these is set at ten percent calculated on the value adjusted to the time of the inventory; and

d) those owed to the State and the Municipality for taxes, fees, and levies corresponding to the current year and the immediately preceding year.

Art. 445.—Maritime and aeronautical privileges, as well as other privileges recognized by special laws, shall remain in force to the extent that they do not conflict with the provisions of this law. The privileges of workers' claims shall be governed by the respective laws.

PARAGRAPH IV

ON SUBROGATION AND REVOCATION ACTIONS

Art. 446.— Creditors, even contingent creditors, may exercise all the rights and actions of their debtor with respect to the debtor's assets, but only when the debtor fails to do so and after serving the debtor with a summons to participate in the proceedings.

Art. 447.—The following are excluded from the provisions of the preceding article:

a) the right to administer and dispose of property;

b) the powers inherent in legal capacity, as well as those related to family status, even if they have property-related effects; and

c) rights and assets that are exempt from attachment by law.

Art. 448.—Defenses and grounds for extinction relating to the right exercised are enforceable against the creditor, even if they are based on acts of the debtor occurring after the filing of the complaint.

Art. 449.— The subrogation and revocation actions available to creditors shall be exercised in accordance with the provisions governing legal acts entered into in fraud of creditors.

SECTION II

DAMAGES AND INTEREST PARAGRAPH I

LEGAL COMPENSATION

Art. 450.—Damages include the value of the loss suffered and the value of the profits foregone by the creditor as a result of the default or breach of the obligation. The amount shall be determined in money, unless the law provides otherwise.

Art. 451.—When the unfulfilled obligation arises from acts for valuable consideration, and in all other cases authorized by law, compensation shall be awarded even if the damage is not pecuniary, and the judge shall assess the amount in accordance with the circumstances.

Art. 452.—Where the existence of the damage has been established but it is not possible to determine its amount, the compensation shall be set by the judge.

Art. 453.— In obligations to pay sums of money, compensation shall be determined in the manner set forth in the corresponding paragraph.

PARAGRAPH II

PENALTY CLAUSE

Art. 454.— A penalty may be stipulated in the event of total or partial nonperformance, or delay in the performance of an obligation, whether in favor of the creditor or a third party.

In each of these cases, the penalty replaces compensation for the respective damages and interest. The creditor shall not be entitled to a higher penalty even if he proves that the compensation is insufficient.

To obtain the penalty, the creditor is not required to prove that it has suffered harm, nor may the debtor avoid paying it by proving that the creditor has not suffered any harm.

Art. 455.—The nullity of the penalty clause does not affect the validity of the legal act. However, the nullity of the legal act renders the penalty null and void, unless its invalidity gives rise to an obligation to pay damages, in which case the penalty remains due. If the legal act is annulled, the penalty shall nevertheless remain in effect if it was agreed upon by a third party with the provision that the penalty would be incurred if the third party failed to perform the principal obligation.

Art. 456.—Only a debtor who is in default is liable for the penalty. In the case of obligations with a fixed term, the penalty shall be enforceable as of the due date.

Art. 457.— The debtor may not be released from fulfilling the principal obligation by paying the penalty, except in cases where this right has been expressly reserved.

Art. 458.— The creditor may not demand both performance of the obligation and payment of the penalty, but only one of the two, at his discretion, unless it appears that the penalty was stipulated for mere delay, or it has been agreed that payment of the penalty does not extinguish the principal obligation.

Art. 459.—The judge shall equitably reduce the penalty when it is manifestly excessive, or when the principal obligation has been partially or improperly performed by the debtor.

Art. 460.—If the obligation under the penalty clause is indivisible or joint and several, each of the co-debtors or co-heirs of the debtor is obligated to pay the entire penalty.

Art. 461.—If the principal obligation is divisible and there are several debtors or heirs of the debtor, only the party that breaches its respective portion of the obligation shall be liable for the penalty.

If the principal obligation is indivisible but the obligation under the penalty clause is divisible, each of the joint debtors or the debtor's heirs shall be liable for the penalty only in proportion to their share thereof.

Art. 462.—A penalty to which a third party agrees in the event of the debtor's breach of the principal obligation is valid. Where applicable, the stipulation of the penalty shall be governed by the rules governing suretyships. Equally valid is a penalty to which a third party agrees in the event that the debtor alleges the nullity of the claim, provided that the third party is aware of the cause of the nullity and such nullity does not arise from the fact that the subject matter of the act is outside the scope of commerce, is prohibited by law, or involves acts that are impossible, unlawful, contrary to public policy, or that infringe upon freedom of action or conscience, or that cause harm to third parties.

CHAPTER II

ON OBLIGATIONS RELATING TO THE SUBJECT MATTER AND THE PARTIES

SECTION I

ON OBLIGATIONS RELATING TO THE SUBJECT MATTER

PARAGRAPH I

ON OBLIGATIONS TO DELIVER SPECIFIC ITEMS

Art. 463.—If the subject matter of the obligation consists of individually identified items, it includes all their accessories at the time the obligation arises, even if they were not mentioned in the title. Fruits received prior to delivery belong to the debtor, and those yet to be received belong to the creditor.

Art. 464.—If the performance consists of the delivery of real property, the obligation is valid only when the real property is individually identified or identifiable.

Art. 465.—If the property is to be transferred for valuable consideration to establish ownership, usufruct, or a right of use or habitation, and it is improved or enhanced after the obligation is established by an act unrelated to the debtor—even if no expenditure is incurred—the debtor may demand a proportional increase in the consideration. If the creditor objects, the obligation shall be dissolved.

Any increases or improvements resulting from the debtor's actions after the contract is entered into do not give rise to any rights.

Art. 466.—When several creditors are entitled to the delivery of the same real property, preference shall be given to the creditor who first registered their title in the registry. Under no circumstances may the creditor's knowledge of the existence of other claims be invoked, even if such claims predate the registration. In the absence of registration, preference shall be given to the creditor holding the oldest title.

Art. 467.—Among several creditors entitled to the same movable property, if delivery has not yet taken place, preference shall be given to the creditor to whom the property was to be returned, provided that such creditor holds a title evidencing ownership thereof. In the absence thereof, preference shall be given to the creditor holding the oldest title.

Art. 468.—If the obligation is to deliver specific items for the sole purpose of transferring their use, the rights shall be governed by the rules relating to the lease of property. If the obligation is to transfer only possession, the rights shall be governed by the provisions relating to deposit.

PARAGRAPH II

OBLIGATIONS TO DELIVER INDEFINITE THINGS

Art. 469.—The party obligated to deliver unspecified items must deliver them of the kind and quality specified in the constitutive instrument. When only the kind is specified, the debtor must deliver items of average quality. If the choice rests with the creditor, the same rule shall apply.

Art. 470.—Prior to the identification of the specific item, the debtor may not be excused from performing the obligation due to the loss or deterioration of the item, force majeure, or unforeseeable circumstances, so long as performance remains possible.

Art. 471.—In the event of default, the creditor may choose between performance of the obligation plus damages for the delay, or termination of the contract with compensation for breach.

Art. 472.—Once the item has been identified, the rules governing obligations to deliver specific items shall apply.

Art. 473.—When the performance consists of the delivery of an indeterminate thing, selected from among a number of specific things of the same kind, the obligation shall be extinguished if all the things included therein are lost due to a fortuitous event or force majeure.

PARAGRAPH III

OBLIGATIONS TO DELIVER SUMS OF MONEY

Art. 474.—Monetary debts are extinguished by payment made in the legal tender in circulation and having full payment value as of the due date, at its face value.

Obligations and payments in different currencies are governed by special laws.

Art. 475.—In obligations to pay sums of money, no default or compensatory interest nor commissions exceeding the maximum rates established by the Central Bank of Paraguay may be stipulated, under penalty of nullity of the respective clause, regardless of the name given to the ancillary obligation borne by the debtor.

Interest is due by virtue of the default, even if no actual damage is proven. The creditor may not demand greater compensation on the grounds of having suffered damage exceeding the non-performance of the obligation, and in no case may compensatory interest added to default interest exceed the maximum rate.

Interest on bank loans shall be governed by special legislation. PARAGRAPH

IV

OBLIGATIONS TO ACT AND NOT TO ACT

Art. 476.— The party obligated to perform must carry out the act in a timely manner and in the manner intended by the parties. If the act is performed otherwise, it shall be deemed not to have been performed, or that which was performed improperly may be set aside.

The act may be performed by another, unless the debtor was specifically chosen to perform it due to his or her skill, art, or personal qualities.

Art. 477.—If the act proves impossible through no fault of the debtor, the obligation is extinguished for both parties, and the debtor must return to the creditor whatever the debtor may have received by reason of the obligation.

Art. 478.—If the debtor is unwilling or unable to perform the act, the creditor may demand specific performance, unless this would require the use of force against the debtor’s person. In the latter case, the creditor may claim damages and interest.

Art. 479.—If the act can be performed by another, the creditor may be authorized to perform it on the debtor’s behalf, either personally or through a third party, or may claim damages and interest for the failure to perform the obligation.

Art. 480.—If the obligation is a prohibition against an act, and the omission of the act proves impossible through no fault of the debtor, or if the debtor has been compelled to perform it, the obligation shall be extinguished.

Art. 481.—If the act is performed through the debtor’s fault, the creditor shall have the right to demand that what has been done be destroyed, or to be authorized to destroy it at the debtor’s expense.

Art. 482.—If it is not possible to destroy what has been done, the creditor shall have the right to claim damages and interest resulting from the performance of the act.

Art. 483.—If the obligation consists of tolerating specific acts by the creditor or the use of the debtor’s property, performance may be enforced through the courts, even if the use of force is necessary.

PARAGRAPH V

ALTERNATIVE OBLIGATIONS

Art. 484.—The debtor of an alternative obligation is discharged by performing one of the two alternative obligations included in the obligation, but may not compel the creditor to accept part of one and part of the other.

Art. 485.—When the debtor, ordered to perform one of two alternative obligations, fails to perform either within the time limit set by the judge, the choice rests with the creditor.

If the right to choose rests with the creditor and the creditor fails to exercise it within the established time limit or the time limit set by the debtor, the right to choose passes to the debtor. If the choice is left to a third party and that party fails to make it within the time limit set for them, the choice shall be made by the judge at the request of the parties.

Art. 486.— An alternative obligation is considered a simple obligation if one of the two performances cannot constitute the subject matter of an obligation, or if it has become impossible for a reason not attributable to either party. In such cases, the other performance is due to the creditor. When the choice rests with the debtor, the alternative obligation becomes a simple obligation if one of the two performances also becomes impossible due to a cause attributable to the debtor. If one of the two performances becomes impossible through the creditor's fault, the debtor is released from the obligation unless the debtor prefers to perform the other obligation and claim compensation for damages.

Art. 487.—When the choice rests with the creditor, the debtor is released from the obligation if one of the two performances becomes impossible through the creditor's fault, unless the creditor prefers to demand the other performance and claim compensation for damages. If the debtor is responsible for the impossibility, the creditor may choose the other performance or demand compensation for damages.

When both performances have become impossible and one has ceased to be so through the debtor's fault, the debtor must pay the equivalent of the performance that became impossible last, if the choice had been his to make.

If the choice rested with the creditor, the creditor may demand the equivalent of either performance.

Art. 488.— The foregoing rules shall apply equally when there are more than two performances included in the alternative.

Art. 489.—When the alternative obligation consists of annual performances, the choice made for one year does not bind the debtor for the others.

Art. 490.—If all the performances included in the alternative have become impossible through no fault of the debtor before the debtor is placed in default, the obligation is extinguished.

Art. 491.—When, in any type of obligation, the place, time, amounts, proportions, or other circumstances of the performance have been established alternatively or are subject to a choice, the preceding rules regarding the right to perform them and their effects shall apply.

PARAGRAPH VI

ON OPTIONAL PAYMENT OBLIGATIONS

Art. 492.— The creditor of an optional payment obligation, upon demanding performance, may claim only the principal obligation.

Art. 493.—An optional payment obligation is extinguished when the principal obligation becomes impossible to perform through no fault of the debtor, even if the accessory obligation could still be performed. If the impossibility is attributable to the obligor, the creditor may demand its equivalent or the accessory performance.

Art. 494.— In case of doubt as to whether the obligation is alternative or optional, it shall be deemed alternative.

SECTION II

ON MULTIPLE CREDITORS AND DEBTORS PARAGRAPH I

DIVISIBLE OBLIGATIONS

Art. 495.—Obligations are divisible when their subject matter consists of performances that permit partial performance.

Art. 496.—The following are divisible:

a) obligations to deliver sums of money or other quantities, and to deliver indeterminate, non-fungible items, comprising a number of such items of the same kind equal to the number of creditors or debtors, or a multiple thereof;

b) obligations to perform, determined solely by a certain number of working days or by measures specified in the instrument of creation; and

c) obligations not to do, when this results from the nature of each performance.

Art. 497.—If a divisible obligation has more than one creditor or more than one debtor, it shall be divided into as many equal claims or debts as there are creditors or debtors, provided that the constitutive instrument does not specify unequal portions. If there are multiple creditors and multiple debtors, the debt shall be divided by the multiple of the creditors and debtors. Each of the parts shall correspond to a distinct and independent obligation.

Creditors shall be entitled only to their share, and debtors shall not be liable for the insolvency of the others.

Art. 498.—When, by virtue of the constitutive instrument, a will, or a partition, any of the debtors or their heirs is responsible for payment of the entire divisible obligation, this shall not be construed as creating a joint and several liability.

In such a case, the creditor may demand full performance from the party responsible for payment, without prejudice to the rights that either party may have against the co-debtors or co-heirs. Similarly, the right to demand the total performance may be assigned to one or more of the creditors, or to their heirs.

PARAGRAPH II

INDIVISIBLE OBLIGATIONS

Art. 499.— Obligations whose subject matter consists of performances that cannot be partially fulfilled are indivisible.

Art. 500.—Obligations to deliver specific items, obligations to perform not covered by Article 496, and those whose purpose is to establish a real servitude are indivisible.

Art. 501.—Any creditor may demand from each of the debtors, or from their heirs, full performance of the obligation or may claim, on a joint basis, the delivery of the thing owed.

A co-debtor who pays an indivisible debt is subrogated to the creditor’s right with respect to the other co-debtors.

Art. 502.— An indivisible obligation ceases to be indivisible when it is settled by damages or when the performance becomes divisible.

Art. 503.— Liability for default or breach attributable to one of the debtors is personal.

Art. 504.—If only one of the creditors receives full performance, each of the other creditors shall have the right to demand from that creditor, in cash, the portion of the total that is due to them.

Art. 505.—Only with the consent of all creditors may a transfer in lieu of payment, novation, assignment of debt, remission of an indivisible obligation, settlement, set-off, or confusion be effected.

If, in violation of the provisions of the preceding paragraph, one of the creditors, without the consent of the others, carries out the aforementioned acts, the obligation shall not be extinguished with respect to the remaining creditors, who may demand payment thereof, less the share of the creditor who stipulated the payment in kind, effected the novation or assignment of debt, waived the debt, consented to the settlement, or accepted the set-off or confusion.

Art. 506.—Indivisible obligations shall be governed by the rules relating to joint and several obligations, to the extent that they are applicable.

Art. 507.— The suspension of the statute of limitations established for the benefit of one creditor shall benefit all other creditors.

PARAGRAPH III

JOINT AND SEVERAL OBLIGATIONS

Art. 508.—An obligation is joint and several when all the debtors are, by virtue of the title, obligated to pay the same consideration, such that each one may be compelled to perform the entire subject matter of the obligation, and performance by any one of them discharges the others; or when, among several creditors, each has the right to demand performance of the entire obligation, and performance obtained by one of them discharges the debtor from liability to all creditors.

Art. 509.—Joint and several liability is not precluded by the fact that the individual debtors are each obligated under different terms, or that the common debtor is obligated under different terms with respect to the individual creditors.

Nor does the legal incapacity of a debtor who has entered into an obligation with others who are legally capable—or the legal incapacity of a creditor who has entered into an agreement with others who are legally capable—exclude joint and several liability for the obligation. Legal incapacity may only be invoked by the legally incapacitated debtor or creditor.

Art. 510.—Joint and several liability is not presumed. It must be expressly provided for by law, and in legal acts, it must result from unambiguous terms.

Art. 511.—A joint and several obligation loses its character as such if the creditor expressly waives joint and several liability, consenting to divide the debt among each of the debtors. However, if the creditor waives joint and several liability in favor of one or some of the debtors, the obligation shall continue to be joint and several for the others, with the portion corresponding to the debtor exempted from joint and several liability deducted.

Art. 512.— The creditor, or each creditor, or the creditors collectively, may demand payment of the entire debt from all the jointly and severally liable debtors together, or from any one of them. They may demand the portion for which a single debtor is liable. If they demand the entire amount from one of the debtors, they may demand it from the others as long as the debt has not been fully collected. If they have demanded only the share of one debtor, or have otherwise consented to the division with respect to one debtor, they may demand the entire amount from the others, after deducting the share of the released debtor.

Art. 513.—The debtor may pay the debt to any of the creditors, provided that he has not previously been sued by any of them, and the obligation is thereby extinguished with respect to all of them. However, if he has been sued by any of the creditors, payment must be made to that creditor.

Art. 514.—Payment in kind, novation, set-off, confusion, or remission of the debt, made by any of the creditors with any of the debtors, extinguishes the obligation.

Art. 515.—When performance becomes impossible due to the fault of, or during the default by, any of the joint and several debtors, the obligation to pay the value of the debt shall remain for all; however, only the party at fault or the defaulting party shall be liable for any damages or interest that may arise.

Art. 516.—If any of the creditors or debtors dies leaving more than one heir, each of the co-heirs shall have no right to demand or receive, nor shall they be obligated to pay, anything other than their respective share of the claim or debt, in accordance with their inheritance.

Art. 517.—Any act that interrupts the statute of limitations in favor of one of the creditors or against one of the debtors shall benefit or prejudice the others.

Art. 518.—A claim for interest brought against one of the jointly and severally liable debtors causes interest to accrue against all of them.

Art. 519.—The default of one of the joint and several creditors also produces its effects with respect to the others and in favor of all the debtors.

Art. 520.—A creditor who has collected all or part of the debt; or has granted a remission or novation; or has accepted a delegation from another debtor or from one of the joint and several debtors with release of the others; or has extinguished the debt by set-off, remains obligated to his co-creditors to deliver to each one the portion of the claim to which he is entitled, in accordance with the constitutive title. In case of doubt, it is presumed that the shares are equal. In case of confusion, the same procedure shall apply.

Art. 521.—A judgment rendered in a lawsuit brought by a creditor against one of the joint and several debtors shall have no effect on the others; however, the others may invoke it, unless it is based on a personal cause of action against the debtor who was a party to the litigation.

The same rule shall apply when the action was brought by one of the creditors against the sole obligor.

Art. 522.—Each debtor may raise against the creditor’s action all defenses common to all co-debtors, as well as those that are personal to him, but not those that are personal to the other debtors.

Art. 523.—In internal relations, the joint and several obligation is divided equally among the various debtors, and the joint and several claim is divided equally among the various creditors, unless the obligation was incurred, according to the title, in the exclusive interest of any one of them in different proportions. A debtor who has satisfied the creditor, or in whose case confusion has occurred, has a right of recourse against the other co-debtors, but only

to the extent of his or her share of the obligation. The share of the insolvent debtors is divided among the other original debtors, including those released by the creditor from joint and several liability, from the obligation, or from their share of the debt.

The extinction of the claim by gratuitous remission is exempt from the right of recourse.

CHAPTER III

ON THE TRANSFER OF OBLIGATIONS SECTION I

ASSIGNMENT OF CLAIMS

Art. 524.— A creditor may transfer a claim, whether for consideration or without consideration, even without the debtor's consent, provided that the claim is not strictly personal in nature or that its transfer is not prohibited by law.

The parties may exclude the assignability of the claim, but such an agreement is not enforceable against the assignee unless it is proven that the assignee was aware of it at the time of the assignment.

Art. 525.—When the transfer takes place by operation of law or by court order, it is enforceable against third parties without any formality, and even independently of any expression of intent on the part of the prior creditor.

Art. 526.— The assignment of a claim includes its accessories and privileges, as well as the enforceability of the instrument, if any.

Art. 527.—With respect to third parties who have a legitimate interest in objecting to the assignment in order to preserve rights acquired after the assignment, the claim is transferred to the assignee only upon notification of the transfer to the assigned debtor or upon the debtor's acceptance thereof.

Art. 528.—The notice must be given, under penalty of nullity, by court order, through a notary public, by certified telegram, or by other authentic means, and the essential terms of the contract must be transcribed therein.

Art. 529.—If the facts and circumstances of the case demonstrate collusion between the debtor and the assignor, or gross negligence on the part of the debtor, the assignment of the claim—even if it has not been notified or accepted—shall have full effect with respect to the debtor.

This provision is equally applicable to a second assignee acting in bad faith or with gross negligence, and the assignment—even if not notified or accepted—may be enforced against such assignee merely by virtue of the knowledge he has acquired of it.

Art. 530.—If the assignor becomes insolvent, notification of the assignment or the debtor's acceptance shall have no effect on the creditors if it occurs after the order declaring insolvency.

Art. 531.—Notification or acceptance of the assignment shall have no effect when there is an attachment on the claim; however, the notification shall be effective with respect to other creditors of the assignor or other assignees who have not requested the attachment.

Art. 532.—If the same claim has been the subject of several assignments executed on different dates to different parties, the assignment notified by a document with a certified date shall prevail, even if it is a later assignment.

If the notices were served on the same day, without the time being recorded in any of the records, the assignees shall be in the same position. If the time of service is recorded in the record, the first notice shall prevail.

Art. 533.—Notification and acceptance of the assignment result in the attachment of the claim in favor of the assignee, regardless of whether the instrument evidencing the claim has been delivered, even if a prior assignee was in possession of the instrument; however, it is not effective against other interested parties unless notified by a public document.

Art. 534.— The assigned debtor shall be released from the obligation if he pays the assignor prior to notification or acceptance of the assignment, except as provided regarding collusion or gross negligence.

Art. 535.—The debtor may also assert against the assignee any other ground for the extinction of the obligation, as well as any presumption of discharge against the assignor, prior to the fulfillment of either formality, and may also raise the same exceptions and defenses that the debtor could have raised against the assignor.

Art. 536.—Even prior to notification or acceptance, the assignee may take all protective measures relating to the assigned claim. The assignor shall have the same right until such formalities have been completed.

Art. 537.—The provisions of this Section shall apply, as appropriate, to the transfer of other rights not subject to special regulation.

SECTION II

ASSIGNMENT OF DEBTS

ON DELEGATION, ASSIGNMENT, AND THIRD-PARTY LIABILITY

Art. 538.— If the debtor designates a new debtor to the creditor, who thereby assumes an obligation to the creditor, the original debtor is not released from his obligation unless the creditor expressly declares that he releases him.

However, a creditor who has accepted the third party's obligation may not seek recourse against the delegating party unless the creditor has first demanded performance from the delegate.

Art. 539.— If the debtor has instructed a third party to make the payment, the third party may assume the obligation in favor of the creditor, unless the debtor has prohibited this. The third party delegated to make the payment is not obligated to accept the instruction, even if the third party is a debtor of the delegating party.

Art. 540.— The delegating party may revoke the delegation as long as the delegate has not assumed the obligation toward the delegating party or has not made payment to the delegating party.

The delegate may assume the obligation or make payment to the principal even after the principal's death or the onset of the principal's incapacity.

Art. 541.— The delegate may raise against the assignee any defenses relating to his relationship with the delegate.

Unless the parties have agreed otherwise, the delegatee may not raise against the assignee—even if the assignee was aware of them—the defenses that the delegatee could have raised against the delegator, unless the relationship between the delegator and the assignee is void.

Nor may the delegate raise defenses relating to the relationship between the delegating party and the assignee unless the parties have expressly provided for such a right.

Art. 542.—A third party who, without delegation from the debtor, assumes the debtor's debt is jointly and severally liable with the original debtor, unless the creditor expressly declares that the original debtor is released from liability.

Unless otherwise agreed, a third party may not raise defenses against the creditor based on its relationship with the original debtor.

However, the third party may raise against the creditor any defenses that the original debtor could have raised against the creditor, provided they are not personal to the creditor and do not arise from events occurring after the assumption of the debt. The third party may not raise against the creditor any setoff that the original debtor could have claimed, even if it occurred prior to the assumption of the debt.

Art. 543.—If the debtor and a third party agree that the third party shall assume the debtor's debt, the creditor may join the agreement, in which case the stipulation made in the creditor's favor shall be irrevocable.

The creditor's accession results in the release of the original debtor only if this is an express condition of the stipulation or if the creditor expressly declares that he releases the debtor.

If the debtor is not released, he or she remains jointly and severally liable with the third party.

In any case, the third party remains liable to the creditor who has acceded to the stipulation within the limits to which the debt has been assumed, and may raise against the creditor any defenses based on the contract under which the assumption took place.

Art. 544.—A creditor who, as a result of the delegation, has released the original debtor has no recourse against the original debtor if the delegate becomes insolvent, unless the creditor has expressly reserved such recourse.

However, if the assignee was insolvent at the time he assumed the debt vis-à-vis the creditor, the original debtor is not discharged.

The same provisions shall apply when the creditor accepted the assumption stipulated in his favor and the release of the original debtor was an express condition of the stipulation.

Art. 545.—In all cases where the creditor releases the original debtor, the security interests attached to the debt are extinguished, unless the creditor expressly consents to maintain them.

Art. 546.—If the obligation assumed by the new debtor with respect to the creditor is declared null and void, and the creditor had released the original debtor, the original debtor's obligation is revived; however, the creditor may not rely on the security provided by third parties.

CHAPTER IV

EXTINCTION OF OBLIGATIONS SECTION I

PAYMENT

PARAGRAPH

I

GENERAL PROVISIONS

Art. 547.— An obligation is extinguished by the performance of the

obligation. Art. 548.— Payment may be made by:

a) the debtor who is capable of managing his or her property;

b) any person with an interest in the performance of the obligation; and

c) a disinterested third party, with or without the debtor's consent.

Art. 549.— An obligation may be performed by a third party, even against the creditor's will, if the creditor has no interest in the debtor personally performing the obligation. However, the creditor may reject the performance offered by the third party if the debtor has expressed his or her opposition.

Art. 550.—The rights of a third party, whether interested or not, who pays in their own name or in the debtor's name, shall be governed by the legal relationships existing between them. If no such relationships exist, the payer may claim reimbursement for the amount actually disbursed to fulfill the obligation. A third party who is not an interested party and who paid against the debtor's will shall be entitled only to the extent of the benefit received by the debtor.

Art. 551.— Payment must be made:

a) to the creditor who has free disposal of his or her property or to the creditor's representative authorized for that purpose;

b) to the person presenting the instrument of credit, if it is bearer paper or the person has a receipt from the creditor, unless there is reasonable suspicion that the document does not belong to the presenter or that the presenter is not authorized to collect;

c) to the third party designated to receive payment, even if the creditor objects and even if the creditor has already been paid a portion of the debt; and

d) to the person in possession of the claim. The payment shall be valid even if such possessor is subsequently defeated in a lawsuit regarding the right he or she invokes.

Art. 552.—A payment made to a person not authorized to receive it is valid if the creditor ratifies it, or to the extent that it becomes beneficial to the creditor.

To the same extent, payment to a person incapable of administering their own property shall be effective.

Art. 553.—A debtor who, having been informed of the creditor's supervening incapacity, makes payment to the creditor shall not extinguish the obligation, unless the debtor proves that the payment benefited the creditor.

Art. 554.—If the claim is pledged or attached, payment made to the creditor shall not be valid. The nullity shall benefit only the pledgees or attaching creditors, to whom the debtor must pay, without prejudice to the debtor's right of recourse against the creditor.

Art. 555.—If a claim is assigned in lieu of performance, the obligation is extinguished upon collection of the claim, unless the parties express a contrary intention.

Art. 556.—When payment requires the transfer of ownership of the thing, it is necessary, for the payment to be valid, that the payer be the owner of the thing and have the capacity to dispose of it. If the payment consists of a sum of money or a thing that is consumed through use, it cannot be recovered from a creditor who has consumed it in good faith.

PARAGRAPH II

THE SUBJECT MATTER OF PAYMENT

Art. 557.— The debtor must deliver the same thing or perform exactly the act to which he is obligated. He may not substitute them with damages for nonperformance, or with another thing or another act, even if they are of equal or greater value.

Art. 558.—When partial payments are not permitted, the debtor may not require the creditor to accept partial performance of the obligation.

Art. 559.—If the debt is partly liquidated and partly unliquidated, the creditor may demand performance of the liquidated portion even before payment of the other portion is due.

Art. 560.—If the obligation is to pay a sum of money with interest, payment shall be deemed complete only after the principal and interest have been paid.

PARAGRAPH III

PLACE AND TIME OF PAYMENT

Art. 561.— Payment must be made on the due date of the obligation. If no due date is specified or can be inferred from the circumstances, payment shall be due immediately.

Art. 562.—If the instrument of obligation authorizes the debtor to pay when able or when sufficient means are available, the judge, upon the motion of a party, shall set the date on which the obligation must be fulfilled.

If the time limit has been left to the creditor's discretion, the judge may set it at the request of the debtor who wishes to be released from the obligation.

Art. 563.— Payment must be made at the designated place. If no such place has been established and the subject matter is a specific item, payment shall be made where the item was located when the obligation arose; in any other case, payment shall be made at the debtor's domicile.

Art. 564.—If the debtor changes his domicile and that domicile was designated for the purposes of payment, the creditor shall have the option to demand payment either at the current domicile or at the previous one. A similar right shall accrue to the debtor when the creditor has changed his domicile and that domicile was the designated place.

Art. 565.—When payment consists of a sum of money as the price for a transferred item, and no place has been specified, it shall be made at the place where delivery is to be effected, provided that such payment is not due at a later date.

Art. 566.— The creditor may demand payment before the due date if the debtor becomes insolvent, or if, as a result of the debtor's insolvency, the stipulated guarantees have been diminished or the promised guarantees have not been provided. When the obligation is joint and several, it shall not be enforceable in such cases against the other co-debtors. Nor shall it be enforceable against the sureties, who shall be entitled to the pre-established term.

Art. 567.— A mortgagee or pledgee may also demand payment before the due date when the encumbered property is sold at a judicial auction at the request of other creditors.

Art. 568.—If the debtor wishes to make advance payments, and the creditor agrees to receive them, the creditor may not be compelled to grant any discounts.

PARAGRAPH IV

PROOF OF PAYMENT

Art. 569.—When, due to the nature of the obligation, payment requires the creditor's involvement, it shall be proven in the manner established for contracts.

Art. 570.— A creditor who receives payment must issue a receipt and make a notation of such payment on the instrument, if the instrument is not returned to the debtor. The costs of payment shall be borne by the debtor.

Art. 571.— The receipt shall specify the amount and nature of the debt paid, the name of the debtor or the person who paid on the debtor's behalf, the time and place of payment, and shall bear the signature of the creditor or the creditor's representative.

Art. 572.—If the creditor claims to have lost the instrument, the debtor making the payment may require the creditor to provide an authenticated statement confirming the cancellation of the instrument and the extinction of the debt.

Art. 573.—When payment is made in periodic installments, receipt of the last installment establishes, unless proven otherwise, a presumption that the previous installments have been paid.

Art. 574.—The creditor’s receipt of the principal, without any reservation regarding interest, extinguishes the debtor’s obligation with respect to such interest.

PARAGRAPH V

PAYMENT THROUGH THE ASSIGNMENT OF PROPERTY TO CREDITORS

Art. 575.—By assigning assets to creditors, the debtor instructs them, or any one of them, to liquidate all or part of his assets and to distribute the proceeds among themselves in satisfaction of their claims.

Art. 576.—The assignment of assets must be made in writing, under penalty of nullity. If the assigned assets include claims, the provisions governing the transfer of claims in general shall apply.

Art. 577.—The administration of the assigned assets falls to the assignee creditors. They may exercise all property-related rights pertaining to such assets.

Art. 578.— The debtor may not dispose of the assigned assets.

Creditors who existed prior to the assignment and who did not participate in it may also bring enforcement proceedings against such assets.

If the assignment has concerned only some of the debtor’s assets, the assignee creditors may not initiate enforcement proceedings against the other assets until the assigned assets have been liquidated.

Art. 579.— Creditors who have entered into the contract or who have acceded to it must advance the expenses necessary for the liquidation and are entitled to reimbursement from the proceeds thereof.

Art. 580.— The creditors must divide among themselves the sums obtained in proportion to their respective claims, subject to any priority claims. The balance belongs to the debtor.

Art. 581.— The debtor has the right to verify the management of the assignee creditors and to obtain a statement of accounts from them at the end of the liquidation, or at the end of each year, if the management lasts more than one year.

If a liquidator has been appointed, the liquidator must also render accounts to the debtor.

Art. 582.—The debtor is released from liability to the assignee creditors only as of the day on which they receive their respective share of the proceeds of the liquidation, and only to the extent of what they have received, unless otherwise agreed.

Art. 583.— The debtor may terminate the contract by offering to pay the principal and interest to those creditors with whom the debtor has contracted or who have acceded to the assignment. The termination shall take effect as of the date of payment. The debtor is obligated to reimburse the costs of administration.

PARAGRAPH VI

PAYMENT BY DEPOSIT

Art. 584.— Payment by deposit must be made through the courts and is only possible in the case of obligations to deliver. It applies in the following cases:

a) a) if the creditor is in default or refuses to accept payment; b) if the creditor is incapable of accepting it and lacks a representative;

b) if the creditor is absent;

c) if the creditor is unknown, or their right is in doubt, or other persons are claiming payment;

d) if the debt has been attached or is being withheld by the debtor and the debtor wishes to be released from the deposit;

e) if the creditor has lost the instrument evidencing the obligation;

f) if the person owing the price of an encumbered asset wishes to redeem it from the security interest; and

g) if the creditor refuses to present the document or claims not to have it in his possession.

Art. 585.—For a deposit to be effective as payment, it is essential that all the requirements of the agreed-upon payment be met with respect to the parties, the subject matter, the manner, and the time. The absence of any one of these requirements entitles the creditor to reject the deposit.

Art. 586.—If the debt consists of the delivery of a specific item, to be performed at the location where it is situated, the deposit constitutes a judicial demand by the debtor upon the creditor to accept it. If the creditor fails to accept it, the deposit may be authorized at another location.

When the item is located in a place other than that designated for delivery, it must first be transported to the point of receipt at the debtor's expense. The demand shall then be made to the creditor.

Art. 587.—If unspecified items are to be delivered, the selection of which is the creditor's responsibility, a notice must be issued so that the creditor may subsequently be notified to accept them, as if they were specific items.

Art. 588.—If the matter involves a sum of money, the funds must be deposited in a bank account in the name of the court, and the creditor must be notified. The deposit suspends the accrual of interest.

Art. 589.—A consignment that is uncontested or declared valid shall have the effect of payment as of the date of deposit. In such cases, the expenses are borne by the creditor. The debtor bears them if the debtor withdraws the consignment or if it is rejected by the judge.

Art. 590.— The deposit may be withdrawn at the debtor's discretion, provided that the deposit has not yet been accepted or a judgment declaring it valid has not yet been issued. Once the deposit is withdrawn, the obligation is reinstated with all its ancillary obligations.

Once the deposit has been declared valid, its withdrawal requires the creditor's consent, which shall not prejudice the co-debtors or sureties.

PARAGRAPH VII

ALLOCATION OF PAYMENT

Art. 591.—A person who owes several debts of the same nature to the same creditor may, upon making payment, declare which of the debts they wish to satisfy, provided that the debt is liquid and past due.

In the absence of such a declaration, the payment must be applied to the most onerous debt; among several equally onerous debts, to the oldest one.

If these criteria are insufficient to resolve the matter, the payment shall be allocated proportionally.

Art. 592.—Payment made toward principal, interest, and expenses shall be applied first to the expenses, then to the interest, and finally to the principal.

Art. 593.—When the debtor has not specified to which debt the payment is to be applied, but has accepted a receipt from the creditor in which the payment is specifically allocated to one of them, the debtor may not contest that allocation unless there is a cause that invalidates the act.

PARAGRAPH VIII

PAYMENT WITH SUBROGATION

Art. 594.—Legal subrogation takes effect automatically in favor of:

a) the creditor who pays the debt of the joint debtor to another creditor who has priority over the debtor;

b) the party who pays because they have a legitimate interest in fulfilling the obligation; and

c) a third party not interested in the obligation who pays with the debtor's express or tacit approval, or without the debtor's knowledge.

Art. 595.—Contractual subrogation occurs:

a) when the creditor receives payment from a third party who expressly substitutes the creditor in its rights; and

b) when the debtor pays with an amount that he has borrowed and subrogates the lender to the rights of the original creditor.

The debtor may effect subrogation without the creditor's consent, provided that the debtor has borrowed the money or other fungible property by public deed, stating that purpose in the deed and, at the time of making the payment, specifying the source of the amount paid.

Art. 596.—Legal or contractual subrogation transfers to the new creditor all the rights, actions, or guarantees of the former creditor, both against the principal debtor and co-debtors, as well as against guarantors and third parties in possession of property subject to the debt, subject to the following restrictions:

a) the subrogated party may not exercise the creditor's rights and actions except to the extent of the amount actually disbursed by the subrogated party to discharge the debtor;

b) the effect of contractual subrogation may be limited to certain rights and actions by the creditor or by the debtor who consents to it, and that of statutory subrogation may be limited by agreement between the creditor or the debtor and the third party;

c) statutory subrogation established for the benefit of those who have paid a debt for which they were jointly liable with others does not authorize them to exercise the creditor's rights and remedies against their co-obligors, except to the extent of the portion for which each of the latter was obligated to contribute toward the payment of the debt;

d) Subrogation in favor of a third party holding mortgaged property on behalf of the principal debtor does not authorize that third party to pursue the surety, even if the mortgage was established after the suretyship.

a) A surety who pays the debt secured by a mortgage on behalf of the debtor is subrogated against the third-party holder of the encumbered property;

e) subrogation in favor of the third-party possessor of one of several properties mortgaged as security for the paid debt does not authorize that third party to exercise the creditor's rights against the other possessors except to the extent proportional to the benefit derived from the payment made by each of them;

f) subrogation in favor of the third-party possessor of a property mortgaged by one or more jointly and severally liable debtors does not authorize that possessor to exercise the creditor's remedies except to the extent that the mortgagor could have exercised them against his co-obligors; and

g) when one of the heirs to whom an asset mortgaged by the decedent has been awarded is subrogated to the creditor's position, that heir may exercise such rights only to the extent corresponding to each of the other heirs in the estate.

Art. 597.—Rights transferred by subrogation may not be exercised to the detriment of the creditor with respect to the portion of the debt that has been paid.

In the event of partial payment, the creditor shall have priority over the subrogated party in collecting the

balance. PARAGRAPH IX

DEFINITION OF SET-OFF

Art. 598.— The obligation shall be extinguished when the creditor accepts a different form of performance in

payment. If what is delivered consists of claims against third parties, the rules governing assignment shall

apply.

Art. 599.—If the creditor is defeated in his right to what he received in payment, the provisions regarding eviction shall apply. The provisions concerning redhibitory defects shall also apply, as appropriate.

Art. 600.— The mere agreement to make a payment in kind does not extinguish the obligation as a matter of law; however, it authorizes the debtor to raise it as a defense.

Art. 601.—Once the price of the item given in lieu of payment has been determined, the relationship between the parties shall be governed by the rules governing a contract of sale.

SECTION II

NOVATION

Art. 602.—Obligations may be extinguished by novation. The intent to novate is not presumed.

Art. 603.—The issuance of a document or its renewal, the addition or deletion of a term, and any other ancillary modification—such as changes relating to the time, place, or manner of performance—merely modify the obligation but do not extinguish it.

Art. 604.—Novation extinguishes not only the principal obligation but also the accessory obligations entered into to secure its performance. The creditor, however, may, by an express reservation, prevent the extinction of the privileges, pledge, or mortgage of the former debt, which thereby come to secure the new one. If the debtor is the same, and the encumbered assets belong to him, the reservation does not require his intervention.

The creditor may not reserve the right to a pledge or mortgage on the extinguished obligation if the mortgaged or pledged assets belong to third parties who did not participate in the novation effected by a change of debtor, unless such third parties consent.

Art. 605.—If the novation is effected between the creditor and one of the joint and several debtors with discharging effect for all, the privileges and security interests of the prior debt may be reserved only with respect to the assets of the debtor who effected the novation.

Art. 606.—Novation is void if the original obligation is void, but it is not void if the debtor, knowing of the defect in the original obligation, assumes the new debt.

Art. 607.—If a new debtor replaces the original debtor, who is thereby discharged, the rules governing delegation and expromission shall apply.

Art. 608.—Novation by substitution of the creditor shall occur only if the agreement between the original creditor and the substituting creditor was entered into with the debtor's consent.

Art. 609.—If the agreement between the original creditor and the substitute creditor is made without the debtor's consent, there shall be no novation but rather an assignment of rights.

SECTION III

REMISSION OF DEBT

Art. 610.— An obligation is extinguished when the creditor agrees to remit the debt without consideration. Remission may be express or implied. The debtor's acceptance renders the remission irrevocable.

Art. 611.—Debt remission is not subject to any formal requirements, unless the claim or its ancillary rights are recorded in a public deed. In this case, for the remission to be enforceable against third parties, it must be made in the same form and registered in the corresponding Public Registry.

Art. 612.—The voluntary surrender by the creditor to the debtor of the original instrument evidencing the claim constitutes proof of discharge.

Provided that such instrument is in the possession of the obligor, it is presumed that the creditor voluntarily surrendered it.

Art. 613.—The creditor's waiver of the security for the obligation does not give rise to a presumption of remission of the debt.

Art. 614.—A remission granted to the principal debtor discharges the sureties, but a remission granted to the sureties does not benefit the principal debtor. A remission granted to one of the sureties discharges the others only to the extent of the portion attributable to the discharged surety. However, if the other sureties have consented to the discharge, they remain liable for the entire amount.

SECTION IV

SET-OFF

Art. 615.—Set-off of obligations occurs when two persons, in their own right and reciprocally, are both debtor and creditor with respect to a sum of money or other performances of the same kind, provided that both debts are legally valid, certain, due and payable, unencumbered, past due, and, if conditional, the condition has been fulfilled.

Once set-off is invoked, it shall extinguish both debts with the effect of payment, to the extent of the smaller debt, as of the time both debts began to coexist, without this precluding a challenge by the creditor if the circumstances required by law are met.

Set-off against a time-barred claim may be invoked if the claim had not been extinguished by the statute of limitations at the time both debts began to coexist.

Art. 616.—If the debt set off is not liquid but can be easily and quickly settled, the judge may declare the set-off with respect to the portion of the debt that the judge recognizes as existing, and may also suspend the judgment regarding the liquid claim until the amount of the debt set off is determined.

Art. 617.—Any grace period granted by the creditor does not preclude set-off. Art.

618.—Set-off shall be permitted with respect to the following debts:

a) those payable in different locations, provided that transportation costs or the exchange rate difference to the place of payment are taken into account;

b) in the event of the debtor's insolvency, those held by the debtor's creditors against the debtor's claims, even if neither the debts nor the claims were due and payable at the time the order declaring insolvency was issued;

c) even if the debts or claims arose after the declaration of insolvency, when the debtor acquired the claim after the order, by legal subrogation as a co-obligor, guarantor, or third-party possessor of mortgaged property, or by virtue of prior acts performed in good faith; and

d) the obligation arising from the suretyship, together with whatever the creditor owes the surety, or with the claim that the principal debtor holds against the same creditor.

Art. 619.—In the case provided for in subsection (b) of the preceding article, if the debtor's debt is subject to a term, interest shall be discounted for the period not yet elapsed.

When one of the claims is subject to a condition precedent, the creditor may demand the necessary guarantees to be reimbursed for the amount it would otherwise be required to pay.

Art. 620.—The following may not be set off:

a) claims that are exempt from attachment, and debts arising from criminal offenses, unless the creditor of such debt consents;

b) in secured obligations, the principal debtor's debt against the debt owed by the creditor to the guarantor;

c) the debt of a jointly and severally liable obligor against the claim of another co-debtor, or against that of one of the creditors, unless in both cases the parties have given their written consent;

d) by the debtor under a negotiable instrument payable to order, the amount owed to the holder by the preceding endorsers; and

e) claims and debts arising after the date of the insolvency proceeding, nor those arising from bearer instruments.

Art. 621.—Debts and claims between private individuals and the State or municipalities are also not set off in the following cases:

a) if the debts of private individuals arise either from the auction of property belonging to the State or municipalities or from tax revenues, direct or indirect taxes, fees, or other payments due at customs, such as storage and warehousing fees;

b) when the debts and claims do not involve the same ministry or department; and

c) if the claims of private individuals are included in the consolidation mandated by law.

Art. 622.— When there are several debts subject to setoff owed by the same person, the provisions regarding the allocation of payment shall apply.

SECTION V

ON CONFUSION

Art. 623.—When the status of creditor and debtor, or ownership and one of its appurtenances, are united in the same person, the obligation and its security shall be extinguished in the first case; and in the second, the real right shall be consolidated. Confusion may occur in whole or in part.

Art. 624.—Confusion does not produce effects to the detriment of third parties who have acquired a right of usufruct or a pledge over the claim.

Art. 625.—The confusion of the creditor's right with the guarantor's obligation does not extinguish the principal debtor's obligation. If the roles of guarantor and principal debtor are held by the same person, the guarantee remains in effect, provided that the creditor has an interest in it.

Art. 626.—Confusion between one of the joint and several creditors and the debtor, or between one of the joint and several co-debtors and the creditor, extinguishes the principal obligation and its accessories with the effect of payment.

Art. 627.—The merger shall cease whenever a subsequent event restores the parties' original status, and the rights that originally belonged to them shall be revived. In the case of rights whose extinction has been recorded in the corresponding Public Registry, reinstatement shall not occur until after the cancellation of the registration, and without prejudice to any rights that may have been established in favor of third parties in the intervening period.

SECTION VI

ON THE IMPOSSIBILITY OF PAYMENT

Art. 628.— An obligation is extinguished when, due to a physical or legal cause not attributable to the debtor, occurring prior to the debtor's default, the performance constituting the object of the obligation becomes impossible.

If the impossibility is only temporary, the debtor is not liable for the delay in performance as long as it exists. However, the obligation is extinguished if the impossibility persists to the point that, in light of the title or nature of its subject matter, the debtor can no longer be considered obligated to perform the obligation or the creditor no longer has an interest in obtaining it.

Art. 629.—A performance whose subject matter is a specific item shall also be deemed impossible when the item disappears without proof of its destruction.

If the missing item is subsequently found, the provisions of the second paragraph of the preceding article shall apply.

Art. 630.—If performance has become impossible only in part, the debtor is released from the obligation by performing the obligation with respect to the part that remains possible to fulfill.

Art. 631.—If performance involving a specific item has become impossible, in whole or in part, the creditor is subrogated to the rights belonging to the debtor arising from the event that caused the impossibility, and may demand from the debtor everything the debtor has received by way of compensation.

Art. 632.—When the obligation involves the delivery of indeterminate, non-fungible items, defined only by their kind, performance shall never be deemed impossible, and the obligation shall be resolved through compensation for losses and interest.

CHAPTER V

ON THE STATUTE OF LIMITATIONS

SECTION I

GENERAL PROVISIONS

Art. 633.—Any person who is obligated to perform an act or to refrain from performing it may be released from that obligation on the grounds of the passage of time, in accordance with the provisions of this Code.

Rights arising from family relationships shall not be subject to the statute of limitations.

Art. 634.—Rights that, by virtue of the law or the constitutive legal act, exist only for a specified period or must be exercised within that period are not subject to the statute of limitations. They shall lapse upon the expiration of the term if the action is not brought or the right is not exercised.

Art. 635.—The statute of limitations begins to run from the moment the right to demand arises. If the right concerns a specific act, the statute of limitations begins when a contrary act has been performed.

The statute of limitations for actions for warranty or remedy, for conditional rights, and for rights subject to a time limit shall be calculated from the date of eviction, from the date of discovery of the defect giving rise to the right of rescission, from the fulfillment of the conditions, or from the fixed or indefinite term, respectively.

Art. 636.—In obligations bearing interest, the statute of limitations on the principal begins on the date of the last interest payment.

The statute of limitations for the obligation to render accounts begins on the day the obligors ceased to hold their positions. The statute of limitations regarding the net balance of the accounts runs from the day the parties reached an agreement or a court judgment became final.

Art. 637.—The period for demanding the return of property encumbered by a usufruct, right of use, or pledge begins to run from the extinction of the respective real rights or from the payment of the pledged debt.

Art. 638.—If the creation of a right depends on an action for nullity, the statute of limitations shall begin to run from the moment the action is ready for adjudication.

This provision shall not apply to an action for annulment of a family relationship.

Art. 639.—When a formal notice is required for an obligation to become enforceable, the statute of limitations shall begin to run from the time such notice could have been served, and if the notice sets a deadline, after that deadline has expired.

Art. 640.—A future statute of limitations may not be waived, nor may a period different from the statutory one be agreed upon. A statute of limitations that has already expired may be waived. The waiver may be express or implied.

Creditors of those who have waived the statute of limitations may invoke it.

Art. 641.—The statute of limitations operates both in favor of and against the State, municipalities, and other legal entities governed by public law, in accordance with their respective legislation.

SECTION II

SUSPENSION OF THE STATUTE OF LIMITATIONS

Art. 642.—The statute of limitations is suspended with respect to unemancipated minors, persons subject to legal incapacitation due to mental illness, absent persons, and, in general, any person incapable of acting for the period during which they have no legal representative and for the six months following the appointment of such a representative, or from the cessation of the incapacity.

Art. 643.—When, due to duly justified force majeure or unforeseeable circumstances, the exercise of a legal action has been temporarily prevented, the courts shall exempt the creditor or owner from the consequences of the statute of limitations that has elapsed during the period of impediment, provided that, after the impediment has ceased, the creditor or owner has immediately asserted their rights.

Art. 644.—The statute of limitations is suspended:

a) between spouses, even if they are separated by mutual agreement or by court order, regardless of the property regime they have chosen. This rule shall also apply when a woman's claim during the marriage involves her husband's property as security, compensation, or for any other reason;

b) between the person exercising parental authority or the powers inherent therein and the persons subject to such authority;

c) between the guardian and the minor or the person under legal incapacity subject to guardianship or curatorship, until the final account has been submitted and approved;

d) with respect to an heir who has accepted an inheritance subject to the right of inventory, regarding the heir's claims against the estate;

e) between legal entities and their administrators, while they remain in office, regarding liability claims against them;

f) between a debtor who has fraudulently concealed the existence of a debt and the creditor, as long as the fraud has not been discovered; and

g) in favor of those absent from the country in public service and those serving in the armed forces, during the period specified by the special provisions enacted in the event of war.

Art. 645.—The benefit of the suspension of the statute of limitations may be invoked only by or against the persons to whose detriment or in whose favor it is established, and not by or against their co-interested parties. This provision does not apply to indivisible obligations.

Art. 646.—The effect of the suspension is to render the period during which it lasted inoperative for the purposes

of the statute of limitations. SECTION III

INTERRUPTION OF THE STATUTE OF LIMITATIONS

Art. 647.—The statute of limitations is interrupted:

a) by a lawsuit served on the debtor, even if it was filed before an incompetent judge;

b) by the presentation of the instrument evidencing the claim in probate proceedings or in a proceeding to summon creditors;

c) by any unequivocal act, judicial or extrajudicial, constituting an acknowledgment of the debt by the debtor; and

d) by a commitment set forth in a public deed, pursuant to which the parties submit the disputed or contentious matter to the judgment of an arbitrator or arbitrators.

Art. 648.—The interruption of the statute of limitations caused by a complaint shall be deemed not to have occurred if the proceedings are terminated by the plaintiff's withdrawal, by lapse of time, or by a final judgment acquitting the defendant.

If the proceedings are abandoned, the interruption shall end with the last procedural act by the parties or the court. The statute of limitations shall begin to run again from the end of the interruption and shall be interrupted once more upon the resumption of the proceedings by either party.

Art. 649.—If the proceedings end with a judgment that does not rule on the merits of the case, and the plaintiff files a new complaint within six months of the judgment, the statute of limitations shall be deemed interrupted by the filing of the first complaint.

Art. 650.— The interruption of the statute of limitations caused by a lawsuit benefits only the party who filed it and those deriving their rights from that party.

Art. 651.—An interruption caused by one of the co-creditors does not benefit the others.

Conversely, an interruption brought against one or more of the joint debtors cannot be asserted against the others.

Art. 652.—An interruption of the statute of limitations initiated by one of the joint and several creditors benefits the other joint and several creditors; conversely, an interruption brought against one of the joint and several debtors may be asserted against the others.

Art. 653.—Where the obligation or the subject matter of the statute of limitations is indivisible, an interruption of the statute of limitations by a single interested party benefits the others and may be asserted against them.

Art. 654.—A lawsuit filed against the principal debtor, or the acknowledgment of the principal debtor's obligation, interrupts the statute of limitations for the accessory obligation.

Art. 655.—Once the statute of limitations has been interrupted, the time that elapsed prior to the event that caused the interruption shall not be taken into account. For the statute of limitations to resume, a new period must elapse.

Art. 656.—Statutes of limitations that began or expired under previous laws shall remain subject to those laws, unless the provisions of this Code are more favorable.

SECTION IV

ON STATUTES OF LIMITATIONS

Art. 657.—The statute of limitations takes effect due to the inaction of the holder of the right during the period established by law.

Art. 658.—The following are not subject to the statute of limitations:

a) actions to challenge void acts;

b) the action for partition of inherited or jointly owned property, as long as the joint ownership persists; and

c) the action to sue heirs for the restitution of property of which they were granted definitive possession by virtue of a declaration of presumed death.

Art. 659.—The following are subject to a ten-year statute of limitations:

a) actions brought by legally incapacitated persons against their representatives regarding the accounts of their respective management, and vice versa. The period runs from the date on which the incapacity of the represented person ceased, or from the date of their death, and shall not be interrupted by an agreement between the parties entered into prior to the rendering of such accounts;

b) the statute of limitations arising from a right recognized by a final judgment, even if that right itself is subject to a shorter period. This rule shall apply to settlements and to claims verified in bankruptcy proceedings;

c) the action to claim an inheritance. The statute of limitations shall be calculated from the date the defendant took possession of the inheritance;

d) the action for the equalization of the estate; and

e) all personal actions for which no other statute of limitations is established by

law. Art. 660.—The following claims are subject to a five-year statute of

limitations:

a) overdue alimony payments;

b) rental or lease payments;

c) amounts that, not being capital, must be paid annually or at shorter periodic intervals, such as annuities under life annuities; and interest that must be paid periodically;

d) rights arising from the relationships among partners and between partners and the corporation; and

e) the liability of directors, which is enforceable by corporate creditors in the cases established by law.

Art. 661.—The following claims are subject to a four-year statute of limitations:

a) of heirs to claim a reduction in the share allocated to one of them, when that heir has received an excess of the available portion in the division carried out by the ascendant;

b) the right of reduction conferred on heirs against third parties to safeguard their statutory share; and

c) those arising from any negotiable or bearer instrument, unless otherwise provided by special laws. The period begins to run, for demand instruments, from the date of their issuance, and for time instruments, from their maturity date.

Art. 662.—The following are subject to a three-year statute of limitations:

a) claims arising from a checking account agreement;

b) merchants' claims for the price of goods sold; and

c) actions for unworthiness and disinheritance.

The statute of limitations shall run from the death of

the decedent. Art. 663.—The following are subject

to a two-year statute of limitations:

a) actions to obtain the nullity of legal acts due to error, fraud, violence, or intimidation. The period shall be calculated from the time the force or intimidation ceased, or the other defects became known;

b) the creditors' action for revocation in cases of fraud. The statute of limitations shall run from the time the aggrieved parties became aware of the act, and in any event, five years after the act was performed;

c) actions to void obligations entered into by legally incapacitated persons or minors without the required consent. The statute of limitations shall run from the day the legal incapacity ceased;

d) the action by attorneys and legal representatives, notaries public, physicians, engineers, architects, dentists, chemists and pharmacists, teachers, surveyors, expert witnesses, and, in general, all those who practice liberal professions, to claim payment of their fees;

e) an action by merchants to claim payment for goods sold to non-merchants;

f) civil liability arising from tortious acts; and

g) actions for simulation, whether absolute or relative, brought by the parties or third parties. The statute of limitations shall begin to run for third parties from the time they became aware of the simulated act, and for the parties, from the time the apparent holder of the right attempts to disavow the simulation.

Art. 664.—The following actions are subject to a one-year statute of limitations:

a) the action to set aside a gift or bequest on the grounds of ingratitude or unworthiness, with the period calculated from the time the act came to the knowledge of the donor or the donor's heirs;

b) the claim of hoteliers, owners of boarding houses, sanatoriums, and other similar establishments, for food and lodging, as well as for related expenses;

c) the right of educational or training institutions to claim payment for tuition, boarding, and related expenses; and

d) claims by auctioneers, commission agents, and brokers to recover the remuneration due to them.

Art. 665.—The statute of limitations for claims arising from individual or collective employment contracts shall be governed by the provisions of the Labor Code.

Art. 666.—Claims arising from:

a) a contract of carriage, with the period calculated from the person's arrival at the destination, or in the event of an accident, from the date of the accident. In the case of goods, from the date they were delivered or should have been delivered at the place of destination.

If the transportation began or ended outside the Republic, the statute of limitations shall expire after eighteen months; and

b) from an insurance contract. The period shall be calculated from the time the obligation becomes due and payable. When the premium is to be paid in installments, the statute of limitations begins to run from the due date of the last installment. If the policy has been issued without payment of the premium, the statute of limitations begins to run from the time the insurer demanded payment.

In life insurance, the statute of limitations for the beneficiary begins to run from the time the beneficiary becomes aware of the existence of the benefit, but in no case shall it exceed three years from the occurrence of the loss.

Art. 667.— The buyer's right to rescind the contract or to be compensated for a non-apparent encumbrance or easement that was omitted from disclosure is subject to a six-month statute of limitations.

Art. 668.—The action for rescission to void the contract of sale, and the action to reduce the price due to a defect constituting grounds for rescission, are subject to a three-month statute of limitations.

Book Three

ON CONTRACTS AND OTHER SOURCES OF OBLIGATIONS TITLE I

ON CONTRACTS IN GENERAL CHAPTER I

GENERAL PROVISIONS

Art. 669.—The parties may freely regulate their rights through contracts, subject to the mandatory provisions of the law, and in particular, those contained in this title and in the title relating to legal acts.

Art. 670.— The rules of this title shall apply to all contracts. Unnamed contracts shall be governed by the provisions relating to named contracts with which they bear the greatest resemblance.

Art. 671.—If one of the contracting parties obtains a manifestly unjustified advantage, disproportionate to that received by the other party, by exploiting the latter's need, recklessness, or inexperience, the aggrieved party may, within two years, bring an action to declare the contract null and void or to seek its equitable modification. A significant disproportion between the performances gives rise to a presumption of exploitation, unless proven otherwise.

The defendant may avoid nullity by offering such modification, which shall be judicially determined, taking into account the circumstances at the time of the contract and its modification.

Art. 672.—In contracts with deferred performance, if unforeseeable and extraordinary circumstances arise that render performance excessively onerous, the debtor may request the termination of the outstanding obligations under the contract.

Termination shall not apply when the supervening onerousness falls within the normal risks of the contract, or if the debtor is at fault.

The defendant may avoid termination of the contract by offering an equitable modification.

If the contract is unilateral, the debtor may request a reduction in the obligation or an equitable modification of the manner of its performance.

Art. 673.—The essential requirements of a contract are:

a) the consent or agreement of the parties;

b) the subject matter; and

c) the form, when prescribed by law under penalty of nullity. CHAPTER

II

CONSENT OR AGREEMENT OF THE PARTIES

Art. 674.—Consent must be expressed through an offer and acceptance. It is presumed by the voluntary receipt of the thing offered or requested; or because the party required to express acceptance does something that he or she would not otherwise have done, or fails to do something that he or she would have done if his or her intention had been to reject the offer.

Art. 675.—For consent to exist, an offer made to a person who is present must be accepted immediately. This rule applies in particular to offers made by telephone or other means that allow each contracting party to immediately ascertain the other's intent.

Art. 676.—Between absent parties, consent may be expressed through agents, by letter or telegram, or by other suitable means.

Art. 677.— A proposal to enter into a contract is binding on the proposer, unless the contrary is implied by the terms of the offer, the nature of the transaction, or the circumstances of the case.

Art. 678.— An offer made without a time limit to an absent person ceases to be binding if a sufficient amount of time has elapsed for the offeror to have received the response under normal circumstances, yet the offeror has not received it.

Art. 679.— An offer made to an absent person shall likewise cease to be binding if, after the offeror has set a time limit for acceptance, the acceptance is sent after the time limit has expired.

Art. 680.— An offer ceases to be binding if the offeror withdraws it and the offeree receives notice of the withdrawal before issuing acceptance.

The offeree may revoke their acceptance provided that the revocation reaches the offeror at the same time as the notice of acceptance, or before it.

Art. 681.— A late acceptance or any modification made to the offer upon acceptance shall constitute a proposal for a new contract.

Art. 682.—If the offer is alternative or comprises separable parts, acceptance of any one of them gives rise to a valid contract. If the parts cannot be divided, acceptance of only one part is considered a proposal for a new contract.

Art. 683.—In an auction, the contract is concluded upon the award of the lot. If no award is made, the offer lapses, just as it does when a higher offer is made.

Art. 684.—If, for any reason, the offeror becomes aware of the acceptance belatedly, the offeror shall notify the acceptor without delay, under penalty of being liable for damages.

Art. 685.—The offeror is not bound if he has made an express reservation, or if his intention not to be bound is evident from the circumstances or the nature of the transaction.

The sending of rate schedules or price lists does not constitute an offer. The display of merchandise to the public, with an indication of the price, constitutes an offer.

Art. 686.—A person who publicly promises a reward in exchange for a service is bound to fulfill that promise.

If the person withdraws the promise before the service is provided, they must reimburse expenses incurred in good faith up to the amount of the promised reward, unless they prove that the service could not have been provided.

Art. 687.—A contract is deemed to have been entered into at the place where the offer is made.

Art. 688.—Contracts between absent parties are perfected once the acceptance is issued, unless it has been timely revoked or fails to arrive within the agreed-upon time limit.

Art. 689.—During the course of negotiations and in the formation of the contract, the parties must act in good faith.

Art. 690.—A party who, knowing or having a duty to know of a ground for the invalidity of the contract, has failed to disclose such ground to the other party, shall be obligated to compensate the other party for any damages suffered as a result of having relied, through no fault of its own, on the validity of the contract.

Art. 691.—When adhesion contracts contain restrictive clauses of an unfair nature, the adhering party may be excused from complying with them or may request that a judge modify them.

The following clauses, in particular, are considered to be such:

a) those that exclude or limit the liability of the party that imposed them;

b) those that grant the power to terminate the contract or alter its terms, or that in any way— —deprive the adhering party of any right without cause attributable to that party;

c) those that make the exercise of any contractual right of the adhering party contingent upon the consent of the other party;

d) those that oblige the adhering party to resort to the other contracting party or to a specific third party in the event of any need not directly related to the subject matter of the contract, or that make any contractual right of the adhering party contingent upon such recourse, or that limit the adhering party's freedom to enter into agreements with third parties regarding any need of the nature described;

e) those that require the contracting party to waive in advance any right that they might otherwise be entitled to under the contract in the absence of such a clause;

f) those that authorize the other party to act on behalf of the adhering party or in their stead to enforce a right of the adhering party against the other party;

g) those that impose on the contracting party specific means of proof or the burden of proof;

h) those that subject the adherent's right to pursue legal action to a time limit or condition, or limit the enforceability of defenses, or the use of judicial proceedings available to the adherent; and

i) those that permit the unilateral selection of the competent court to resolve a dispute between the parties.

CHAPTER III

THE SUBJECT MATTER OF THE CONTRACT

Art. 692.—For items to be the subject matter of a contract, they must be specified as to their type.

The indeterminacy of their quantity shall not be an obstacle provided that it can be determined without a new agreement between the parties.

Art. 693.—The quantity is deemed determinable when its determination is left to the discretion of a third party, whose decision shall be final. If, for any reason, the third party fails to fulfill this duty within the established time limit, or within a period reasonably sufficient to do so, the contract shall be void.

When guidelines for making such a determination are provided to the designated third party, the third party's decision may be appealed to a judge if it deviates from the directives imposed by the contracting parties. If the third party fails to make the determination within the specified time limit, the determination shall be made by a judge, taking into account the common intention of the contracting parties.

Art. 694.—The impossibility of performance shall not invalidate the contract if such impossibility could be removed and the contract was entered into on the assumption that performance would be possible.

If an impossible performance is subject to a suspensive condition or a suspensive period, the contract shall be valid if the impossibility is removed before the condition is fulfilled or the period expires.

Art. 695.—The performance of future things may be the subject matter of contracts. If their existence depends on the promisor's efforts, the obligation shall be considered pure and simple. If their existence depends in whole or in part on natural forces, the effectiveness of the contract shall be considered contingent upon their coming into existence, unless the agreement is aleatory.

Art. 696.—Contracts whose subject matter is the delivery of disputed, encumbered, or seized property are voidable if this condition was concealed from the purchaser.

Art. 697.—A future inheritance may not be the subject matter of a contract.

Art. 698.—Contracts entered into simultaneously concerning present property and property covered by the preceding article shall be null and void in their entirety when they have been concluded in exchange for a single consideration, unless the debtor of the latter agrees that it shall be applied in full toward payment for the present property.

CHAPTER IV

FORM AND EVIDENCE

Art. 699.—The form of contracts shall be determined:

a) between parties present, by the laws or customs of the place where they were concluded;

b) between parties present, when set forth in a private instrument signed by either party, by the laws of the place where it was signed; and

c) if the agreement resulted from correspondence, the intervention of agents, or instruments signed in different places, the laws most favorable to the validity of the act shall apply.

Art. 700.—The following must be executed by public deed:

a) contracts whose purpose is the creation, modification, transfer, waiver, or termination of real rights in property that must be registered;

b) out-of-court partitions of property, unless there is an agreement set forth in a private instrument submitted to a judge;

c) partnership agreements, their extensions, and amendments, when each partner's contribution exceeds one hundred times the minimum daily wage established for the capital, or when it consists of the transfer of real property or of property that must be registered;

d) the assignment, repudiation, or waiver of inheritance rights, under the conditions set forth in the preceding paragraph, unless made in court;

e) any act establishing a life annuity;

f) general or special powers of attorney to represent a party in voluntary or contentious proceedings, or before the public administration or the Legislative Branch; those conferred to administer property, enter into marriage, acknowledge or adopt children, and any other power of attorney whose purpose is an act executed or to be executed by public deed;

g) transactions involving real property and arbitration agreements relating thereto;

h) all contracts whose purpose is to modify, transfer, or terminate legal relationships arising from acts executed by public deed, or the rights arising therefrom;

i) all acts necessary for contracts drawn up in a public deed; and

j) payments of obligations set forth in a public deed, with the exception of partial payments and those relating to interest, royalties, or rent;

Art. 701.—Contracts that, while required to be executed by public deed, are executed by private instrument or orally shall not be deemed concluded as such until such deed is signed. They shall, however, be valid as contracts in which the parties have undertaken to comply with that formality.

These acts, like those in which the parties undertake to execute a deed, are subject to the rules governing obligations to perform.

This article shall not apply when the parties have agreed that the act would not be valid without a public deed.

Art. 702.—In the case described in the preceding article, the party that refuses to fulfill the obligation may be sued by the other party to compel the execution of the public deed.

If the buyer requests the attachment of the real property that is the subject matter of the contract, the judge shall order it, subject to the deposit of the price to be paid at the time of execution of the deed.

When a judgment orders the execution of the deed, and one of the parties has failed to appear for the execution, the judge, once the conditions of the contract have been fulfilled, may sign the instrument.

Art. 703.—Contracts shall be proven in accordance with the provisions of procedural laws, unless they are required to take a specific form prescribed by this Code.

Art. 704.—Contracts for which the law prescribes a specific form shall not be deemed proven unless they conform to the prescribed form, unless it was impossible to obtain the evidence designated by law; or unless there is prima facie evidence in writing in contracts that may be executed by private instrument; or when one of the parties has received some consideration and refuses to perform the contract.

In this case, all forms of evidence are admissible.

Art. 705.—It shall be deemed impossible to obtain or present written evidence of the contract when it was entered into under unforeseen circumstances in which it would have been impossible to draw it up in writing.

Any public or private document issued by the opposing party, their predecessor in interest, or a party with an interest in the matter—or who would have such an interest were they alive—and which renders the disputed fact plausible shall be considered prima facie written evidence.

Art. 706.— Contracts involving an amount exceeding ten times the minimum daily wage established for the capital must be in writing and may not be proven by witnesses.

Art. 707.—A private instrument that alters the terms agreed upon in a public instrument shall have no effect against third parties.

CHAPTER V

ON THE INTERPRETATION OF CONTRACTS

Art. 708.—In interpreting a contract, one must ascertain the common intention of the parties and not limit oneself to the literal meaning of the words.

To determine the common intent of the parties, their overall conduct must be considered, even after the conclusion of the contract.

Art. 709.—The clauses of the contract shall be interpreted in light of one another, attributing to ambiguous “ ” the meaning that results from the general context.

Art. 710.—No matter how general the terms used in the contract may be, the contract covers only those matters that the parties intended to contract regarding.

Art. 711.—When a contract refers to a specific case for the purpose of explaining a provision, cases not expressly mentioned—to which, according to reason, such a provision may be extended—shall not be presumed excluded.

Art. 712.—Clauses that are open to two interpretations, one of which would render the act valid and the other void, must be understood in the former sense. If both interpretations render the act equally valid, the clause must be interpreted in the sense that best accords with the nature of contracts and the rules of equity.

Art. 713.—Clauses included in the general terms and conditions of the contract, as well as in forms provided by one of the contracting parties, shall be interpreted, in case of doubt, in favor of the other party.

Art. 714.—If, despite the application of the preceding rules, the contract remains ambiguous, it shall be interpreted in the manner least burdensome to the obligated party, if the contract is gratuitous; and in the manner that achieves an equitable balance of the parties’ interests, if the contract is for consideration.

The contract must be interpreted in accordance with good faith.

CHAPTER VI

ON THE EFFECTS OF THE CONTRACT AND ITS TERMINATION

Art. 715.—The terms agreed upon in contracts constitute a rule to which the parties must submit as they would to the law itself, and they must be performed in good faith. They are binding with respect to what is expressly stated and to all consequences implicitly included.

Art. 716.—Unless otherwise stipulated, contracts whose purpose is the creation, modification, transfer, or termination of real rights in specific existing things, or any other right belonging to the transferor, shall produce those effects between the parties as soon as consent has been lawfully expressed.

Art. 717.—The effects of contracts extend, both actively and passively, to the universal successors, unless the obligations arising therefrom are personal in nature, or unless the contrary results from an express provision of law, a clause in the contract, or the nature of the contract itself. Contracts may not be enforced against third parties nor invoked by them, except in the cases provided for by law.

Art. 718.—The parties may terminate the effects of a prior contract by a new agreement; however, the agreed termination shall in no case prejudice the rights acquired by third parties as a result of the terminated contract.

Art. 719.—In bilateral contracts, a party may not demand performance unless it proves that it has performed or offers to perform, unless the other party is required to perform first.

When performance is due to several persons, the party may refuse to deliver the portion due to them until full consideration has been received.

If a contracting party has made partial performance, the consideration may be withheld, unless, under the circumstances, it must be deemed contrary to good faith to refuse delivery due to the insignificance of the portion owed.

Art. 720.—If, after the contract has been concluded, a party experiences a reduction in its assets sufficient to jeopardize or cast doubt on the performance of the obligation to which it is bound, the party required to perform first may refuse to do so until the other party fulfills its obligation or provides adequate security.

Art. 721.—If, due to an event occurring after the conclusion of the bilateral contract and through no fault of either party, performance becomes impossible, the reciprocal obligations of both contracting parties shall be rendered void.

If the consideration has been provided in whole or in part, it shall be returned in accordance with the general rules of this Code.

Art. 722.—If performance by one of the parties becomes impossible through its own fault, the other party may either fulfill its obligation and claim damages and interest, or terminate the contract and seek compensation for such damages.

Art. 723.—If a deposit has been given to secure the contract or its performance, the party who gave it may rescind the contract or cease to perform it, forfeiting the deposit. The party who received the deposit may also withdraw from the contract, in which case they must return the deposit along with an amount equal to its value. If the contract is performed, the deposit must be returned in its current condition. If the deposit is of the same kind as the performance required under the contract, it shall be considered part of that performance.

Art. 724.—Termination of the contract shall not be permitted if the breach by one of the parties is of minor importance and does not jeopardize the other party’s interests.

Art. 725.—In bilateral contracts, a breach by one party entitles the non-breaching party to demand performance of the contract, or its termination with damages, or both.

Once termination has been sought, performance may no longer be demanded; however, once performance has been demanded, termination may be sought.

Art. 726.—The parties may agree that the bilateral contract shall be terminated if an obligation is not performed in the manner stipulated. In such a case, the contract shall be terminated as soon as the aggrieved party notifies the defaulting party of its decision to terminate it.

Art. 727.—When the time limit set forth in the contract for the performance of an obligation is to be considered essential to the interests of the other contracting party, and the latter wishes to maintain the agreement in force, the party must notify the obligor within three days. Failure to do so shall result in the contract being terminated as of law.

Art. 728.—Unless otherwise stipulated, a contracting party who wishes to terminate the contract may give the other party notice to perform its obligation within a period of not less than fifteen days; upon the expiration of that period, the party may sue for specific performance or declare the contract terminated, simply by providing the defaulting party with reliable notice that it has chosen to terminate the contract.

It shall not be necessary to grant such a period when the defaulting party has expressed its decision not to perform the contract.

Art. 729.—Termination for breach shall have retroactive effect only between the parties; however, in contracts of ongoing performance, the obligations already fulfilled and the installments due shall remain in force.

CHAPTER VII

CONTRACTS IN FAVOR OF OR ON BEHALF OF THIRD PARTIES

Art. 730.—A contract entered into in one's own name, under which the performance of a third party is promised, shall be binding if the promisor has guaranteed the third party's ratification or performance. In case of doubt, it shall be understood that only ratification was guaranteed. Once ratified, the relationship between the contracting party and the third party shall be treated as if the contract had been entered into directly between them.

Art. 731.— If, in the case described in the preceding article, the promise is not ratified or the offered performance is not fulfilled, the contracting party may claim damages and interest from the promisor.

If the promisor has not guaranteed ratification or performance, he or she shall be liable only if he or she has failed to take steps to secure them or if they were not secured due to his or her fault.

Art. 732.—A person who, acting in his or her own name, enters into an obligation in favor of a third party has the right to demand its performance for the benefit of that third party.

The debtor may raise against the third party any defenses arising from the contract.

In the event of revocation of the stipulation, or if the third party refuses to avail itself of it, the benefit shall accrue to the stipulator, unless otherwise provided by the parties' intent or the nature of the contract.

Art. 734.— The stipulator may reserve the right to survive the third party designated in the contract, regardless of the other contracting party's consent.

Such substitution may be effected by inter vivos acts or by a testamentary disposition.

Art. 735.—If the benefit is to be provided to the third party after the stipulator's death, the stipulator may revoke the benefit even by testamentary disposition and even if the third party has declared a desire to receive it, unless, in the latter case, the stipulator has waived his or her power of revocation in writing.

The benefit must be provided to the third party's heirs if the third party dies before the stipulator, provided that the benefit has not been revoked or that the stipulator has not provided otherwise.

Art. 736.— A third party who has not accepted the benefit stipulated in his or her favor may renounce it.

Such renunciation shall be irrevocable and shall extinguish the third party's right as if it had never existed.

BOOK THREE

ON CONTRACTS AND OTHER SOURCES OF OBLIGATIONS

TITLE II

ON SPECIFIC CONTRACTS

CHAPTER I

ON SALES

SECTION I

PERSONS WHO MAY BUY AND SELL

Art. 737.— The purpose of a sale is the transfer of ownership of a thing, or another property right, in exchange for a monetary price to be paid by the buyer.

Art. 738.— The rules governing sales shall apply by way of supplement:

a) to expropriation for reasons of public utility or social interest;

b) to the disposition of property pursuant to a judgment or in bankruptcy proceedings; and

c) to payment in kind. The party making such payment shall be bound as a seller. With respect to the debt, the provisions regarding payment shall apply. The rules on unjust enrichment shall also apply, where applicable.

Art. 739.— A sale is prohibited, even at auction, whether directly or through an intermediary:

a) between spouses, even if they are under the regime of separate property;

b) by legal or contractual representatives, of property falling within the scope of their representation;

c) executors of the estate in which they hold office;

d) the President of the Republic and his or her ministers, with respect to the property of the State, municipalities, or decentralized entities of the public administration;

e) public officials and employees with respect to the assets of the State, municipalities, or decentralized entities for whose administration they are responsible; and

f) judges, prosecutors, guardians of incapacitated or absent persons, and other officials, attorneys, solicitors, notaries, and experts, with respect to the assets involved in the legal proceedings in which they are or have been involved.

The provisions of subsection (a) do not apply to the allocation of property made by spouses, as part of the liquidation of the marital community, in payment of contributions or of the assets of one of them.

Art. 740.— The sale or transfer of inherited shares is exempt from the provisions of subparagraphs (c) and (f) of the preceding article when the persons mentioned are co-heirs, or when the transfer is made in payment of a debt or as security for which their property is encumbered.

Art. 741.- Parents, guardians, and conservators may acquire the property of their children, wards, or legally incapacitated persons when they hold rights as co-owners of the property or as usufructuaries, or when they hold such rights as mortgage creditors in their own right or by legal subrogation, and the sale has been ordered by a competent judge, with the participation of a special guardian appointed prior to the sale and the officials of the guardianship authority for minors.

SECTION II

THE SUBJECT MATTER OF THE SALE

Art. 742.—The following may not be the subject of a sale:

a) claims based on rights inherent to the person or involving acts of a similar nature;

b) rights which, if exercised by another party, would alter their content to the detriment of the debtor;

c) assets that are exempt from attachment, in their entirety or in the portion that is exempt;

d) alimony payments, whether accrued or not;

e) pensions and other allowances declared exempt from attachment by law, except for the attachable portion;

f) usufruct, though not the exercise thereof;

g) rights of use and habitation;

h) those rights whose transfer is prohibited by law, by the instrument of title, or by a subsequent act; and

i) property that cannot be the subject of contracts.

Art. 743.—Property belonging to others may be the subject of a sale. If, at the time of the contract, the item sold was not owned by the seller, the seller is obligated to procure its acquisition for the buyer.

The buyer shall acquire title to the item when the seller obtains the owner’s ratification or becomes the universal or singular successor to the sold item.

Art. 744.—The buyer may sue for rescission of the contract if, at the time of its conclusion, the buyer was unaware that the item did not belong to the seller, and if the seller has not caused the buyer to acquire title to it.

In this case, the seller is obligated to refund the price paid to the buyer, even if the item has decreased in value or has deteriorated; the seller must also reimburse the buyer for any expenses legitimately incurred in connection with the contract. If the decrease in value or deterioration is attributable to the buyer’s fault, any profit the buyer may have obtained shall be deducted from the specified amount.

The seller is also obligated to reimburse the buyer for any necessary and useful expenses incurred on the item, and if the buyer acted in bad faith, the seller must also reimburse the buyer for any extravagant expenses.

Art. 745.- If the item that the buyer believed to be owned by the seller was only partially owned by a third party, the buyer may request rescission of the contract with compensation for damages, in accordance with the preceding article, when, under the circumstances, it must be considered that the buyer would not have acquired the item without that part of which he has not become the owner; and likewise, the buyer may obtain only a reduction in the price, in addition to compensation for damages.

Art. 746.—The subject matter of the sale must be specified in accordance with the provisions of this Code.

There shall be no specific identification when all present or future property, or a proportionate share thereof, is sold.

However, the sale of a specific type of property shall be valid, even if the sale encompasses all property owned by the seller.

Art. 747.—The sale of real property may be made:

a) without specifying the area, and for a single price;

b) without specifying the area, but at a fixed price per unit;

c) by specifying the area, based on a certain number of units to be determined within a larger parcel of land;

d) by specifying the area and setting a price per unit, whether or not the total price is fixed;

e) by specifying the area, for a single price, and not per unit of measurement; and

f) for one or more properties, with the area indicated but subject to a clause stating that the content is not guaranteed, and that any difference, whether greater or lesser, shall have no effect.

Art. 748.—If the sale of the real property is based on a specified area and the price is calculated per unit of measurement, the seller must deliver the specified area. If the actual area is greater, the buyer shall accept the excess and pay for it at the fixed price. If the area is smaller, the purchaser shall be entitled to a proportional refund of the price; however, in both cases, if the difference amounts to one-twentieth, the purchaser may rescind the contract. The purchaser shall have the same right even if the shortfall prevents the real property from serving its intended purpose.

Art. 749.—When the sale of real property is made without specifying a price per unit of area, the stated total area shall give rise to a surcharge or a reduction for excess or deficiency only if the difference between the actual area and that specified in the contract amounts to one-twentieth of the area of the land sold.

Art. 750.—When the sale involves multiple properties, with the area of each specified and for a single price, differences in area shall be calculated based on their respective values and, where applicable, offset up to the amount in question. Any claims that may arise for the parties shall be subject to the foregoing rules, and the one-twentieth shall be calculated based on the excess value of the differences relative to the total price.

If, in the same case, the total area is specified without indicating the individual areas of each property, the one-twentieth share shall be based on the total area.

This article applies to the sale of a single property when the measurements of its constituent parts are specified.

Art. 751.—Whenever the buyer opts to rescind the contract, the expenses incurred by the buyer and those related to the measurement shall be borne by the seller, as well as interest on the price paid, if the buyer has not received the benefits of the property.

When it is decided to collect or pay the differences, the party receiving or paying them, respectively, shall be entitled to or required to pay statutory interest on such amounts, effective from the date of payment or the date of default.

Art. 752.—Unless otherwise agreed, delivery of the movable property must take place at the location where it was situated at the time the contract was concluded, if the parties were aware of this, or at the seller's domicile.

If the item sold must be transported from one place to another, the seller is released from the obligation to deliver it by handing it over to the carrier or the shipping agent. Transportation costs shall be borne by the buyer, unless otherwise stipulated.

Art. 753.—If the seller has guaranteed the proper functioning of the item sold for a specified period, the buyer, unless otherwise agreed, must notify the seller of any defect in functioning within thirty days of its discovery, under penalty of forfeiture.

The judge, depending on the circumstances, may set a deadline for the seller to restore or repair the item so as to ensure its proper functioning, along with compensation for damages.

SECTION III:

THE PRICE

Art. 754.—The price shall be definite when the parties determine it as a sum that the buyer must pay, or when it is fixed by reference to a specific item, or when its determination is entrusted to a third party, in accordance with the provisions of this Code.

Art. 755.—If the movable item has been delivered to the buyer without a price being determined, or if there is doubt regarding the determined price, it is presumed that the parties agreed to the prevailing market price on the day of delivery at the place of delivery.

Art. 756.—If the price consists partly of money and partly of another good, the contract shall be a barter contract if the value in kind is equal to or greater than the monetary portion, and a sale contract otherwise.

SECTION IV

OBLIGATIONS OF THE BUYER AND THE SELLER

Art. 757.—The contracting parties shall share equally in the taxes and expenses of the contract, unless otherwise required by law or stipulated otherwise.

Art. 758.—Unless otherwise agreed, delivery expenses shall be borne by the seller; transportation and receipt expenses shall be borne by the buyer.

Art. 759.— The seller's obligations are:

a) to ensure that the buyer acquires the right sold, if such acquisition is not an immediate effect of the contract;

b) to deliver to the buyer the item sold or the title evidencing the transferred right, unless otherwise stipulated or indicated by the circumstances of the transaction;

c) to receive the purchase price at the agreed-upon place and time; and

d) to guarantee the buyer, in accordance with the provisions of this Code, against eviction and defects in the item.

Art. 760.—The seller must deliver the item sold with all its accessories and any pending fruits, free from any other possession, at the agreed-upon place and time, or, failing that, when the buyer so demands.

Art. 761.—The benefits and risks of the item pass to the buyer upon the conclusion of the contract, except in cases where the acquisition of the right does not occur solely as a result of the agreement.

If the item is identified only by its type, it must also be specifically identified; if it is to be shipped to another location, the seller must have parted with it.

Art. 762.— The seller of real property, or of a right in real property, is obligated to cancel all registrations and preventive annotations that would prejudice the buyer's rights.

Art. 763.—The buyer must pay the price of the item at the agreed-upon place and date. In the absence of such a stipulation, the buyer must pay it at the place and time of delivery.

Art. 764.—Unless otherwise stipulated, the buyer must take possession of the purchased item upon conclusion of the contract.

Art. 765.—When the sale is rescinded, the buyer must return the item, and the seller must return whatever he has received toward the price, subject to a fair reduction determined by the judge, in accordance with the depreciation of the item and the use the buyer has made of it.

SECTION V

SPECIAL CLAUSES

Art. 766.—The parties may, by means of special clauses, subject the contract to conditions, charges, or terms, or otherwise modify the normal effects of the contract.

Art. 767.— A clause prohibiting the sale of the item to a specific person is permitted, but the prohibition may not be of a general nature.

Art. 768.— A sale subject to inspection or testing, or to the buyer's satisfaction, is presumed to be subject to the condition precedent that the item sold is to the buyer's personal liking.

The period for acceptance shall not exceed ninety days. The contract shall be deemed concluded when the purchaser pays the price without reservation or allows the period to elapse without communicating a response.

The foregoing rules apply to the sale of goods that are customarily tasted or tested before being received.

Art. 769.—When goods are sold as being of a specific quality, and not to the buyer's personal liking, the buyer may not refuse to accept the goods at his or her discretion. If the seller proves that the goods are of the contracted quality, the seller may demand payment of the price.

Art. 770.— A sale with a repurchase agreement is prohibited, as is a promise to sell an item that has already been the subject of a sale between the same contracting parties.

A resale agreement is likewise prohibited.

Art. 771.—A right of first refusal may be stipulated, entitling the seller to reclaim the sold property with priority over any other purchaser should the buyer wish to sell it or use it as payment. The right of first refusal is strictly personal.

Art. 772.—If a right of first refusal has been stipulated, the seller may exercise this right only within three days in the case of movable or intangible property, and within ten days in the case of real property. The seller forfeits this right if he fails to pay the price or fails to provide compensation for any other benefits the buyer may have obtained.

Art. 773.— The buyer must inform the seller of the price and benefits offered, as well as the place and time at which the auction is to take place, if applicable. Failure to do so will render the buyer liable for any damages incurred by the original seller as a result of the new sale.

Art. 774.— The "best buyer" clause authorizes termination of the contract if a third party offers a more favorable price. It may be agreed upon only in the case of real property and for a period not exceeding three months.

Art. 775.—The seller must inform the buyer of the identity of the better buyer and the terms offered by that buyer. If the buyer offers equal terms, the buyer shall have the right of first refusal; otherwise, the seller may dispose of the property in favor of the new buyer.

No offer by the new buyer shall give rise to the best-offer clause unless the new buyer is to purchase the property or receive it in payment; it shall not apply if the new buyer merely proposes to acquire it through any other contract.

Art. 776.—A conditional sale shall have the following effects when the condition is suspensive:

a) while the condition remains unfulfilled, the seller is under no obligation to deliver the sold item, nor is the buyer obligated to pay its price; each party shall only have the right to request protective measures;

b) If, before the condition is fulfilled, the seller has delivered the sold item to the buyer, the buyer shall be considered the custodian of another's property; and

c) if the buyer has paid the price and the condition is not fulfilled, there shall be reciprocal restitution of the item and the price, with interest on the price being offset by any proceeds from the item, if such proceeds have been received.

Art. 777.—When the condition is resolutory, the sale shall have the following effects:

a) the seller and the buyer shall be bound as if there were no condition; and

b) if the condition is fulfilled, the provisions regarding the obligation to return the property to its owners shall apply. Interest shall be offset against the proceeds, as provided in the preceding article.

Art. 778.— In case of doubt, a conditional sale shall be deemed subject to a resolutory condition.

Art. 779.—In the sale of goods subject to risks assumed by the buyer, the price may be demanded even if the goods do not exist, in whole or in part, on the date of the contract.

However, the transaction shall be voidable as fraudulent if the seller was aware of the outcome of the risk to which the goods were subject.

Art. 780.—In an installment sale with a retention of title, the buyer acquires title upon payment of the final installment of the price but assumes the risks from the moment the goods are delivered.

Art. 781.—In the case of goods whose title must be registered, the retention of title is enforceable against third parties. It shall also be enforceable against third parties when the agreement is documented by a public or private instrument with a certain date. The rights of third-party possessors acting in good faith are reserved.

Art. 782.—When payment of the price is to be made in installments, the contract may not be rescinded under any circumstances once the buyer has paid twenty-five percent of the price or has made improvements valued at that percentage, provided that such improvements cannot be removed without a significant reduction in their value.

Nor may the contract be terminated if the amount paid and the improvements made together total that percentage.

Art. 783.—If the contract is terminated due to the buyer’s breach, the seller must refund the installments collected, without prejudice to the right to equitable compensation for the use of the property, in addition to compensation for any damages.

If it has been agreed that the installments shall in this case be retained by the seller as compensation, the judge, depending on the circumstances, may reduce the agreed-upon compensation if deemed excessive.

The same provision shall apply in the event that the contract is structured as a lease and it is agreed that, upon its termination, ownership of the item shall be acquired by the lessee as a result of the payment of the agreed-upon rent.

Art. 784.—A contract by which one person undertakes to sell or purchase an item from another for a specified price and within a specified period shall produce the effects of a sale and purchase as soon as the other party declares, in a timely manner, their intention to buy or sell.

Art. 785.—The promise to buy or sell must be fulfilled within the period stipulated by the parties. If no period was set, the period shall be the maximum permitted by law for a lease. The same limitation shall apply to the contractual term.

Art. 786.—In a sale by documents, the seller is released from the obligation of delivery upon remitting to the buyer the title representing the goods and the other documents established by law, by the contract, or, in the absence thereof, by commercial practice.

Art. 787.—Unless otherwise agreed or as otherwise provided by commercial practice, payment of the price and any incidental charges must be made at the time and place where the documents specified in the preceding article are delivered.

When the documents are in order, the buyer may not refuse to pay the price by raising objections regarding the quality or condition of the goods, unless such defects have already been proven.

Art. 788.—If the subject matter of the sale consists of goods in transit and the documents delivered to the buyer include an insurance policy covering transportation risks, the buyer shall bear the risks to which the goods are exposed from the moment of delivery to the carrier.

This provision shall not apply if the seller, at the time of the contract, was aware of the loss or damage to the goods and had concealed this from the buyer in bad faith.

Art. 789.—When payment of the price is to be made through a bank, the seller may not take action against the buyer until after the bank has rejected payment, as verified upon presentation of the documents in accordance with established practices.

The bank that has confirmed the credit to the seller may raise against the seller only those defenses arising from defects or irregularities in the documents and those relating to the credit confirmation statement.

Art. 790.—A person who sells an inheritance without specifying the assets included therein is liable only in their capacity as an heir.

Art. 791.—When the sale comprises only more or less uncertain claims to an estate, the provisions governing aleatory sales shall apply. The seller shall not be liable for eviction, except in cases of fraud.

Art. 792.— The sale of an estate shall be approved by the probate judge, and the co-heirs, legatees, and creditors of the estate must be notified.

Art. 793.—The following are not included in the transfer and shall be deemed to vest in the seller:

a) the portion of the estate deferred to the seller after the sale, due to substitution or the absence of a co-heir, as well as what is obtained through a clause of improvement or waiver of collation;

b) family papers, portraits, and mementos, as well as the honorary distinctions of the decedent or ancestors, even if they have any value; and

c) the rights to the grave occupied by the remains of the decedent or the seller’s ancestors, unless the sale is made to a co-heir

Art. 794.—Once the sale has been verified, the seller shall be obligated:

a) to deliver the assets of the estate existing at the time the sale is formalized, including any amounts received previously, whether from the sale of assets belonging to the estate, from a legal act relating to the estate, or as compensation for the loss, damage, or theft of any inherited item;

b) to reimburse the buyer for the value of anything the seller has consumed or disposed of without consideration, or, if the seller has encumbered any property, for the amount of its diminution, unless the buyer was aware of the existence of such acts.

No compensation shall be due if the deterioration, loss, or impossibility of restitution is attributable to another cause; and

c) to guarantee that the right sold is not impaired by the existence of another heir, by unknown bequests or encumbrances, by the duty of collation, or by the outcome of the partition.

Art. 795.— The seller retains the fruits and useful proceeds corresponding to the period prior to the conclusion of the contract; however, the seller shall bear, in proportion to his or her share of the estate, the encumbrances that during that period affect the use of the property, including interest on the debts of the estate.

The buyer must pay the inheritance taxes and any taxes or charges that are to be considered as levied on the capital value of the estate's assets.

Art. 796.—Unless otherwise agreed, the buyer is jointly and severally liable with the seller to the extent that the seller was liable.

Art. 797.—The buyer must reimburse the seller for everything the seller has paid toward debts and encumbrances of the estate prior to the conclusion of the contract; the seller's own claims against the estate; and other expenses that have increased the value of the estate's assets at the time of the sale, unless otherwise agreed.

Art. 798.— The transfer of an estate without consideration shall be governed by the rules governing gifts.

CHAPTER II

ON EXCHANGE

Art. 799.—By a contract of exchange, the parties mutually transfer ownership of property or other property rights to one another.

Art. 800.—If a party to a barter has suffered eviction and does not wish to receive back the item they gave, they are entitled to the value of the item from which they suffered eviction, in accordance with the rules established for a sale, without prejudice, in any case, to compensation for damages.

Art. 801.— The costs of the exchange and other incidental expenses shall be borne equally by both contracting parties, unless otherwise agreed.

Art. 802.—In all matters not specifically provided for in this Chapter, the exchange shall be governed by the provisions concerning the sale.

CHAPTER III

ON THE RENTAL

SECTION I

GENERAL PROVISIONS

Art. 803.—The purpose of a lease is the transfer of the use and enjoyment of a thing or a property right in exchange for a fixed monetary consideration.

The provisions governing sales contracts shall apply to this contract, as applicable.

Art. 804.— The provisions of this chapter do not supersede any contrary provisions of special legislation.

Art. 805.—All non-fungible goods available on the market may be leased. Those not available on the market, or those that may not be disposed of due to a legal or judicial prohibition, may be the subject of the contract if they are not harmful to the public interest or contrary to morality and good customs.

Art. 806.—Persons who have the administration of their own or another's property may lease it; and those who have the capacity to enter into binding obligations may lease property from third parties, within the limits established by law for their respective rights in both cases.

Art. 807.—A lease agreement may not be entered into for a term exceeding five years. Any agreement stipulated for a longer term shall be reduced to the specified term, unless the urban property that is the subject of the agreement has been leased for the purpose of erecting structures on it, or unless it involves rural properties leased for the purpose of establishing plantations that require a long time to become productive.

In both cases, the lease may be stipulated for up to twenty years.

Art. 808.—If the parties have not specified the term of the lease, it shall be deemed to have been agreed upon:

a) in the case of a property whose fruits must be harvested annually, for the duration of that period;

b) if the produce can only be harvested after several years, for the entire period necessary to harvest it;

c) in the case of unfurnished houses or premises used for the practice of a profession, an industry, or a business, for a period of one year;

d) in the case of furnished rooms or apartments, for which the rent has been agreed upon by the year, month, week, or day, for the period specified at that rate;

e) if the lease has a specific purpose, for the time necessary to achieve it;

f) in the case of movable property, for the duration corresponding to the unit of time to which the stipulated price is adjusted; and

g) in the case of furnishings provided by the lessor to equip an urban property, for the duration of the lease of said property;

Art. 809.—Any clause intended to exclude from the rented or sublet house, room, or apartment any minors under the parental authority or guardianship of the lessee or sublessee is null and void.

Art. 810.—In the event that the leased property is sold, the lease shall continue for the agreed-upon term provided that the contract has been registered in the appropriate registry.

SECTION II

EFFECTS OF THE LEASE

Art. 811.— The lessor must enable the lessee to use the property subject to the lease in a condition suitable for the agreed-upon use, unless it is agreed that the property will be provided “as is.” This shall be presumed when dilapidated buildings are leased, or when the property is accepted without requiring repairs.

Art. 812.— The lessor’s obligations with respect to the property are:

a) to deliver it to the tenant and maintain it in good condition, carrying out the necessary repairs;

b) to ensure the tenant’s undisturbed enjoyment of the property, taking all necessary actions to that end and refraining from anything that might interfere with the tenant’s rights;

c) to preserve it in the same condition as when it was leased, even if any changes made do not cause any harm to the lessee;

d) to reimburse the lessee for necessary expenses; and

e) be liable for serious defects or flaws that prevent its use.

Art. 813.—The obligation referred to in subsection (a) of the preceding article includes repairs required due to deterioration caused either by unforeseeable events or force majeure, or by the inherent nature of the property, any defect or flaw therein, whatever the cause, or deterioration resulting from normal use or enjoyment, or that occurring through the fault of the landlord, his agents, or employees.

For the purposes of this article, deterioration of the property caused by the act of a third party is considered an unforeseeable event, even if motivated by enmity or hatred toward the tenant.

Art. 814.— Improvements and other work performed on the property during the term of the lease shall be governed by the following principles:

a) the landlord’s permission to carry them out may only be proven in writing;

b) if the tenant is authorized to carry them out, such authorization must be expressly stated.

When it is agreed that the landlord will pay for them, the maximum amount the tenant may spend and the rent or lease payments against which the payment will be offset must be specified. If these provisions are not observed, the authorization shall be null and void;

c) if the tenant fails to carry out the promised improvements, the landlord may choose either to require the tenant to complete them within a specified period or to threaten termination of the lease if the tenant fails to do so. If the landlord has paid any sum or reduced the rent in light of the improvements, the landlord may also demand reimbursement of such sums with interest, or the total amount of the reduced rent, without prejudice to any compensation that may be due;

d) the tenant may not, without express authorization, make improvements that alter the form of the property. With respect to uncultivated land, the tenant is presumed to be authorized to engage in any cultivation or make rural improvements;

e) If the tenant, without the landlord's authorization, makes improvements prohibited by the lease or that alter the form of the property, the landlord may prevent such improvements; and if they have already been completed, the landlord may demand their demolition or require, prior to the return of the property, that the tenant restore it to the condition in which it was received. If such improvements are harmful or change the intended use of the property, the landlord may exercise the same rights or demand termination of the lease; and

f) the tenant shall have a right of retention for the improvements or expenses that the landlord is entitled to be reimbursed for.

Art. 815.—If the leased property is real property, the landlord is entitled to bring an enforcement action to collect the rent.

The tenant shall not be ordered to pay if he or she is required to compensate the landlord for improvements or necessary expenses, or those authorized as prescribed in the preceding article.

Art. 816.— Security deposits or guarantees for a lease or sublease bind those who provide them to pay both the rent and all other obligations, unless expressly otherwise provided.

Art. 817.—Third parties may challenge advance rent payments in accordance with general principles. However, notwithstanding any agreement to the contrary, such payments shall be deemed valid if made up to six months in advance for urban properties and up to one year in advance for rural properties, in the following cases:

a) with respect to mortgage creditors, regardless of the date on which the lien is registered. The period shall be counted from the date of notification of the attachment. Subsequent payments may not be asserted against the creditor, but those made for a longer term and recorded in the Registry prior to the creation of the mortgage may be asserted;

b) in cases involving purchasers of the property, those payments verified before they became aware of the encumbrance. The period shall be counted from the date the title was registered and the deed was notified to the tenant. The limitation may not be invoked by anyone who knew or should have known of the prior payment, by virtue of its registration;

c) with respect to a married woman, those known to her husband, unless he is authorized;

d) as for principals, those made to agents who are not authorized to request advance payments for a longer term; and

e) with respect to persons lacking legal capacity, regarding advance payments for a longer term, unless judicial authorization has been granted.

Art. 818.—Items brought into the leased house or property shall be subject to the tenant's obligations, in accordance with the provisions regarding the priority of claims on personal property.

Art. 819.—The use of the property for a purpose other than that agreed upon or for which it is intended, or the abusive use thereof that causes damage, entitles the landlord to prevent such use, to demand compensation, and, depending on the circumstances, to seek termination of the lease.

Art. 820.—Whenever the lessor alters the condition of the property, or wishes to make changes or perform work that does not constitute repairs, or has already done so against the lessee's will, the lessee may object to such actions, request their removal, or return the property while seeking payment for damages. The landlord may, however, modify the fixtures of the property, provided that such modifications do not damage it.

Art. 821.—Repairs and expenses incurred by the tenant are considered necessary expenses when, without causing damage to the property, they cannot be delayed, and it is not possible to notify the landlord so that the landlord may carry them out or authorize them. This category includes the payment of taxes on the property, but not those levied on the tenant's activities or determined by the nature of the business operation.

Expenses of another nature shall be borne by the landlord only when so provided by the rules governing the management of another's affairs. The tenant may remove these improvements, unless the landlord wishes to retain them by paying their value.

Art. 822.—If the landlord, despite notice given by the tenant regarding defects or damage that must be repaired, fails to do so or delays in doing so, the tenant may withhold the portion of the rent corresponding to the cost of the repairs or work; and if such repairs or work are urgent, the tenant may carry them out at the landlord's expense.

Art. 823.—If, while carrying out repairs at his own expense, the landlord interrupts the agreed-upon use or enjoyment of the property, in whole or in part, or if such repairs cause significant inconvenience to the tenant, the tenant may demand, depending on the circumstances, either the termination of the lease or a reduction in rent proportional to the duration of the repairs. If the landlord does not agree to this, the tenant may return the property, thereby terminating the lease.

The tenant shall have the same right whenever the landlord is required to tolerate or carry out work on the party walls, rendering part of the leased property unusable for a certain period of time.

When the impediment is only partial, the tenant may demand a reduction in rent.

Art. 824.—If the tenant is disturbed in the use and enjoyment of the property, the following rules shall apply, as appropriate:

a) when the disturbance arises from serious defects or flaws in the property that prevent its use and enjoyment, the landlord shall be liable, even if he was unaware of them or if they arose during the lease. In both cases, the tenant may request a reduction in rent or the termination of the lease, unless he was aware of such defects or flaws;

b) if the disruption results from an action or unlawful conduct by third parties claiming ownership, usufruct, or an easement, the tenant shall be entitled to claim a proportional reduction in rent provided that the tenant has notified the landlord of such circumstances. The same shall apply when the disruption or impediment arises from acts carried out in the exercise of the lawful powers of public authority;

c) in the cases referred to in the preceding paragraph, if the tenant has been sued to vacate the property, in whole or in part, or to submit to the exercise of an easement or other real right, the tenant must serve the landlord with notice of the eviction proceedings, and the landlord shall be excluded from the lawsuit if the tenant so requests, provided that the tenant identifies the person to whom the right belongs. The landlord is obligated to defend the tenant;

d) the landlord may not be required to indemnify the tenant against unlawful acts by third parties who do not claim real rights over the property. In such cases, the tenant may bring an action only against the perpetrators; however, even if the perpetrators are insolvent, the tenant shall not be permitted to bring a claim against the landlord. When such disturbances constitute force majeure, the provisions of subsection (g) shall apply;

e) the tenant must notify the landlord, as soon as possible, of any trespass or supervening event prejudicial to the tenant's rights, as well as any lawsuit filed regarding the ownership, use, or enjoyment of the property. If the tenant fails to do so, the tenant shall be liable for damages and may not demand any guarantee from the landlord;

f) if the landlord loses a lawsuit concerning a portion of the property, the tenant may claim a reduction in rent or the termination of the lease, provided that the portion in question constitutes a substantial part of the leased property, as well as damages.

If the tenant was aware of the risk of eviction at the time of entering into the contract, the tenant may not claim such compensation; and

g) if the disturbance is due to unforeseeable circumstances or force majeure, the lessee may request that the contract be terminated or that payment of the rent be suspended during the interruption.

Art. 825.— The tenant's obligations are

a) to limit their use and enjoyment to what was agreed upon or implied, depending on the nature of the property and the circumstances, even if any other use does not cause harm to the landlord;

b) to pay the rent on the agreed-upon dates, and in the absence of an agreement, in accordance with local custom;

c) to maintain the property in good condition and to be liable for any damage or deterioration caused by his own fault, or by the acts of family members living with him, his guests, subordinates, or sublessees. In the latter case, the landlord may require that the necessary repairs be made or terminate the lease;

d) repair minor damage caused by normal wear and tear by the occupants of the building;

e) notify the landlord as soon as possible if, during the term of the lease, a defect in the property becomes apparent that makes it necessary to take measures to protect it against a previously unforeseen risk, as well as when a third party claims a right to the property.

Failure to provide such notice shall render the tenant liable for the resulting damage, and if, for that reason, the landlord did not take the necessary measures, the tenant may not request a reduction or suspension of the rent, nor any compensation, nor the termination of the lease;

f) to pay the taxes imposed by reason of the use or operation of the property, even if the authorities collect them from the owner; and

g) return the property once the lease has ended.

Art. 826.— The use and enjoyment provided for in the contract include the collection of the ordinary fruits and products of existing operations, when they belong to the landlord.

If the leased property is expanded by accretion, the lessee shall also have the use of the accreted land, subject to paying a higher rent, provided that the increase is significant.

Art. 827.—If the property is completely destroyed by an act of God, the lease shall be terminated. If it is destroyed only in part, the lessee may request a reduction in the rent or the termination of the contract, depending on the

extent of the damage. If there is merely wear and tear, the lease shall continue, but the landlord shall be obligated to make the necessary repairs.

Art. 828.— The tenant shall be liable for a fire in the property unless he or she proves unforeseeable circumstances or force majeure, a construction defect, or that the fire spread from a neighboring property or other similar causes.

If the house accommodates more than one tenant, all shall be liable for the fire, including the landlord if he resides there. Each shall be liable in proportion to the value of the portion he occupies, unless it is proven that the fire originated in the apartment inhabited by only one of the occupants, in which case that occupant shall be solely liable.

Art. 829.—Changes or deterioration caused to the property by its agreed-upon or normal use shall not render the tenant liable, nor shall the tenant be liable if the property is destined to be consumed as a result of the extraction of its products.

SECTION III

SUBLETTING

Art. 830.—Unless prohibited by the lease agreement, the tenant may sublet the property in whole or in part, as well as lend it free of charge or assign the lease. In the latter case, the tenant's rights and obligations shall be transferred, and the principles governing the assignment of rights shall apply.

A sublease constitutes a new lease governed by the provisions of this chapter.

Art. 831.—A prohibition on subleasing implies a prohibition on assigning the lease, and vice versa.

Art. 832.—A sublease shall not alter the relationship between the landlord and the tenant. The relationship between the landlord and the subtenant shall be governed by the following provisions:

a) the landlord may require the sublessee to fulfill the obligations arising from the sublease, and the sublessee may demand that the landlord fulfill those obligations the landlord has incurred with the tenant;

b) the sublessee shall be directly obligated to pay any rent or lease payments that the lessee fails to pay and for which payment is demanded; but only up to the amount owed to the sublessee; and

c) the sublessee must compensate the lessor for any damage caused to the lessor's use and enjoyment of the property.

Art. 833.—A sublease shall always be governed by the implied provision that the subtenant shall use and enjoy the property in accordance with its intended purpose, as set forth in the original lease, and the landlord shall have the right to demand that the subtenant return it in good condition.

Art. 834.— The lessor must accept payments of overdue installments made to the lessee by the sublessee. The sublessee may not assert such advance payments against the lessor, unless authorized by the contract or by law.

Art. 835.— The landlord's rights and privileges regarding property brought onto the premises extend to property brought in by the sublessee, but only to the extent of the sublessee's obligations.

For his part, the sublessee shall, in exchange for the sublease payment, enjoy the rights and privileges of the lease with respect to the same property.

Art. 836.—If, notwithstanding the prohibition in the lease agreement, the tenant subleases the property, or does so with the landlord's consent when such consent is required, the subtenant may not refuse to accept the property by invoking those circumstances if the subtenant entered into the agreement with knowledge of them. In such a case, the sublease shall be effective if the landlord tolerates it or until the landlord objects.

For his part, the lessor may demand the eviction of the sublessee and that the lessee regain possession of the property that was wholly or partially subleased. The lessor shall also have the right to sue for damages, limited to such damages, or to terminate the lease, with the appropriate compensation.

SECTION IV

TERMINATION OF THE LEASE

Art. 837.— The lease terminates:

a) if it was entered into for a fixed term, upon the expiration of that term. A fixed term shall be deemed to exist in the cases provided for in the general provisions on leases;

b) if agreed upon without a fixed term, whenever either party so desires;

c) upon loss of the leased property;

d) due to the impossibility of using it for the purpose for which it was leased;

e) due to latent defects in the property, existing at the time of the contract or arising thereafter, unless, in the former case, the lessee was aware of them or should have been aware of them. This subsection shall apply to cases where the property is in danger of collapse or, due to construction on neighboring properties, becomes darkened;

f) due to a fortuitous event that has made it impossible to commence or continue the performance of the contract; and

g) due to fault on the part of the landlord or the tenant that entitles either party to terminate the contract; and

h) due to nonpayment of two overdue monthly rent installments, if the landlord sues for termination of the contract.

Art. 838.—In the case of subsection (a) of the preceding article, if the tenant fails to return the property, the landlord may demand its immediate return, along with damages. Eviction shall be carried out within ten days of notification of the judgment ordering it.

Art. 839.—If the lease is not for a fixed term, the landlord may demand the return of the property, but the tenant, provided he or she is not in arrears on two rental payments, shall be granted the following periods, calculated from the date of the formal notice:

a) if the property is movable, after three days;

b) if it is a house or property, after forty days; if the rent is calculated on a daily basis, after seven days;

c) if it is rural land on which an agricultural establishment exists, after one year; and

d) if it is a parcel of land on which there is no commercial, industrial, or agricultural establishment, after six months.

Art. 840.—Upon termination of the lease agreement, the tenant must return the leased property in the same condition as when received, if a description of its condition was provided, except for anything that has perished or deteriorated due to the passage of time or unavoidable causes.

If the lessee received the property without a description of its condition, it is presumed that the lessee received it in good condition, unless proven otherwise.

Art. 841.— A fixed-term lease does not terminate upon the death of either party. However, in the event of the death of the lessee of a real property, where subleasing is prohibited, the heirs may obtain termination of the lease without paying compensation if they prove that, as a result of the death, they cannot bear the burdens of the lease, or that the property no longer meets their current needs. Such a request must be made within six months of the lessee's death.

Art. 842.— The tenant may retain possession of the leased property on account of amounts owed by the landlord for authorized improvements, unless the landlord deposits or provides security for payment of such amounts following the final settlement. Nor may the landlord abandon the leased property to avoid paying for the improvements and expenses for which he is liable.

Art. 843.- If, upon termination of the lease, the tenant continues to use and enjoy the leased property, this shall not be deemed a tacit renewal, but rather a continuation of the terminated lease under the same terms, until the landlord requests the return of the property; and the landlord may request its return at any time, regardless of how long the tenant has continued to use the property.

A lessee in default regarding the return of the property is obligated to pay the agreed-upon rent until the property is returned, without prejudice to compensation for any other damages.

Art. 844.—The provisions of this chapter do not take precedence over conflicting provisions of special laws.

CHAPTER IV

THE CONTRACT FOR SERVICES

Art. 845.—The rights and obligations of employers and employees arising from an employment contract shall be governed by labor law; those arising from the practice of the liberal professions shall be governed by their respective special laws.

Art. 846.—The party obligated to perform a service must perform it personally, and such performance is non-transferable, unless otherwise agreed.

Art. 847.—Anyone who performs any work or renders any service to another may demand payment even if no agreement has been made, provided that the activities fall within the scope of their profession or means of livelihood. If there is a rate or tariff, these shall apply; in the absence thereof, the customary remuneration shall apply, to be determined by the judge.

Art. 848.—A person who renders services shall receive the agreed-upon remuneration at the end of each period specified in the contract, even if they have not actually performed any tasks through no fault of their own.

Art. 849.—A contract for the provision of services may not be entered into for a term exceeding five years, but it shall be renewable by mutual agreement of the parties. Contracts entered into for the lifetime of the lessor, or that exceed that term, shall be valid only for the period specified above.

Art. 850.—Unless otherwise agreed, a service contract entered into for a fixed term, or whose duration results from the purpose for which the service was promised, terminates upon the expiration of the stipulated term, without the need for notice of termination.

If no term has been specified, either party may terminate the contract by giving the other party at least thirty days' notice.

Art. 851.—Even in fixed-term contracts, the parties may terminate the contract without prior notice when there are just cause to do so. Just cause includes, among other things:

a) the incompetence or negligence of the party obligated to provide the services;

b) failure to comply with the instructions given by the other party;

c) the permanent inability to perform the services that the party has undertaken to provide; and

d) moral grounds justifying non-performance of the contract.

CHAPTER V

THE CONTRACT FOR WORK

Art. 852.— The purpose of a contract for work is the performance of specific work that one of the parties undertakes to carry out, either by itself or under its direction, in exchange for a monetary price.

The party performing the work may also supply the materials necessary for its execution.

Art. 853.—If the party performing the work is also required to supply all necessary materials, the transfer of ownership shall take place upon acceptance of the completed work. Once delivery is complete, the rules governing the sale of goods shall apply.

Art. 854.—The party performing the work is obligated to carry it out personally or have it carried out by another under their responsibility, unless, by its nature or by express clause, the possibility of performance by another is excluded.

If the work is to be performed under a contract for services, the contractor, unless otherwise agreed, must have the necessary resources, machinery, and tools for its completion and must also supply the materials.

Art. 855.—The party performing the work must carry it out as agreed, in accordance with the specifications and plans, if any. The party may not alter the project without the other party's written permission; however, if performance of the contract requires modifications that could not have been foreseen at the time the contract was entered into, the party must immediately notify the other contracting party, specifying the resulting change to the fixed price. It shall be up to the judge to determine the modifications to be made and the corresponding change in price.

If the amount of the variations exceeds one-sixth of the agreed-upon price, the party performing the work may terminate the contract and, depending on the circumstances, obtain equitable compensation.

Art. 856.—The contractor must deliver the work within the stipulated time frame, or within a period that is reasonably necessary, bearing the risks associated with the work in the meantime.

Art. 857.—The price of the work must be paid upon delivery, if no deadline has been stipulated.

If, prior to delivery, the work is destroyed by an act of God, the contractor may not claim payment for the work or reimbursement of expenses, unless the client has been in default of acceptance.

If the work is destroyed—whether as a result of a defect in the materials supplied, the land provided by the client, or the method of execution prescribed by the client—the contractor may, provided he warned the client of these risks in a timely manner, claim payment for the work performed and reimbursement of expenses not included in that price.

The contractor may also claim damages if the client is at fault.

Art. 858.—The party commissioning the work may make changes to the project, provided that the cost of such changes does not exceed one-sixth of the total agreed-upon price. In this case, the contractor is entitled to compensation for the additional work performed, even if the price of the work had been determined as a lump sum.

The provision of the preceding paragraph shall not apply when the changes, even if within the indicated limits, entail significant modifications to the nature of the work or to the quantities in the various specific categories of work provided for in the contract for the performance of said work.

Art. 859.— In the case of work to be performed in stages, either party may request that the inspection be conducted for each stage. In this case, the contractor may request payment in proportion to the work performed and delivered.

Payment constitutes implied acceptance of the portion of the work for which payment was made. The disbursement of amounts paid on account does not have this effect.

Art. 860.—In the case of buildings or works on real property intended for long-term use, the contractor is liable for their total or partial collapse or for an evident danger of collapse, if such collapse results from construction defects, soil defects, or poor-quality materials, regardless of who supplied them.

For this liability to apply, the collapse must occur within ten years of the work’s acceptance.

The liability imposed by this article may not be waived by contract and shall extend equally to the construction manager and the designer, depending on the circumstances, without prejudice to any recourse actions that may apply.

Art. 861.—In order to bring a claim for reimbursement against subcontractors, the contractor must, under penalty of forfeiture of his right, notify them of the complaint filed by the owner within sixty days from the date of receipt thereof.

Art. 862.—The party commissioning the work may withdraw from the project even after work has begun, compensating the other party for all expenses, labor, and profits that the latter could have obtained under the contract. However, the courts may equitably reduce the compensation for lost profits if strict application of the rule would lead to a manifest injustice. For this purpose, they shall take into account primarily what the contractor earned or could have earned by being released from its obligation.

Art. 863.—If the contract is terminated because the performance of the work has become impossible as a result of a cause not attributable to either party, the party who commissioned the work must pay for the portion of the work already completed, to the extent that it is useful to him, in proportion to the agreed-upon price for the entire work.

Art. 864.—The contract is not terminated by the death of the party performing the work, unless the specific involvement of that person was a determining factor in the agreement. The other party may withdraw in any case if the heirs of the deceased do not provide security for the proper performance of the work.

Art. 865.—If the contract is terminated in the case described in the preceding article, the heirs of the person who performed the work must be paid the value of the work performed, in proportion to the agreed-upon price, and reimbursed for the expenses incurred in performing the remaining work, but only to the extent that the work performed or the expenses incurred are useful.

Art. 866.—Those who have performed work or supplied materials on projects contracted for a fixed price, shall have a claim against the party who commissioned the work only up to the amount that such party owes to its contracting party.

CHAPTER VI

THE PUBLISHING CONTRACT

Art. 867.—The purpose of the publishing contract is the uniform reproduction of a literary, scientific, or artistic work, its distribution, and sale to the public. Unless expressly waived, the author or the author’s successor shall be entitled to remuneration.

Art. 868.—Unless otherwise stipulated, the contract transfers the author’s rights to the publisher for the duration of the contract and to the extent required by its nature.

Art. 869.—The author may also undertake to produce a work according to a plan agreed upon with the publisher; in this case, the author shall be entitled only to remuneration, and the publisher shall acquire the copyright.

Art. 870.—If no deadline has been stipulated for the delivery of the work, it is understood that the author may deliver it at his or her convenience, without prejudice to the publisher’s right, in the event of excessive delay, to request that a judge set a deadline and, in the absence of compliance, to terminate the contract.

Art. 871.—As long as the publisher has not exhausted the editions it is entitled to produce, neither the author nor his or her successors may dispose of the work, in whole or in part.

Newspaper articles and short, standalone articles published in a magazine may always be reproduced elsewhere by the author or his successors.

Works that are part of a collective work, or magazine articles of a certain length, may not be reproduced by the author or his successors before the expiration of a three-month period from the date of publication.

Art. 872.—If the contract does not specify the number of authorized editions, the publisher may not publish more than one. Unless otherwise stipulated, the publisher is free to determine the number of copies for each edition, but is obligated, if the other party so requires, to print at least a sufficient number to provide the work with adequate publicity.

If the agreement authorizes the publisher to publish several editions of a work, and the publisher fails to publish a new edition once the previous one has sold out, the author or the author's successors may request that a judge set a deadline for the publication of a new edition, failing which the publisher shall forfeit its right.

Art. 873.— The publisher is obligated to reproduce the work in an appropriate form, without any modifications. The publisher must also bear the cost of necessary advertisements and take the customary measures aimed at ensuring the success of sales.

The publisher shall set the selling price of the work, but may not raise it to the point of limiting its circulation.

Art. 874.— The author retains the right to make corrections to his work, provided that such corrections do not prejudice the publisher's interests or increase the publisher's liability. If, as a result of such corrections, the publisher incurs unforeseen expenses, the author must reimburse the publisher for them.

Art. 875.—The publisher may not produce a new edition without first giving the author the opportunity to improve the work.

The right to publish separate works by the same author does not imply the right to publish them together in a single volume. Similarly, the right to publish an author's complete works, or a category of their works, does not imply the right to publish the individual works included therein separately.

Art. 876.—If the contract does not specify the remuneration due to the author, the judge shall determine the amount, following an expert opinion.

Art. 877.—In the absence of an express provision, the author's remuneration shall be due upon delivery of the entire work to the publisher, or upon delivery of each part, if it has been agreed that the work will be produced in parts.

If the contracting parties agree to make the remuneration dependent, in whole or in part, on the results of sales, the publisher must maintain sales records and provide the author with the corresponding receipts.

Art. 878.— If the work is destroyed by an act of God while in the publisher's possession, prior to publication, the publisher must pay the author or the author's successors, as compensation, the remuneration or share that would have been due to them had the work been published. If the author possesses a copy of the destroyed work, he or she must make it available to the publisher. If he or she does not possess it, the author must recreate it, provided the task is relatively easy.

If the loss of the work occurred due to the fault or willful misconduct of the publisher or the author, the other party to the contract shall be entitled t r compensation for all damages suffered.

Art. 879.— The contract is terminated if, before the work is completed, the author dies, becomes legally incapacitated, or finds himself, through no fault of his own, unable to complete it.

If a significant portion of the work has been completed, the publisher shall be entitled to have that portion of the contract fulfilled, unless it has been expressly agreed that the work shall not be published unless it is complete.

In the event of the publisher's bankruptcy, the other party may deliver the work to another publisher, unless guarantees are provided for the performance of obligations not yet due at the time of the declaration of bankruptcy.

CHAPTER VII:

THE AGENCY

AGREEMENT

SECTION I

GENERAL PROVISIONS

Art. 880.—Under a mandate contract, one person grants another the authority to represent them in the management of their interests or in the performance of certain acts.

An implied mandate arises from unequivocal acts by the principal, from the principal's inaction or silence, or when the principal, knowing that someone is managing their business or claiming to represent them, fails to prevent such action despite having the ability to do so.

Art. 881.—Acceptance of the mandate may result from the agent's performance of the acts entrusted to him. It shall be presumed when the person to whom the mandate is offered receives the instrument of power of attorney to carry it out, or the objects or securities pertaining to it, without declining the offer.

If the matter entrusted to the agent is one that, by virtue of his profession or way of life, he would normally accept, he must take—even if he declines the mandate—the urgent protective measures required by the matter.

Art. 882.—A mandate may be validly conferred upon a minor who has reached the age of eighteen. The principal shall be bound by its performance, both with respect to the agent and to third parties with whom the agent has entered into contracts.

An agent who lacks legal capacity may plead the nullity of the contract when sued for breach of contract or for rendering accounts, except for claims by the principal regarding what the agent has converted to his own benefit or arising from unlawful acts.

Art. 883.—A power of attorney drafted in general terms shall cover only acts of administration, even if the principal declares that no authority is reserved, or that the agent may do whatever he or she deems appropriate, or if there is a general clause granting free discretion.

Art. 884.—Special powers of attorney are required for the following acts:

a) making payments that are not part of ordinary administration;

b) to novate obligations existing at the time of the mandate;

c) to settle disputes, submit matters to arbitration, extend jurisdiction, or waive the right to appeal or acquired statutes of limitations;

d) granting a gratuitous waiver, remission, or discharge of debts, except in the event of the debtor's insolvency;

e) to perform any act, whether for consideration or gratuitously, intended to create, transfer, waive, or extinguish real property rights. The special power of attorney referred to in this subsection does not include the authority to mortgage such property or transfer real property rights for debts incurred prior to the term of office;

f) make donations, except for small gratuities to administrative staff. The power of attorney shall specify the property to be donated and the names of the beneficiaries;

g) revoke donations already made, in which case the donee must be designated;

h) to lend or borrow money, unless the administration involves such acts, or they are a consequence thereof, or are required for the preservation of the property entrusted to the agent;

i) lease real property under the agent's care for a term exceeding five years;

j) appoint the principal as a depositary, unless the power of attorney consists of receiving deposits or consignments, or unless such acts are a consequence of the administration;

k) compel the principal to provide any service, such as that of a landlord, or to do so free of charge;

l) form a partnership; appoint the principal as a guarantor;

m) accept or renounce inheritances;

n) acknowledge or admit obligations arising prior to the power of attorney;

ñ) receive payment of amounts owed to the principal, unless such collection may be considered a means of executing the mandate; and

o) perform those acts under family law that may be carried out by third parties. The notarized deed required in the case of this subsection must specify such acts and name the person to whom the mandate was granted.

Art. 885.—A special mandate for certain acts of a specific nature must be limited to those acts and shall not extend to other similar acts, even if such acts might be considered a natural consequence of those entrusted by the principal.

Art. 886.—A power of attorney is presumed to be for consideration, unless otherwise agreed.

Art. 887.—The power of attorney to assume an obligation includes the power to fulfill it, provided that the principal has delivered to the agent the money or property to be given in payment.

Art. 888.—When two or more agents are named in the same instrument, it shall be understood that the appointment was made to be accepted by only one of them in the order in which they are listed, with the following exceptions:

a) when they are designated to act jointly, either all of them or some of them;

b) if they have been designated to perform the act all or some of them separately, or if the principal divides the task among them, or authorizes them to divide it among themselves; and

c) when they have been appointed to act, one of them in the absence of the other or others.

Art. 889.—Once the mandate has been accepted by one of the appointees, that person's resignation, death, or subsequent incapacity shall entitle each of the others to accept it, in the order in which they were designated.

Art. 890.—A person who gives another person a recommendation or advice shall not be liable for any damage resulting therefrom.

SECTION II

ON THE EFFECTS OF THE MANDATE

Art. 891.— The agent must:

a) faithfully perform the contract in accordance with the nature of the transaction and within the limits of the authority granted, in compliance with the instructions received. He shall not be deemed to have deviated from such instructions if he has performed the contract in a manner more advantageous than that indicated;

b) refrain from carrying out the mandate when doing so would result in manifest harm to the principal;

c) take the protective measures required by the circumstances when it is impossible to act in accordance with the instructions, but the agent shall not be obligated to act as an ex officio agent;

d) be liable for damages arising from total or partial non-performance, if such non-performance is attributable to him;

e) render an account of his transactions, and the principal's prior release from liability shall not relieve him of any claims the principal may justifiably assert against him;

f) return everything received from the principal that was not disposed of pursuant to the principal's order, as well as anything obtained from a third party—even if obtained without legal title—the profits derived from the transaction, and the securities, documents, and papers entrusted to him, except for letters or instructions provided for the purpose of executing the contract;

g) in the absence of authorization from the principal, refrain from seeking any other benefit or gain in the performance of the assignment, except as provided for at the time the contract was entered into; and

h) to set aside his own interests in the performance of the contract if there is a conflict between his interests and those of the principal.

Art. 892.—If the agent, in violation of the provisions of subsection (g) of the preceding article, has received—even after the assignment has ended—a secret or unlawful benefit from a third party with whom the agent dealt on behalf of the principal, the agent may be compelled to surrender such benefit and shall forfeit all right to remuneration.

Art. 893.— The agent shall owe interest on the amounts he used for his own purposes, effective from the day he did so, and on those he owes, effective from the date he became in default of delivering them.
The agent shall also be liable for any damages caused to the principal by a breach of trust.

Art. 894.—The agent is liable for any money in his possession on behalf of the principal, even if it is lost due to unforeseeable circumstances or force majeure. If the money is contained in sealed boxes or sacks, he shall not be liable for the accident, unless he has been negligent in failing to deposit it in local banks.

Art. 895.—If there is joint and several liability among several agents, such liability shall cease when the damage arises from the separate action of one of them in violation of the terms of the contract. Whenever they are required to act jointly, the agent who refuses to cooperate shall be solely liable for the damages resulting from the failure to perform.

Art. 896.—When the agent, by special agreement, assumes responsibility for the solvency of the debtors and the risks of collection, the agent thereby becomes the principal obligor, and fortuitous events and force majeure shall be at the agent's own risk.

Art. 897.— If the agent performs the acts entrusted to him in his own name, he shall not bind the principal with respect to third parties, even if such third parties are aware of the mandate. The principal may demand judicial subrogation to the rights arising from the acts performed and may be held liable by creditors who exercise the agent's rights, in accordance with the general rules.

Art. 898.—The principal's duties toward the agent are as follows:

a) to pay the agent the agreed-upon remuneration, or that resulting from professional fee schedules under special laws. In the absence of contractual or statutory provisions, the remuneration shall be determined by the judge;

b) to provide the funds necessary for the performance of the mandate, if the agent so requests;

c) to reimburse any advances, even if the transaction was not successful. The reimbursement shall include interest from the date the sums were advanced. This duty shall remain in effect even if the expenses appear excessive, provided they are not disproportionate, and provided the agent has not committed any fault;

d) to release the agent from any obligations he may have incurred with third parties in the performance of the mandate and to provide him with the items or sums necessary to discharge those obligations; and

e) to compensate him when, through no fault of his own, he has suffered losses as a result of the mandate. Such losses are those that the agent would not have incurred had he not accepted the assignment.

Art. 899.—The agent is not required to wait for the submission of his accounts or the full performance of the mandate to claim reimbursement for advances or expenses he has incurred.

Until such advances and his remuneration are paid, he may retain the principal's property or securities in his possession.

Art. 900.—The principal is not obligated to pay the expenses incurred by the agent:

a) if they were incurred in violation of the principal's express prohibition, unless the principal wishes to take advantage of the benefits derived from them;

b) if they were caused by the agent's own fault;

c) when the agent incurred them—even if ordered to do so—if the principal knew that the transaction would result in a negative outcome, while the agent was unaware of it; and

d) if it was agreed that the expenses would be borne by the agent, or that the agent could only claim a specified amount.

Art. 901.— The agent may not claim in his or her own name the performance of legal acts carried out in the principal's name, nor may he or she be personally sued for compliance with them.

Art. 902.—When the mandate is terminated or revoked through no fault of the agent, the principal must pay the portion of the remuneration proportional to the service rendered; however, if the agent has received all or part of the remuneration, he is not obligated to return it.

Art. 903.—When two or more persons appoint an agent for a joint business venture, they shall be jointly and severally liable for all the effects of the contract.

Art. 904.— The agent may delegate the performance of the mandate to another person. In this case, the agent's relationship with the substitute shall be governed by the rules governing the principal contract.

The agent shall be liable for the person he or she has chosen if such authority was not granted to him or her. If such authority was granted but no specific name was designated, the agent shall remain liable provided that he or she has chosen a person of notorious insolvency or incapacity.

If the agent delegates the authority to the person specified to him or her, the agent shall be exempt from liability.

Art. 905.—A person who has delegated his or her authority may revoke the delegation whenever he or she deems it appropriate; however, in the meantime, he or she shall be obligated to supervise the substitute, unless the appointment was made by the principal.

Art. 906.—The principal, in all cases, shall have a direct claim against the substitute, but only for the obligations that the substitute has incurred as a result of the substitution. Conversely, the substitute shall have a claim against the principal for the performance of the contract.

The principal shall retain a direct claim against an agent who made a substitution contrary to the principal's orders, or who, through his own fault, is liable for damages or interest.

Art. 907.—A substitution prohibited by the principal, or one made by a person other than the one designated by the principal, shall not bind the principal with respect to third parties for the acts of the substitute, if such third parties should have been aware of the circumstances described.

Art. 908.—Once the agent's expenses and remuneration have been paid, the principal shall not be obligated to pay remuneration or commissions to the substitutes, unless the substitution was indispensable or ordered by the principal.

SECTION III

TERMINATION OF THE AGENCY AGREEMENT

Art. 909.—The mandate terminates:

a) upon fulfillment of the purpose for which it was established;

b) upon the expiration of the fixed or indefinite term established for its duration;

c) upon revocation by the principal;

d) upon resignation of the agent;

e) upon the death of either party;

f) upon the supervening incapacity of one of the contracting parties. A power of attorney granted by a woman prior to her marriage shall remain in effect with respect to the acts she is permitted to perform; and

g) in the case of a power of attorney with a substitute, upon the termination of the substitute's powers, even if the substitute is a necessary representative.

Art. 910.—The mandate shall be terminated with respect to the agent and any third parties with whom the agent has entered into a contract, once they know or could have known of the termination of the mandate.

Acts performed by the agent before becoming aware of the termination of the mandate are valid with respect to the principal or the principal's heirs.

Art. 911.—Third parties may, at their discretion, choose whether or not to hold the principal liable for contracts they have entered into with the agent while unaware of the agent's termination; however, the principal may not rely on such circumstances to hold them liable for acts performed after the termination of the mandate.

Art. 912.—Notwithstanding the termination of the power of attorney, the agent, his or her heirs, or the representatives of his or her incapacitated heirs are obligated to continue, either personally or through others, any business matters that have been initiated and cannot be delayed, until the principal, his or her heirs, or their representatives make a decision regarding them, under penalty of being liable for any damages resulting from their failure to do so.

Art. 913.— The principal may revoke the mandate.

The appointment of a new agent for the same matter shall constitute revocation of the prior mandate, effective as of the day on which the first agent is notified. The revocation shall take effect even if the second power of attorney does not take effect due to the death or incapacity of the new agent, or because the agent does not accept it, or if the instrument is void due to a defect in form.

Once the power of attorney has been revoked for any reason, the instrument evidencing it must be returned.

Art. 914.—If the principal intervenes directly in the matter entrusted to the agent and enters into a relationship with third parties, the power of attorney is revoked unless the principal expressly states that it is not his or her intention to revoke it.

Art. 915.—When the power of attorney is general, a special power of attorney granted to another agent supersedes the prior general power of attorney with respect to that specific matter.

A special power of attorney is not superseded by a subsequent general power of attorney granted to another person, unless the latter's general scope encompasses the matter entrusted in the prior power of attorney.

Art. 916.— The principal may revoke the mandate, but if irrevocability has been agreed upon, the principal shall be liable for damages, unless there is just cause.

A power of attorney granted in the common interest of the principal and the agent, or exclusively in the interest of the agent, or in the interest of a third party, is not terminated by the death or supervening incapacity of the agent, nor by revocation by the principal, unless otherwise stipulated or unless there is just cause.

Art. 917.—A mandate is also irrevocable, unless there is just cause:

a) in cases where it is a condition of a bilateral contract, or the means of fulfilling a contractual obligation, such as a mandate to pay bills of exchange or money orders; and

b) when it is conferred upon a partner, as a manager or liquidator of the corporation, by provision of the articles of incorporation, unless otherwise provided by a clause therein or by a special provision of law.

Art. 918.—An agent who resigns from the mandate without just cause must compensate the principal for any damages. If the mandate is for an indefinite term, the agent who resigns without just cause is obligated to pay compensation if he or she has not given timely notice.

Even if the agent resigns for just cause, he must continue his duties—unless it is entirely impossible—until the principal can take the necessary steps to remedy this breach.

Art. 919.—Any mandate intended to be executed after the principal's death shall be valid only if it takes the form of a testamentary disposition.

Art. 920.—The supervening incapacity of the principal or agent shall terminate the mandate only to the extent that either of them loses the ability to exercise their rights.

Art. 921.—A mandate conferred upon several persons designated to act jointly is terminated even if the cause of termination concerns only one of the agents, unless otherwise agreed.

CHAPTER VIII

THE CONTRACT OF CARRIAGE

SECTION I

GENERAL PROVISIONS

Art. 922.—Under a contract of carriage, the carrier undertakes, in exchange for monetary compensation, to transport persons or goods from one place to another.

Art. 923.—Those who operate services for the transportation of persons or goods are obligated to accept requests for transportation that are compatible with the ordinary means of the enterprise.

Transportation must be carried out in the order in which requests are received. If several requests are made simultaneously, the one involving the longest route shall always be given priority.

If the general terms and conditions allow for special concessions, the carrier is obligated to apply them on an equal basis to anyone who places a request.

SECTION II

TRANSPORTATION OF PASSENGERS

Art. 924.— In the transportation of passengers, the carrier is liable for delays and failure to perform the transportation, as well as for accidents causing harm to the passenger during the journey, and for the loss or damage to the passenger's personal belongings, unless the carrier proves that it took all necessary measures to prevent such harm.

Any clauses limiting the carrier's liability for incidents affecting the passenger are null and void. The provisions of this article also apply to contracts for free transportation.

Art. 925.— In consecutive transport operations, each carrier is liable to the extent of its own leg of the journey.

However, damages resulting from a delay or interruption of the journey are determined based on the entire route.

SECTION III

CARRIAGE OF GOODS

Art. 926.— In the carriage of goods, the shipper must accurately provide the carrier with the name of the consignee and the place of destination, the nature, weight, quantity, and number of the goods to be carried, and any other information necessary to carry out the carriage.

If special documents are required for the performance of the carriage, the shipper must deliver them to the carrier together with the goods to be transported.

The consignor is liable for any damages resulting from the omission or inaccuracy of the information provided, or from the failure to deliver or any irregularity in the documents.

Art. 927.— The shipper must provide the carrier with a signed bill of lading, which must include the information set forth in the preceding article and the terms agreed upon for the transport.

At the consignor's request, the carrier must provide the consignor with a signed duplicate of the bill of lading or, failing that, a cargo receipt containing the same information. Unless otherwise provided by law, duplicates of such documents may be issued with the clause "to order."

Art. 928.— The shipper may suspend the carriage and request the return of the goods, or order their delivery to a consignee other than the one originally designated, or make other arrangements, subject to the obligation to reimburse the expenses and compensate for any damages resulting from the change of instructions.

When the carrier has issued the shipper a duplicate bill of lading or a cargo receipt, the shipper may not dispose of the goods delivered for transport unless he presents the duplicate or the receipt to the carrier so that the new instructions may be noted on them, which must be countersigned by the carrier.

The shipper may not dispose of the goods being transported once they have been made available to the consignee.

Art. 929.— If the commencement or continuation of the carriage is prevented or unduly delayed for reasons not attributable to the carrier, the carrier must immediately request instructions from the shipper and, in the meantime, ensure the safekeeping of the goods entrusted to him. If circumstances make it impossible to request instructions from the shipper or if such instructions are not feasible, the carrier may terminate the contract. The carrier may also place the goods in judicial custody at the location where they are found, in accordance with the rules governing payment by deposit. The carrier must immediately notify the shipper of the deposit.

Art. 930.— The carrier is entitled to reimbursement of expenses. If the carriage has commenced, the carrier is also entitled to payment of the freight in proportion to the distance traveled, unless the interruption of the carriage is due to the total loss of the goods resulting from a fortuitous event.

Art. 931.— The carrier must make the goods being transported available to the consignee at the place, within the time frame, and under the conditions specified in the contract.

If delivery is not to be made at the consignee's address, the carrier must immediately notify the consignee of the arrival of the goods being transported.

If the consignor has issued a power of attorney, the carrier must present it to the consignee.

Art. 932.—When several partial deadlines have been set for the performance of the carriage, the delivery deadline shall be determined by the sum of these deadlines.

Art. 933.—The rights arising from the contract of carriage with respect to the carrier vest in the consignee from the moment the goods arrive at their destination, or, if the time by which they should have arrived has expired, when the consignee requests delivery from the carrier.

The consignee may not exercise the rights arising from the contract unless the carrier is paid the amounts due for the carriage, which are secured by the goods being transported. In the event that the amount due is disputed, the consignee must deposit the disputed amount.

Art. 934.— If the consignee cannot be located, refuses to accept the goods, or delays in accepting them, the provisions governing cases of impossibility or difficulty in performing the carriage due to causes not attributable to the carrier shall apply as appropriate. If a dispute arises among several consignees regarding the right to receive the goods or the manner of delivery, the carrier may deposit them with the court, and in all cases must immediately notify the consignor.

Art. 935.—If the carrier has issued to the shipper a duplicate of the order-form bill of lading, or a cargo receipt in the same form, the rights arising from the contract against the carrier are transferred by endorsement of the document.

In such a case, the carrier is relieved of the obligation to give notice of the arrival of the goods being transported, unless an address at the destination has been specified and is indicated on the bill of lading or the cargo receipt.

The holder of the duplicate of the negotiable bill of lading or the negotiable cargo receipt must return the document to the carrier upon delivery of the goods.

Art. 936.—A carrier who delivers the goods to the consignee without collecting the freight charges or without requiring the deposit of the corresponding amount in the event of a dispute may not claim such charges from the shipper, but retains the right to bring an action against the consignee.

Art. 937.— The carrier is liable for the loss of or damage to the goods entrusted to him for carriage from the moment he receives them until he delivers them to the consignee, unless he proves that the loss or damage resulted from unforeseeable circumstances, the nature or defects of the goods themselves or their packaging, or the act of the shipper or the consignee.

If the carrier accepts the goods to be transported without reservation, it is presumed that they have no apparent defects in their packaging.

Art. 938.—With respect to goods that, given their particular nature, are subject to a reduction in weight or volume during transport, the carrier is liable only for reductions exceeding natural loss, unless the shipper or consignee proves that the reduction did not occur as a result of the nature of the goods, or that, due to the circumstances of the case, the goods could not have reached the verified weight or volume.

The decrease must be considered separately for each package.

Art. 939.—Damages resulting from loss or damage are calculated based on the current market price of the goods transported at the place and time of delivery to the consignee.

Art. 940.—The consignee has the right, at his own expense, to verify the identity and condition of the goods transported prior to delivery.

If there is loss or damage, the carrier is entitled to reimbursement of the expenses.

Art. 941.—Unqualified acceptance of the goods being transported and payment of the amount due to the carrier extinguish any claims arising from the contract, except in cases of fraud or negligence on the part of the carrier. This does not preclude claims for partial loss or damage not apparent at the time of delivery, provided that, in the latter case, the damage is reported within eight days from the date of acceptance.

Art. 942.—Successive carriers have the right to have the condition of the goods to be transported stated in the bill of lading or in a separate document at the time they are delivered to them. In the absence of such a statement, it is presumed that they have received the goods in good condition and in accordance with the bill of lading.

Art. 943.— The last carrier represents the preceding carriers in collecting the respective claims arising from the contract of carriage and in exercising the lien on the goods carried.

If he fails to collect such amounts or to exercise the lien, he is liable to the preceding carriers for the sums owed to them, without prejudice to his right of action against the consignee.

CHAPTER IX

THE COMMISSION CONTRACT

Art. 944.—Under a commission contract, the commission agent undertakes to purchase or sell goods on behalf of the principal and in his own name, without being in a relationship of subordination to the principal.

The relationship between the principal and the commission agent consists of the same rights and obligations as that between a principal and an agent, subject to the limitations and extensions set forth in this Chapter.

Art. 945.—The commission agent is presumed to be authorized to grant payment extensions appropriate to the circumstances and in the interest of achieving the best business outcome, unless the principal has provided otherwise.

If, contrary to the principal’s prohibition, or under circumstances manifestly adverse to the security of collection, the commission agent grants payment extensions, the principal may demand reimbursement

immediately, without prejudice to the commission agent's right to retain any profits derived from the extension granted.

An agent who has granted payment extensions must inform the principal of the identity of the contracting party and the term granted. If the agent fails to do so, the transaction shall be deemed to have been entered into without any term, and the provisions of the preceding paragraph shall apply.

Art. 946.— The commission agent shall be entitled to compensation in accordance with the provisions governing the remuneration of an agent.

Art. 947.—As long as the commission agent has not completed the transaction, the principal may revoke the order to conclude it. In this case, the commission agent is entitled to a portion of the remuneration, the amount of which shall be determined by taking into account the expenses incurred and the work performed.

Art. 948.—In a commission for the purchase or sale of securities, foreign currency, or goods that have a publicly established market price, the commission agent may, unless the principal has specified otherwise, set the price by indicating what he may purchase, or may acquire for himself the items he is required to sell, without prejudice, in any case, to his right to remuneration.

Even if the principal has set the price, a commission agent who acquires the goods for himself may not pay a price lower than the market price on the day the transaction is carried out, if that market price is higher than the price set by the principal; and a commission agent who supplies the goods to be purchased may not set a price higher than the market price, if that market price is lower than the price indicated by the principal.

Art. 949.—A commission agent who assumes the risks of collection is liable to the principal for the performance of the transaction as the principal debtor. In such a case, the commission agent is entitled, in addition to the ordinary commission, to additional remuneration, which, in the absence of an agreement, shall be determined by the court.

Art. 950.—The commission agent forfeits all rights to remuneration and reimbursement of expenses if he is guilty of acts of bad faith toward his principal, especially if he has set a price higher than the purchase price or lower than the sale price. In such cases, the principal has the right to treat the commission agent as the buyer or seller and to claim damages from him.

CHAPTER X

THE BROKERAGE CONTRACT

Art. 951.—Under a brokerage contract, the broker brings two or more parties together to conclude a transaction, without being bound to any of them by a relationship of collaboration, subordination, or representation.

Art. 952.—The broker is entitled to remuneration from each of the parties if the transaction is concluded as a result of the broker's intervention.

The amount of the remuneration and the proportion in which it is to be borne by each party, in the absence of an agreement, professional rates, or fees, shall be determined by the judge in accordance with customary practice and, in the absence thereof, by equity.

Where an excessive fee has been agreed upon for the broker, the judge may reduce it equitably, at the request of the party obligated to pay.

Art. 953.—The broker's expenses shall not be reimbursable in the absence of an express agreement; however, if such an agreement exists, they shall be paid even if the transaction is not ultimately concluded.

Art. 954.—If the contract is subject to a suspensive condition, the right to remuneration arises at the moment the condition is fulfilled.

If it is subject to a resolutory condition, the right to remuneration is not extinguished by the fulfillment of the condition.

The provision of the preceding paragraph shall also apply when the contract is voidable or rescindable, provided th , the broker was unaware of the cause of invalidity.

Art. 955.—If the transaction has been concluded through the intervention of two or more brokers, each of them shall be entitled to a share of the remuneration.

Art. 956.— The broker must inform the parties of any circumstances known to him regarding the valuation and security of the transaction that may influence its conclusion.

Art. 957.— A broker may be authorized by one of the parties to represent that party in acts relating to the performance of the contract concluded through the broker's intervention.

Art. 958.—The broker may provide a surety on behalf of one of the parties.

CHAPTER XI

ON PARTNERSHIPS

SECTION I

GENERAL PROVISIONS

PARAGRAPH I

ON THE EXISTENCE AND VALIDITY OF THE CORPORATION AND ITS MANAGEMENT

Art. 959.—Under a partnership agreement, two or more persons, by creating a legal entity, undertake to make contributions to produce goods or services in an organized manner, sharing in the profits and bearing the losses.

Art. 960.—A partnership involving all present assets and all profits is lawful when such profits derive from specific and defined business activities.

Art. 961.—A partnership shall be null and void:

a) when it encompasses the entirety of the partners' present and future assets;

b) when one of the contracting parties contributes only their political or social influence, even if they agree to share in the losses;

c) if all profits are attributed to one of the partners, or if that partner is exempted from any contribution toward losses or from contributing capital;

d) when any of the partners does not share in the profits;

e) when any partner is unable to withdraw or be expelled, even though there is just cause for doing so;

f) if at any time any of the partners may withdraw their share in the partnership;

g) when the capital partner or partners are promised the return of their contribution with a specified premium, or with its proceeds, or with an additional amount, whether or not there are profits;

h) when the capital partner is guaranteed their contribution, or the profits to be obtained, or an alternative right to a certain annual amount, or a share of any profits;

i) if the working partner is granted a specified remuneration, whether or not there are profits; or an alternative right to a certain annual sum, or to a share of any profits; and

j) when it is agreed that all profits and even the contributions to the partnership shall belong to the surviving partner or partners.

Art. 962.—The nullity of the contract may be invoked by the partners among themselves to exempt themselves from the obligations it imposes on them; but not against third parties acting in good faith, who shall be permitted to invoke it with respect to the partnership and the partners. In the event of bad faith on the part of third parties, the partners may assert the nullity against them.

Art. 963.—A partnership with unlawful purposes shall be null and void. Upon its dissolution, the partners may withdraw their capital contributions, but not the profits, which shall be transferred to the State's assets to be used for the promotion of public education.

The partners, the managers, and those acting as such in the management of the partnership shall be jointly and severally liable without limitation for the partnership's obligations and for any damages caused.

Art. 964.—In all cases of nullity, except as provided for in the preceding article, the partners may invoke the existence of the partnership agreement among themselves to demand the return of their contributions, the settlement of joint operations, the division of profits and assets, and compensation for losses.

The company shall have the right to sue third parties for obligations incurred in its favor, and such third parties shall not be permitted to allege the company's nonexistence.

Third parties, in turn, may invoke the partnership against the partners, and the partners may not assert its nullity.

Art. 965.—Contracts shall be formalized in writing. They shall be formalized by public deed in the cases provided for by this Code.

Art. 966.—In the absence of a contract, the existence of the partnership may be established by facts from which it can be inferred, even if the value involved exceeds that set by law.

A court ruling declaring the existence of the company in favor of third parties shall not entitle the partners to sue one another.

Art. 967.— Corporations acquire legal personality upon their registration in the appropriate registry.

Corporations and cooperatives also require prior government authorization.

Failure to register shall not nullify the contract, but the corporation shall not acquire ownership or real rights over the registrable assets set aside by the members. No unregistered provision that deviates from the regime established by this Code—whether by restricting the rights of third parties or the powers conferred on the directors—shall be enforceable against third parties.

Art. 968.—A person who has merely lent his or her name shall not be considered a partner, even if the partners have recognized some interest in the company on his or her part, nor shall such person be considered a partner with respect to third parties, without prejudice to his or her right to reimbursement for any amounts paid to the company's creditors.

A non-nominal partner shall have that status in relation to the other partners, but not vis-à-vis third parties, even if the latter were aware of the partnership agreement.

Art. 969.—Heirs or legatees shall not be considered partners if the other members do not consent to the substitution, or if, having been agreed upon with the deceased partner, it is not accepted by the successor. Nor shall dependents or employees to whom a share of the profits is granted in payment for their services be considered partners.

Art. 970.—Persons to whom certain partners assign all or part of their rights shall not be deemed partners if the other partners do not consent to the substitution.

Art. 971.—When the partnership agreement authorizes a partner to transfer his or her rights, the other partners shall have a right of first refusal with respect to the portion to be transferred; for this purpose, the provisions governing such an agreement shall apply, as applicable.

Art. 972.— If any partner has transferred their rights despite such a transfer being prohibited by the articles of association, they shall retain their status as a partner; however, the assignment shall be effective between the assignee and the assignor, with the assignor being deemed the agent of the assignee.

Art. 973.—The assignee admitted as a partner shall be bound with respect to the partnership, the partners, and the partnership's creditors in the same manner as the assignor was, regardless of the terms of the transfer.

Art. 974.—Unless otherwise provided by special provisions, any partner may manage the partnership. The authority to manage may be conferred upon a third party.

In the absence of an express limitation, any act performed by a partner on behalf of the partnership shall be binding on the partnership; however, each partner shall have the right to object to the acts of the other partners as long as such acts have not taken effect.

Any partner may require the others to contribute to the expenses necessary for the maintenance of the partnership's assets.

In the absence of an express provision, the scope of the powers of management is determined by the nature and purpose of the partnership. The management of the partnership is deemed to be a general mandate encompassing its ordinary business affairs with all their consequences. Ordinary business affairs are those that do not require special powers.

The managers are jointly and severally liable to the company for the fulfillment of the obligations imposed on them by law and the articles of incorporation. However, liability shall not extend to those who can prove they are free from fault.

Art. 975.—If two or more partners are entrusted with management, without specific powers being defined or without it being stated that they will act jointly, each may act separately; however, any one of them shall have the right to object to the acts of the others as long as such acts have not taken effect.

Art. 976.—Even if it has been established that one of the managers shall not act without the other, this principle shall not apply in the event of imminent danger of serious and irreparable harm.

Art. 977.—In the case of joint management, one of the managers may personally assume the representation of the partnership in an emergency to prevent serious harm to the partnership. If the other partners do not agree with his intervention, they may hold him liable for any resulting damage, without prejudice to the rights of third parties who have entered into contracts with him.

Art. 978.—The power to manage shall be revocable, even if it arises from the articles of incorporation, when the appointee is not a partner. In this case, revocation does not entitle the partners to dissolve the partnership.

An administrator appointed by an act subsequent to the articles of incorporation may resign, whether or not he has just cause to do so.

Art. 979.—A contractual clause prohibiting partners from interfering in the management shall not prevent any of them from examining the business affairs; for this purpose, they may demand that the books, documents, and papers be presented and may file any claims they deem appropriate.

Art. 980.—Unless otherwise provided for each type of company, business may be conducted under the name of one or more of the members, with or without the addition of “and Company,” in accordance with the following rules:

a) the name may not include the name of any person who is not a partner; however, a partnership formed outside the territory of the Republic shall be permitted to use within the Republic the name used abroad, even if it does not correspond to that of any of the members;

b) the name of a purely industrial or limited partner may not appear; and

c) those who have succeeded to the business of a partnership and their heirs may continue to use the name, provided that the consent of the persons included in the name is obtained, if they are alive.

PARAGRAPH II

ON THE LIABILITY OF THE PARTNERSHIP

Art. 981.—Each partner owes the company the amount he or she promised to contribute and shall be liable for latent defects and for eviction, if applicable. If the partner owes money, without the need for a court order, he or she shall pay interest from the day the payment was due.

Art. 982.—Depending on the nature of the contributions, the partnership's rights shall be governed by the following rules:

a) with respect to property transferred in full ownership, the partner shall forfeit such property upon dissolution, without the right to reclaim it, even if it remains in the same condition;

b) with respect to fungible items, or those that deteriorate with use, or those intended to be sold on behalf of the company, or those specified in the articles of incorporation or in a relevant document, the company shall have title to them;

c) when a partner's contribution consists of items to be sold on behalf of the company, the sale price shall be considered contributed capital. If the sale could not be completed, the value at the time of delivery shall apply.

If the asset was valued in the articles of incorporation, the established value shall be deemed the contribution;

d) if the contribution consists solely of the use or enjoyment of the assets, the partner who owns them shall retain title, and shall be liable for any total or partial loss when such loss is not attributable to the company or to one of its members. Upon termination of the agreement, the partner may demand the return of the assets in the condition in which they were found.

Unless otherwise stipulated, the use or enjoyment of the property shall be deemed a personal right, governed subsidiarily by the rules governing leases;

e) with respect to receivables, the company shall be deemed the assignee thereof upon their delivery, provided that the transfer is provided for in the articles of incorporation. The value of the contribution shall be the face value, plus interest accrued up to the date of transfer, unless it has been expressly stipulated that collection is the responsibility of the assignor.

In this case, only the amount received, plus interest, shall be counted; and

f) if the contribution consists of labor or services, the company's claim against the partner who promised it shall be governed by the principles governing obligations to perform.

A capital contribution shall be deemed limited to the use or enjoyment thereof when the company consists of one capital-contributing partner and another who is purely an industrial partner.

Art. 983.—No partner may be compelled to make a new contribution unless promised in the contract, even if the majority demands it to give the business a boost; but if the purpose of the partnership cannot be achieved without such an increase, the dissenting partner may withdraw and must do so when his co-partners so demand.

Art. 984.—When a managing partner collects a due amount owed to him personally by a party who, in turn, is a debtor of the partnership for another sum that is also due, the amount collected must be allocated to the two obligations in proportion to their respective amounts, even if he has issued a receipt on account of the individual debt; but if he issued the receipt on account of the partnership's debt, the entire amount shall be allocated to the latter.

Art. 985.—A partner may not, without the consent of the other partners, use assets belonging to the partnership's estate for purposes unrelated to the partnership.

Art. 986.—A partner who has received his or her full share of a corporate claim before the other partners have received theirs is obligated, if the debtor subsequently becomes insolvent, to return to the corporate assets what he or she received, even if he or she issued the receipt solely for his or her own share.

Art. 987.—When a working partner fails to provide the promised service for reasons not attributable to him, the contract may be terminated. If the service is interrupted through no fault of his own, it shall be lawful to impose a proportional reduction in profits; but if the working partner is responsible for the breach, the other partners shall have the right to exclude him from the partnership or to dissolve it.

The industrial partner shall owe the partnership whatever he earns from the activity he undertook to contribute to it.

Art. 988.— Every partner shall pay interest to the partnership on any sums withdrawn from the partnership's funds, calculated from the date of withdrawal, without prejudice to liability for damages.

PARAGRAPH III

RIGHTS OF THE PARTNERS

Art. 989.— The partners may:

a) demand reimbursement from the corporation for advances made with its knowledge for corporate obligations, as well as compensation for losses they have suffered;

Partners shall be liable in proportion to their share in the partnership, and the share of insolvent partners shall be divided equally;

b) require the other members to remain in the corporation, provided there is no just cause for their separation. Just cause shall be deemed to exist when the manager appointed in the articles of incorporation resigns or is removed, or if, where there is a right to exclude a member, the member is not permitted to exercise that right; and

c) withdraw at any time when the partnership is established for an indefinite term, unless such withdrawal is in bad faith or untimely.

Art. 990.—A resignation shall be deemed to be in bad faith when it is made with the intention of obtaining for oneself any benefit or advantage that should belong to the partnership. It shall be deemed untimely if it occurs before the transaction constituting its purpose has been completed, in which case the partner must compensate for the damages caused.

Art. 991.—A resignation in bad faith is null and void with respect to the partners. Any profits from the transaction intended at the time of withdrawal belong to the partnership, but the resigning partner shall bear any losses.

Art. 992.—No partner may be expelled from the partnership without just cause. The following shall be considered just cause:

a) the assignment of rights to third parties, notwithstanding any prohibition in the partnership agreement;

b) failure to fulfill any of the obligations owed to the partnership, whether or not the partner is at fault;

c) supervening incapacity. Incapacity resulting from bankruptcy shall not cause exclusion in the case of a working partner; and

d) when the partner loses the trust of the others due to insolvency, misconduct, causing discord among the partners, or other similar acts.

Art. 993.—The exclusion or resignation of any partner shall have the following effects:

a) with respect to concluded business transactions, the departing partner shall only share in the profits realized up to the date of separation;

b) the excluded or resigning partner shall remain in the partnership for the sole purpose of sharing in the profits or bearing the losses from pending transactions;

c) with respect to the partnership's debts, creditors shall retain, up to that date, their rights against the partner in the same manner as against those remaining in the partnership, even if the latter assume full payment, unless they have in writing released the departing partner from liability;

d) subsequent corporate debts may be enforced only against the remaining partners, and not against the excluded or withdrawing partner, unless such debts were incurred without the knowledge of third parties regarding these circumstances; and

e) the withdrawal shall only prejudice creditors and third parties in general when it is registered, or if they otherwise become aware of it.

PARAGRAPH IV

RIGHTS AND OBLIGATIONS OF THE CORPORATION WITH RESPECT TO THIRD PARTIES

Art. 994.—Third parties, with respect to the corporation, are deemed to be those outside the corporation, as well as the members in their relations with one another that do not arise from the articles of incorporation or from the corporation's directors.

Art. 995.—Corporate debts are those incurred by the directors in that capacity, provided such capacity is indicated in any manner, or obligations incurred on behalf of the corporation or in representation of the corporation.

In case of doubt, it shall be presumed that the directors acted in their personal capacity, and where there is uncertainty as to whether they acted within the limits of their authority, the former shall be presumed.

Art. 996.—If debts are incurred in the name of the corporation in excess of the scope of the mandate, and the corporation does not ratify them, the obligation shall be borne by the corporation only to the extent of the benefit derived therefrom, and the burden of proof regarding such benefit shall rest with the creditors.

Art. 997.—The provisions of the preceding article shall not prejudice creditors acting in good faith, nor shall they apply when the mandate has ceased, or if any of the partners is prevented from exercising their powers, provided that such circumstances result from stipulations of which the creditors could not have been aware. Only in this case shall the creditors be presumed to have acted in good faith, unless it is proven that they were aware of such stipulations.

Art. 998.—The company's debtors are not considered debtors with respect to the partners, and they may not set off what they owe the company against their claims against any of the partners, even if that partner is the manager.

Art. 999.— The company's creditors are not creditors of the members, except as otherwise provided for each type of company.

Art. 1,000.—No partner shall have the right to collect the company's receivables or to sue its debtors, unless the partner is a manager, represents the company in the cases provided for by this Code, or has been specifically authorized to do so.

Art. 1001.—With respect to their obligations toward third parties, the partners shall be considered as unrelated to the company. They may not invoke their status as partners, nor may that status be held against them.

Art. 1002.—The individual obligations of one of the partners do not confer upon third-party contracting parties a direct claim against the others, even if the latter have benefited from such obligations.

PARAGRAPH V

DISSOLUTION OF THE PARTNERSHIP

Art. 1003.—The partnership is dissolved:

a) upon the expiration of its term, or upon the fulfillment of the condition to which its existence was subject; in both cases, even if the business for which it was established has not been completed;

b) upon the achievement of the corporate purpose;

c) due to the physical or legal impossibility of achieving said purpose, whether due to the complete loss of capital, or the loss of a portion thereof that prevents its achievement; or due to bankruptcy;

d) by unanimous agreement of the partners;

e) if the company consists of two persons, upon the death of one of them; and

f) for the other reasons provided for in the articles of incorporation.

Art. 1004.—The partnership may be dissolved at the request of any of the partners:

a) due to the death, resignation, or removal of the manager appointed in the articles of incorporation, or of the partner who contributes labor, or of any participant whose personal contribution is necessary to continue the business;

b) due to a partner’s failure to fulfill their obligations; and

c) when the partnership is of indefinite duration.

Art. 1005.—In the case of judicial dissolution of the partnership, the judgment shall have retroactive effect as of the date on which the cause for dissolution occurred.

PARAGRAPH VI

LIQUIDATION AND DISTRIBUTION

Art. 1006.— Once a partnership has been dissolved, its assets shall be liquidated. The partnership shall continue to exist to the extent necessary for the liquidation, to conclude pending matters, to initiate any new operations required by the liquidation, and to administer, preserve, and realize the partnership’s assets.

Art. 1007.—The obligations and liability of the liquidators are governed by the provisions established for directors, unless otherwise provided.

Art. 1008.—The directors must deliver the corporate assets and documents to the liquidators and submit to them the management report covering the period following the last rendering of accounts.

The liquidators must take charge of the corporate assets and documents and, together with the directors, draw up and sign an inventory showing the assets and liabilities of the corporate assets.

Art. 1009.— The liquidators must take the necessary steps for the liquidation, and unless the partners have provided otherwise, they may sell the company's assets as a whole and enter into transactions and commitments.

They also represent the company in legal proceedings.

Art. 1010.—The liquidators may not distribute the company's assets among the partners, even partially, until the company's creditors have been paid or the amounts necessary to pay them have been set aside.

If the available funds prove insufficient to pay the company's debts, the liquidators may request from the partners the amounts still owed on their respective capital contributions and, if necessary, the necessary sums, within the limits of their respective liability and in proportion to each partner's share of the losses. The debt of the insolvent partner shall be distributed among the partners in the same proportion.

Art. 1011.—In order to proceed with the division of assets, losses and profits shall be divided as agreed. If only the share of each partner in the profits has been agreed upon, the corresponding share in the losses shall be equal. In the absence of any agreement, each partner's share shall be determined by their respective contribution, and the judge shall equitably determine the share of the working partner.

Only profits that are irrevocably realized and liquid may be distributed.

Art. 1012.—In the division of the partnership's assets, the provisions of this Code regarding the division of inheritances shall be observed to the greatest extent possible, unless otherwise provided in this Chapter.

SECTION II

SIMPLE PARTNERSHIPS

Art. 1013.—A partnership shall be considered a simple partnership if it does not possess the characteristics of any of the other types governed by this Code or by special laws and if its purpose is not the conduct of a commercial activity.

The following shall be considered commercial:

a) an industrial activity aimed at the production of goods or services;

b) intermediary activity in the distribution of goods or services;

c) transportation in any of its forms;

d) banking, insurance, or stock exchange activities; and

e) any other activity classified as such under the Merchant Law.

Any corporation whose purpose is to engage in commercial activities must be registered with the Public Commercial Registry.

Art. 1014.— A simple partnership agreement is not subject to any special form, except as required by the nature of the assets contributed.

Art. 1015.— The articles of association may be amended only with the express consent of all partners, unless otherwise agreed.

Art. 1016.— The partnership's creditors may assert their rights against the partnership's assets. Partners who have acted in the name and on behalf of the partnership are also personally and jointly and severally liable for the partnership's obligations; however, the other partners shall be liable only up to the limit of their capital contribution, unless they have expressly agreed to be jointly and severally liable.

The articles of incorporation must be brought to the attention of third parties by appropriate means; failing that, the limitation of liability or the exclusion of joint and several liability is not enforceable against those who have not been made aware of the articles.

Art. 1017.— A partner required to pay corporate debts may demand, even if the corporation is in liquidation, that the corporate assets be exhausted first, specifying the assets from which the creditor can easily satisfy the debt.

Art. 1018.—A person who joins an already established partnership is jointly and severally liable with the other partners for the partnership's obligations arising prior to the acquisition of their status as a partner.

Art. 1019.— A partner's individual creditor, for the duration of the partnership, may assert rights to the profits attributable to the debtor and take measures to preserve the debtor's share in the event of liquidation.

Art. 1020.—The partnership is tacitly extended for an indefinite period when, upon the expiration of the term for which it was formed, the partners continue to carry out the partnership's operations and its existence can be proven by well-known facts.

Art. 1021.—If the partnership agreement does not specify the method for liquidating the partnership's assets and the partners do not agree on a method for doing so, the liquidation shall be carried out by one or more liquidators, appointed with the consent of all partners; in the event of disagreement, the liquidators shall be appointed by the competent judge.

The liquidators may be removed by the unanimous decision of all the partners and, in any case, by the judge, for just cause, at the request of one or more partners.

Art. 1022.—A partner may be expelled for serious breach of the obligations arising from the law or the articles of association, as well as for the partner's legal incapacity, disqualification, or conviction to a penalty that results in disqualification—even if temporary—from holding public office.

A partner who has contributed his or her own labor or the use of an asset to the partnership may also be expelled due to supervening inability to perform the work or the destruction of the asset due to a cause not attributable to the managers.

A partner who has undertaken, as part of his or her capital contribution, to transfer ownership of an item may also be excluded if that item has been destroyed before the partnership acquired title to it.

A partner declared bankrupt is automatically expelled.

Art. 1023.—Expulsion must be decided by a majority of the partners, excluding the partner to be expelled from the count, and takes effect thirty days after the date of notification to said partner.

Within that period, the partner may file an objection with the judge, who may suspend the expulsion. If the partnership consists of two partners, the expulsion of one of them shall be ordered by the judge at the request of the other.

Art. 1024.—In cases where a partner's membership in the partnership is terminated, that partner or his or her heirs are entitled only to a sum of money representing the value of the capital interest.

The settlement of the share shall be based on the company's financial position on the date the dissolution takes effect.

If there are ongoing transactions, the partner or his or her heirs shall share in the profits and losses inherent in such transactions.

Payment of the partner's share must be made within six months from the date on which the partnership was dissolved.

SECTION III

GENERAL PARTNERSHIP

Art. 1025.— In a general partnership, the partners assume subsidiary, unlimited, and joint and several liability for the partnership's obligations.

Any agreement to the contrary shall have no effect with respect to third parties.

Art. 1026.— A general partnership operates under a trade name consisting of the name of one or more of the partners, including the words "general partnership" or its abbreviation.

It must contain the words "and company" when it does not include the names of all the partners.

Art. 1027.—General partnerships are governed by the provisions of this section and, on a supplementary basis, by those of the preceding section.

Art. 1028.— The instrument of incorporation of the partnership must state:

a) the names and addresses of the partners;

b) the trade name;

c) the partners responsible for the management and representation of the partnership;

d) the registered office of the partnership and its branches;

e) the purpose of the corporation;

f) the contributions required of the industrial partners;

g) the rules governing the distribution of profits and each partner's share thereof, as well as losses; and

h) the duration of the company.

Art. 1029.— The instrument of incorporation of the company and any amendments thereto, bearing the notarized signatures of the parties, or a certified copy thereof if the agreement was executed by public deed, must be filed by the directors within thirty days of its execution for registration in the appropriate Public Registry.

Art. 1030.—Until the partnership is registered, its relations with third parties shall be governed by the provisions relating to general partnerships, without prejudice to the partners' unlimited and joint liability.

However, it is presumed that any partner acting on behalf of the company has the authority to represent the company, including in legal proceedings.

Agreements that confer representation on only some of the partners or that limit the powers of representation may not be asserted against third parties, unless it is proven that the third parties were aware of such agreements.

Art. 1031.— A manager who is authorized to represent the company may perform all acts falling within the scope of the company's purpose, subject to any limitations set forth in the articles of incorporation or in the power of attorney. Such limitations are not enforceable against third parties unless they are registered or unless it is proven that the third parties were aware of them.

Art. 1032.—A partner may not, without the consent of the other partners, engage in an activity on behalf of a third party that competes with that of the company, nor may he or she participate as a partner with unlimited liability in another company that competes with the company.

Consent is presumed if the conduct of the business or participation in another partnership predated the partnership agreement and the other partners were aware of it.

Art. 1033.—A partner's individual creditor may not, during the term of the partnership, demand the liquidation of the debtor partner's interest.

Art. 1034.— The extension of the partnership may not be invoked against individual creditors of the partners whose claims predate the partnership's registration. Such creditors may demand the liquidation of their debtor's interest.

Art. 1035.—The appointment or replacement of liquidators must be registered; from that moment on, they shall be responsible for representing the partnership in liquidation.

Art. 1036.—Once the liquidation is complete, the liquidators must prepare the final balance sheet and propose a distribution plan to the partners.

The balance sheet signed by the liquidators and the distribution plan must be communicated to the partners by a reliable means, and shall be deemed approved if not contested within two months from the date of such communication.

In the event of a challenge to the balance sheet and the distribution plan, the liquidator may request that matters relating to the liquidation be examined separately from those relating to the distribution, from which the liquidator may remain uninvolved.

Art. 1037.—Once the final liquidation balance sheet has been approved, the liquidators must request that the judge cancel the partnership's registration in the appropriate registry. However, unsecured creditors may assert their claims against the partners and, if the failure to pay is attributable to the liquidators' fault, also against the liquidators themselves.

The accounting books and other documents must be retained for five years from the date of the company's cancellation in the registry.

In the absence of an agreement among the partners, the judge who ordered the dissolution shall decide who will retain such books and documents.

SECTION IV

ON THE LIMITED PARTNERSHIP

Art. 1038.— In a limited partnership, the general partners are jointly and severally liable without limitation for the partnership's obligations, and the limited partners are liable for such obligations only up to the amount of their capital contributions.

The partners' capital interests may not be represented by shares.

Art. 1039.— The partnership operates under a trade name consisting of the name of at least one of the general partners, with an indication that it is a limited partnership, or its abbreviation. It must include the words "and Company" when the names of all the general partners do not appear in the trade name.

A limited partner who consents to having his or her name included in the trade name is jointly and severally liable with the general partners, without limitation, to third parties for the partnership's obligations.

Art. 1040.—The provisions relating to general partnerships apply to limited partnerships, to the extent they are compatible with the rules established in this section.

Art. 1041.— The articles of incorporation must specify who the general partners and who the limited partners are. However, if the limited partners have made their capital contributions, their names may be omitted, indicating only the nature and amount of the contribution.

Art. 1042.— The partnership must be registered. Until it is registered, its relations with third parties shall be governed by the provisions relating to unincorporated partnerships. However, limited partners shall be liable for the partnership's obligations only to the extent of their capital contributions, unless they have participated in such transactions, in which case their liability shall be unlimited.

Art. 1043.— General partners have the rights and obligations of partners in a general partnership.

The management of the partnership must be entrusted to the general partners.

Art. 1044.—Unless the articles of incorporation provide otherwise, the appointment of managers and their removal for just cause require the consent of the general partners and the approval of the limited partners representing a majority of the capital subscribed by them.

Art. 1045.—Limited partners may not perform acts of management, nor may they negotiate or conclude business transactions on behalf of the partnership, except by virtue of a special power of attorney for specific transactions. A limited partner who violates this prohibition shall assume unlimited and joint and several liability to third parties for all obligations of the partnership and may be expelled from the partnership.

Limited partners may, however, perform work under the direction of the managers and, if the articles of incorporation so permit, grant authorizations and issue opinions regarding certain transactions and carry out acts of inspection and oversight.

In any case, they have the right to receive an annual copy of the balance sheet and the statement of profits and losses, and to verify their accuracy by consulting the company's books and other documents.

Art. 1046.— Limited partners are not obligated to return profits received in good faith, in accordance with the duly approved balance sheet.

Art. 1047.—A limited partner's interest is transferable upon death. Unless otherwise provided in the articles of incorporation, it may be assigned with the consent of the partners representing a majority of the capital.

SECTION V

CORPORATIONS

PARAGRAPH I

GENERAL PROVISIONS

Art. 1048.— A corporation is liable for its obligations solely to the extent of its assets.

The shareholders' equity interests are represented by shares.

Art. 1049.— The corporate name, regardless of its form, must include an indication that it is a corporation.

Art. 1050.— The corporation must be incorporated by public deed. The articles of incorporation shall specify:

a) the name, nationality, marital status, profession, and address of the shareholders, and the number of shares subscribed by each of them;

b) the company's name, registered office, and the addresses of any branches, whether within or outside the Republic;

c) the corporate purpose;

d) the amount of authorized, subscribed, or paid-in capital;

e) the par value and number of shares, and whether they are registered or bearer shares;

f) the value of the assets contributed in kind;

g) the rules governing the distribution of profits;

h) any profit sharing granted to the promoters or founding members;

i) the number of directors and their powers, specifying which of them are authorized to represent the corporation; and

j) the duration of the corporation.

Art. 1051.— To incorporate a company, the following are required:

a) that the entire capital stock has been subscribed; and

b) that at least one-fourth of the cash contributions have been deposited with the Central Bank of Paraguay.

The sums deposited with the Bank must be returned to the corporation after it has been registered.

Art. 1052.—Those who authorized transactions carried out in the name of the corporation prior to its registration are jointly and severally liable to third parties for such transactions.

PARAGRAPH II

ON INCORPORATION THROUGH PUBLIC SUBSCRIPTION

Art. 1053.— A corporation may also be formed through a public subscription, based on a prospectus that specifies its purpose and capital, the main provisions of the articles of incorporation, any share of profits reserved for the promoters, and the deadline by which the articles of incorporation must be executed.

The prospectus, recorded in a public deed, must be registered and published three times in a widely circulated newspaper.

The subscription of shares must be evidenced by a public deed or a notarized private instrument. The instrument must state the subscriber's name, nationality, marital status, profession, and address, the number of shares subscribed to, and the date of subscription.

Art. 1054.—Once the subscriptions have been collected, the promoters must notify the subscribers, in the manner provided for in the program or by another reliable means, of a period not exceeding one month to make the previously stipulated deposit.

Upon the expiration of this period, the promoters may take action against defaulting subscribers or release them from the obligation they assumed. When the promoters exercise this authority, the corporation may not be incorporated until the shares they had subscribed to have been placed.

Unless the prospectus establishes a different deadline, the promoters must, within twenty days following the deadline set for the deposit, convene a meeting of the subscribers by means of verifiable notices to be delivered to each of them at least ten days prior to the date set for the meeting, specifying the purpose and agenda items of the meeting.

Art. 1055.— The meeting of subscribers shall decide whether to incorporate the corporation and, if so, shall resolve on the following items, which must be included on the agenda:

a) report of the promoters;

b) articles of incorporation;

c) provisional valuation of contributions in kind, if any. Contributors do not have the right to vote on this matter;

d) benefits reserved for the promoters; and

e) appointment of directors and trustees.

The decisions of the meetings must be recorded in a public deed.

Each subscriber is entitled to as many votes as the number of shares subscribed to and paid up to the specified extent. Decisions shall be adopted by a majority of the subscribers present representing no less than one-third of the subscribed capital, unless otherwise stipulated.

To amend the terms set forth in the prospectus, the unanimous consent of the subscribers is required.

Art. 1056.— The promoters are jointly and severally liable to third parties for the obligations assumed in order to incorporate the company.

The corporation is obligated to relieve the promoters of the obligations they have assumed and to reimburse them for any expenses they have incurred, provided such expenses were necessary for the corporation's formation and approved by the shareholders' meeting.

If, for any reason, the corporation is not formed, the promoters may not take action against the subscribers of the shares.

Art. 1057.— The promoters are jointly and severally liable to the corporation and third parties:

a) for the full subscription of the capital stock and for the payments required for the incorporation of the corporation;

b) for the existence of contributions in kind, in accordance with the affidavit; and

c) for the accuracy of the statements they make to the public regarding the incorporation of the corporation.

Art. 1058.—The promoters and founders may not receive any benefit that diminishes the share capital, either at the time of incorporation or thereafter. Any agreement to the contrary shall be null and void.

Compensation may consist of a share of up to ten percent of the profits for a maximum period of ten fiscal years during which profits are distributed. If there are liquidated and realized profits and a resolution is made not to distribute them, the promoter or founder may claim payment thereof.

Art. 1059.—Unless otherwise provided in the articles of incorporation, contributions must be made in cash. In this case, the payment must not be less than twenty-five percent of the subscription amount.

Art. 1060.— Contributions other than cash must be fully accounted for in the articles of incorporation, specifying the value attributed to the contributed assets and the supporting documentation justifying that valuation.

Within six months from the date of the company's incorporation, the directors and trustees must verify the valuations contained in the list referred to in the preceding paragraph and, if there are valid grounds, must proceed to revise the estimate. Until the valuations have been verified, the shares corresponding to contributions in kind are non-transferable and must remain deposited with the company.

If it turns out that the value of the contributed assets was more than one-fifth less than the value at which the contribution was made, the corporation may proportionally reduce its capital stock and cancel the shares resulting in a shortfall. However, the shareholder who made the contribution may pay the difference in cash or withdraw from the corporation.

Art. 1061.—Unless otherwise provided in the articles of incorporation, a defaulting subscriber shall be given notice to fulfill their obligation within thirty days. The expiration of this period shall automatically result in the forfeiture of the subscriber's rights, along with the loss of the amount paid.

SECTION III:

SHARES

Art. 1062.—Shares may not be issued for an amount less than their par value.

Art. 1063.—Shares are indivisible. In the case of joint ownership of a share, the rights of the co-owners must be exercised by a common representative. If no such representative has been appointed, communications made by the corporation to one of the co-owners are effective with respect to all of them.

The co-owners of a share are jointly and severally liable for the obligations arising therefrom.

Art. 1064.—Shares must be of equal value and confer equal rights on their holders. The articles of incorporation may provide for different classes of shares with different rights; within each class, the shares shall confer the same rights.

Art. 1065.—Every share entitles the holder to a proportional share of the net profits and of the assets resulting from liquidation, except for the rights established in favor of special classes of shares, as provided in the preceding articles.

Art. 1066.—Each common share entitles the holder to one vote. The articles of incorporation may create classes that grant up to five votes per common share. Voting privileges are incompatible with preferential rights to assets.

Art. 1067.—Shareholder status belongs to the bare owner of the share. The usufructuary is entitled to receive the profits earned during the term of the usufruct. This right does not include profits transferred to reserves or capitalized, but it does include new shares created through capitalization.

Dividends shall be received by the holder of the security at the time of payment; if there are multiple usufructuaries, they shall be distributed in proportion to the duration of their rights.

The exercise of all other rights arising from shareholder status, including participation in the proceeds of liquidation, belongs to the bare owner unless otherwise agreed or provided for by statutory usufruct. When shares are not fully paid up, the usufructuary, in order to retain their rights, must make the corresponding payments, without prejudice to the right to recover them from the bare owner.

Art. 1068.— In the event of a pledge or judicial attachment, the rights belong to the owner of the shares. In such situations, the holder of the real right or the attaching party is obligated to facilitate the exercise of the owner's rights by depositing the shares in a bank or through another procedure that guarantees the owner's rights. The owner shall bear the resulting expenses.

Art. 1069.— The articles of incorporation shall establish the formalities governing shares and provisional certificates.

The following information is essential:

a) the company's name, registered office, date and place of incorporation, duration, and registration;

b) the share capital;

c) the number, par value, and class of shares represented by the security and the rights attached thereto; and

d) on provisional certificates, a notation of any capital contributions made.

Any changes to the foregoing details must be recorded on the certificates.

Art. 1070.—Shares may be registered or bearer shares, as provided in the articles of incorporation.

Bearer shares shall not be delivered to their owners until they are fully paid up.

The articles of incorporation may subject the transfer of registered shares to specific conditions.

Art. 1071.— A transferor who has not completed payment on the shares is jointly and severally liable without limitation for the payments owed by the transferees.

A transferor who makes any payment shall become a co-owner of the transferred shares in proportion to the amount paid.

Art. 1072.— The corporation may acquire its own shares only when authorized by the shareholders' meeting, provided that the acquisition is made with funds derived from liquidated and realized profits, and provided that the shares are fully paid up.

The directors may not dispose of the acquired shares, and the voting rights attached to them are suspended while they remain the property of the corporation.

The restrictions set forth in the first paragraph of this article do not apply when the acquisition of treasury stock occurs pursuant to a resolution of the shareholders' meeting authorizing a re

Art. 1073.— The corporation may not make advances on its own shares, nor may it grant loans to third parties for the purpose of acquiring them.

Art. 1074.—Nor may it invest its capital in shares of companies it controls.

Controlled companies are those in which another company holds a number of shares sufficient to secure a majority of the votes at shareholders' meetings, or those that, by virtue of specific contractual ties, are under the dominant influence of another company.

Art. 1075.—Corporations may issue participation certificates for the following purposes:

a) in favor of holders of fully paid-up shares;

b) as compensation for contributions other than obligations to deliver; and

c) in favor of the company's employees, on a non-transferable basis and for the duration of the employment relationship.

Art. 1076.—Participation bonds entitle the holder to a share of profits payable at the same time as dividends; when issued to employees, they shall be considered expenses of the fiscal year. Holders of such bonds shall also be entitled to the proceeds of liquidation, after the par value of the unredeemed shares has been reimbursed.

Art. 1077.—The articles of incorporation may establish the conditions for the issuance of profit-sharing bonds, the percentage of profits, and other terms, provided that they do not contradict the provisions of Articles 1074 and 1075.

PARAGRAPH IV

ON SHAREHOLDERS' MEETINGS

Art. 1078.—The shareholders' meeting must be held at the registered office. It has exclusive authority to address the matters mentioned in the following two articles. Its resolutions, in accordance with the law and the articles of incorporation, are binding on all shareholders, without prejudice to the provisions of Article 1092.

Art. 1079.—It is the responsibility of the ordinary shareholders' meeting to consider and resolve the following matters:

a) the Board of Directors' annual report, the balance sheet and statement of income, the distribution of profits, the report of the statutory auditor, and any other matter relating to the management of the company that it is authorized to decide in accordance with the powers granted to it by law and the articles of incorporation, or that are submitted to its decision by the Board of Directors and the statutory auditors;

b) the appointment of directors and auditors, and the determination of their compensation;

c) the responsibilities of directors and auditors and their removal; and

d) the issuance of shares within the authorized capital.

To consider items (a) and (b), the meeting shall be convened within four months of the close of the fiscal year.

Art. 1080.—The extraordinary shareholders' meeting shall have jurisdiction over all matters not within the jurisdiction of the ordinary shareholders' meeting, amendments to the articles of incorporation, and in particular:

a) capital increases, reductions, and reinstatements;

b) the redemption, repayment, and amortization of shares;

c) mergers, transformations, and dissolution of the corporation; the appointment, removal, and compensation of liquidators; consideration of the financial statements and other matters related to the liquidators' management;

d) the issuance of debentures and their conversion into shares; and

e) the issuance of participation bonds.

Art. 1081.—The annual general meeting is held once a year and must be convened by the board of directors or, failing that, by the trustee. Special meetings shall be convened by the board of directors or the trustee when deemed appropriate or necessary, or when requested by shareholders representing at least five percent of the capital stock, unless the bylaws specify a different threshold. The request must specify the matters to be discussed.

The board of directors or the trustee shall convene the meeting to be held within thirty days of receiving the request.

If the board of directors or the trustee fails to do so, the meeting may be convened through judicial proceedings.

Art. 1082.—The meeting shall be convened by means of notices published in a newspaper for five days, at least ten days in advance and no more than thirty days in advance. The notice must specify the nature of the meeting, the date, time, and place of the meeting, the agenda, and any special requirements set forth in the articles of incorporation for shareholder participation.

If the meeting does not take place, the second call shall be issued within the following thirty days, and the notices shall be published for three days, with at least eight days' advance notice.

Art. 1083.— The articles of incorporation may authorize both notices to be published simultaneously. In this case, the meeting on second notice may be held on the same day, one hour after the time set for the first meeting.

Art. 1084.— To attend meetings, shareholders must deposit their shares with the corporation, or a bank certificate of deposit issued for that purpose, for registration in the meeting attendance book, no later than three business days prior to the scheduled date. During that period, they may not dispose of their shares. The corporation shall provide them with the necessary receipts, which will serve as admission to the meeting.

Shareholders or their representatives attending the meeting shall sign the attendance register, which shall record their address and the number of votes to which they are entitled.

Deposit certificates must specify the class of shares, their serial numbers, and the serial numbers of the certificates. The depositary is jointly and severally liable with the holder for the existence of the shares.

Art. 1085.—Shareholders may be represented at meetings. Directors, trustees, managers, and other employees of the corporation may not serve as proxies. To grant representation, a power of attorney with a signature authenticated or registered with the corporation shall suffice, unless otherwise provided in the articles of incorporation.

Art. 1086.—Directors, trustees, and general managers have the right and obligation to attend all meetings with the right to speak. They shall have the right to vote only to the extent that they are entitled to do so as shareholders, subject to the limitations set forth in this section. Any clause to the contrary is null and void.

Art. 1087.—Directors and managers may not vote on the approval of balance sheets and other financial statements and acts related to their administrative management, nor on resolutions concerning their liability and removal.

Art. 1088.—The meeting shall be presided over by the chairman of the board of directors or his or her substitute, unless otherwise provided in the bylaws, and in the absence of such a person, by the person designated by a majority of those present. A secretary shall be appointed in the same manner.

When the meeting is convened by a judge, it shall be presided over by the judge or by an official designated by the judge.

Art. 1089.—For an ordinary shareholders' meeting to be validly convened on first call, shareholders representing a majority of the voting shares must be present.

On the second call, the meeting is considered to be in quorum regardless of the capital represented. Resolutions in both cases shall be adopted by an absolute majority of the votes present, unless the articles of incorporation require a higher number.

Art. 1090.—An extraordinary meeting is constituted on first call with the presence of shareholders representing sixty percent of the voting shares, unless the articles of incorporation require a higher quorum.

At the second call, the attendance of shareholders representing at least thirty percent of the voting shares is required, unless the articles of incorporation require a higher percentage.

Art. 1091.—In the case of the conversion, merger, or early dissolution of the corporation; the transfer of the registered office abroad; a fundamental change in the corporate purpose; or the total or partial repayment of capital, both on first and second call, resolutions shall be adopted by the affirmative vote of the majority of voting shares, without applying the plurality of votes.

Art. 1092.—Shareholders who disagree with the resolutions provided for in the preceding article may withdraw from the corporation and receive reimbursement for the value of their shares. This right may be exercised only by those present at the meetings who have formally recorded their opposition at the time of the meeting, within five days, and by those absent, within fifteen days following the conclusion of the meetings.

The shares shall be redeemed at the value shown in the most recent approved balance sheet, unless the dissenting shareholders, at the time of exercising their right, request an adjustment to reflect actual values. The adjusted balance sheet must be approved by the shareholders' meeting within three months after the expiration of the maximum period for exercising the right of withdrawal.

Any provision that excludes the right of withdrawal or imposes more onerous conditions on its exercise is null and void.

Art. 1093.—Any decision on matters not included on the agenda is null and void, except for the exceptions expressly authorized in this paragraph.

Art. 1094.— The shareholders' meeting may adjourn once, in order to reconvene on another date within the following thirty days. In such a case, only the shares entitled to participate in the first meeting may be counted at the second meeting. Minutes shall be taken of each meeting.

Art. 1095.—A shareholder or his or her representative who, in a specific transaction, has an interest—whether on his or her own behalf or on behalf of another—that is contrary to that of the corporation, is obligated to abstain from voting on resolutions relating to that transaction.

If this provision is violated, the shareholder shall be liable for damages if, without his or her vote, the majority required for a valid decision would not have been achieved.

Art. 1096.—The deliberations of the meetings must be recorded in minutes, which shall be signed within five days of the date of the meeting in the respective book. The minutes shall be signed by the Chair of the meeting, the shareholders designated by the meeting, and the secretary.

The minutes must summarize the statements made during the deliberations, the manner of voting, and the results, with a complete statement of the decisions.

Any shareholder may request, at their own expense, a signed copy of the minutes.

Art. 1097.—When the meeting is to adopt resolutions affecting the rights of a class of shares, the consent or ratification of the holders of such shares shall be required. For this purpose, the meeting shall be governed by the rules of an ordinary meeting.

Art. 1098.—Any resolution of the shareholders' meeting that violates the law, the articles of incorporation, or the bylaws may be challenged by the directors, the trustees, the internal auditors, and by dissenting shareholders, those who abstained, and those who were absent. It may also be challenged by those who voted in favor, if their vote is voidable due to defects in consent or if the provision violated is a matter of public policy.

The action shall be brought against the corporation before the competent judge at its registered office within six months of the resolution, or if the resolution is subject to publication, within six months of the last publication. This time limit does not apply in cases of violation of public policy provisions.

Art. 1099.— The judge may, at the request of a party and if there are serious grounds, suspend the enforcement of the contested resolution, provided that sufficient security is posted to cover any damages that such a measure might cause to the corporation or to third parties.

Art. 1100.—When the action is brought by a majority of the directors, the shareholders who voted in favor shall appoint, by majority vote, an ad hoc representative at a meeting specially convened for that purpose.

If such a majority is not reached, the judge shall appoint the representative from among them.

Art. 1101.—Shareholders who, having been aware of the defect, voted in favor of resolutions that are subsequently declared null and void shall be jointly and severally liable without limitation for the consequences thereof, without prejudice to the liability of the directors and trustees.

The shareholders' meeting may revoke the contested resolution. This resolution shall take effect immediately, and the initiation or continuation of the challenge proceedings shall not proceed. Liability shall remain for the effects produced or that are a direct consequence thereof.

PARAGRAPH V

ON THE MANAGEMENT AND REPRESENTATION OF THE CORPORATION

Art. 1102.— The management of the corporation shall be entrusted to one or more directors appointed by the ordinary shareholders' meeting, unless they have already been appointed in the articles of incorporation.

If the shareholders' meeting is authorized to determine the number of directors, the articles of incorporation shall specify the minimum and maximum number permitted.

Art. 1103.—Directors need not be shareholders; they are eligible for reelection, and their appointment is revocable. The bylaws may not eliminate or restrict the revocability of the appointment, but a director appointed in the articles of incorporation shall be entitled to compensation if removed without just cause.

Art. 1104.—The following may not be appointed as directors or managers:

a) those who lack legal capacity;

b) those who are involved in competing businesses with conflicting interests;

c) those who have been declared bankrupt through their own fault or fraud, or those who have been declared bankrupt due to unforeseeable circumstances, for up to five years after their rehabilitation; those sentenced to disqualification from holding public office; those convicted of crimes against property and against public trust; those convicted of crimes committed in connection with the formation, operation, or liquidation of corporations; and

d) those who, by reason of their position, are prohibited from engaging in commerce, or public officials whose duties relate to the company's purpose.

Art. 1105.—Directors shall be appointed for a term of one fiscal year, unless otherwise provided in the articles of incorporation.

Art. 1106.— A director's resignation must be submitted to the board of directors, which may accept it if it does not affect the company's normal operations. Otherwise, the resigning director must continue in office until the next shareholders' meeting.

Art. 1107.—If the articles of incorporation do not provide for the election of alternates to fill vacancies among directors for any reason, the election of their replacements shall be the responsibility of the trustees, who shall perform their duties until the next ordinary meeting.

Art. 1108.—When the board of directors is a collegial body, its decisions shall be adopted by majority vote. Absentee voting shall not be permitted.

The articles of incorporation must regulate the composition and operation of the board of directors.

Art. 1109.—Any director who, in a particular transaction, has an interest—whether on his or her own behalf or on behalf of a third party—that conflicts with the interests of the corporation must disclose this to the other directors and the trustees and must abstain from participating in deliberations regarding said transaction.

In the event of noncompliance with this rule, the director shall be liable for any losses incurred by the corporation as a result of carrying out the transaction.

Art. 1110.— A director may only enter into transactions and contracts with the company that fall within the scope of its normal business activities, under the same conditions as those the company would have agreed to with third parties, provided that the director discloses his or her involvement to the board of directors and the statutory auditor and refrains from participating in the deliberations.

Any acts or contracts entered into in violation of these rules are voidable.

Art. 1111.—Directors are jointly and severally liable to the corporation, the shareholders, and third parties for failure to perform or improper performance of their duties, as well as for violation of the law or the articles of incorporation, and for any other damage caused by willful misconduct, abuse of authority, or gross negligence.

A director is exempt from liability if he or she did not participate in the deliberation or resolution, has placed his or her disagreement on record in writing, and has notified the trustees before being held liable.

Art. 1112.—Directors shall not be liable to the corporation when they have acted in compliance with resolutions of the shareholders' meeting that are not contrary to the law or the articles of incorporation. Nor shall they be liable when their actions have been approved by the shareholders' meeting, or when the meeting decides to waive the action or settle the matter, provided that the liability does not arise from a violation of the law or the articles of incorporation, and that there is no opposition from shareholders representing at least one-fifth of the capital.

Art. 1113.—An action for liability against directors must be brought pursuant to a resolution of the shareholders' meeting, even if the corporation is in liquidation.

The resolution regarding the directors' liability may be adopted during the discussion of the financial statements, even if it is not included on the agenda, provided it is a direct consequence of the resolution of a matter included therein. The resolution declaring liability shall result in the removal of the affected director or directors and shall require their replacement.

Art. 1114.—If the action is not initiated within three months from the date of the resolution, any shareholder may bring it, without prejudice to the liability arising from failure to comply with the ordered measure. The corporate action may also be brought by shareholders who opposed the waiver or settlement.

Art. 1115.—Directors are liable to the company's creditors for failure to comply with the obligations inherent in preserving the integrity of the company's assets.

Creditors may bring such an action when the company's assets are insufficient to satisfy their claims.

In the event of bankruptcy, the right to bring this action vests in the bankruptcy trustee. The company's waiver of this right does not preclude its exercise by the company's creditors. Creditors may challenge the settlement by bringing a rescission action only if the conditions for such an action are met.

Art. 1116.— The provisions of the preceding articles do not prejudice the right to compensation for damages of a shareholder or third party who has been directly harmed by negligent or willful acts of the managers.

PARAGRAPH VI

ON THE AUDIT OF THE CORPORATION

Art. 1117.—Without prejudice to the oversight established by administrative laws or special laws, the supervision of the company's management and administration is the responsibility of one or more regular auditors and an equal number of alternate auditors, appointed in a personal capacity and without the right to delegate their duties.

Art. 1118.—The trustees must be qualified to ensure that the oversight they are responsible for exercising is effective, taking into account the importance and complexity of the company's activities.

They must be domiciled in the Republic and qualified for the position, as provided in the following article.

Art. 1119.— The following persons may not serve as trustees:

a) those who, under this Code, are ineligible to serve as directors;

b) directors, managers, and employees of the same company or of another company that controls it; and

c) spouses and relatives of directors by direct blood relationship, collateral relatives up to and including the fourth degree, and relatives by marriage within the second degree.

Art. 1120.—The bylaws shall establish the term for which trustees are appointed, up to a maximum of three fiscal years, without prejudice to their obligation to serve in the position until they are replaced. The shareholders' meeting may revoke their appointment, and this authority is not subject to any limitation.

Art. 1121.—Incumbent trustees shall be replaced by alternates in the event of a temporary or permanent vacancy. If replacement is not possible, the board of directors shall immediately convene a meeting of shareholders to make the necessary appointments to complete the term.

A trustee who is unable to perform his or her duties shall cease to act and shall notify the board of directors within ten days.

Art. 1122.—A trustee who has a conflict of interest in a particular transaction must abstain from participating in any matter related to it, under penalty of losing their position and being held liable for damages caused to the corporation.

Art. 1123.—The trustee's position shall be remunerated. If the remuneration is not specified in the bylaws, it shall be determined by the shareholders' meeting.

Art. 1124.—The powers of the trustees are as follows:

a) to oversee the management and administration of the corporation; to this end, they must attend, with the right to speak but not to vote, the meetings of the board of directors and the general meetings, to all of which they must be summoned.

a) Such oversight shall be exercised without limitation and on an ongoing basis over the company's operations, but without interfering in its administrative management.

b) to examine the books and records whenever they deem it appropriate and, at least, once every three months;

c) verify, in the same manner, the company's cash and securities, as well as its obligations and the manner in which they are fulfilled; they may also request the preparation of trial balances;

d) monitor the establishment and maintenance of directors' liability insurance and request necessary measures to correct any irregularities;

e) submit to the ordinary shareholders' meeting a written and substantiated report on the company's economic and financial situation, including an opinion on the annual report, inventory, balance sheet, and income statement;

f) provide shareholders representing at least ten percent of the paid-in capital, upon their request, with complete information on matters within its jurisdiction;

g) to call an extraordinary meeting when they deem it necessary, and an ordinary meeting when the board of directors fails to do so;

h) to have items they deem appropriate included on the meeting's agenda;

i) ensure that the corporate bodies duly comply with the laws, bylaws, regulations, and decisions of the meetings;

j) to oversee the company's liquidation proceedings; and

k) investigate complaints submitted to it in writing by shareholders, mention them in its reports to the shareholders' meeting, and express the relevant considerations and proposals regarding them; it must immediately call a shareholders' meeting to resolve such matters when the situation under investigation does not receive the treatment from the board of directors that it deems appropriate and urgently necessary.

Art. 1125.— The trustees are jointly and severally liable without limitation for the fulfillment of the obligations imposed upon them by law and the articles of incorporation.

Their liability shall be enforced by a decision of the shareholders' meeting. A decision by the shareholders' meeting declaring such liability shall result in the removal of the trustee.

Art. 1126.—They are also jointly and severally liable with the directors for the directors' acts or omissions, when the damage would not have occurred had the directors acted in accordance with the obligations of their office.

PARAGRAPH VII

NEGOTIABLE OBLIGATIONS OR DEBENTURES

Art. 1127.—Corporations may, if authorized by their articles of incorporation, raise loans, either publicly or privately, through the issuance of negotiable obligations or debentures.

Art. 1128.—Debentures may be issued with a floating, general, or specific security interest. An issuance whose security interest is not limited to specific real property shall be deemed to have been made with a floating security interest.

Art. 1129.—The issuance of debentures with a floating security interest subjects all present and future rights, movable or immovable property, or a portion thereof, of the issuing corporation to payment of the debt and confers the privileges corresponding to a pledge or a mortgage, as the case may be. It is not subject to the formal requirements governing these real rights. The security is established by the statement included in the issuance agreement and compliance with the procedures and registrations prescribed by this law.

Art. 1130.—The floating charge is enforceable:

a) when interest or principal payments on the loan have not been made within the agreed-upon timeframes;

b) when the debtor corporation has lost one-fourth or more of its assets as of the date of the debenture issuance agreement;

c) in the event of the company's voluntary or compulsory dissolution or bankruptcy; and

d) when the company ceases its business operations.

The company shall retain the right to dispose of and manage its assets as if they were unencumbered, so long as none of the circumstances set forth in the preceding article occurs.

This right may be excluded or limited with respect to certain assets in the debenture issuance agreement. In such cases, the limitation or exclusion must be recorded in the appropriate registry.

Art. 1131.— A company that has established a floating charge may not sell or transfer all of its assets, nor may it transfer such a portion of its assets as would prevent the continuation of its business operations, nor may it merge with another company without the authorization of the debentureholders' meeting.

Art. 1132.—Once debentures with a floating charge have been issued, no other debentures may be issued that have priority over or are due for payment at the same time as the first ones, without the consent of the debentureholders' meeting.

Art. 1133.—Debentures with a general security interest shall be paid at the same time as unsecured creditors, without prejudice to the provisions of this Code.

Art. 1134.—The issuance of debentures with a special security interest is secured by specific real property of the corporation. The special security must be specified in the certificate of issuance, meeting all the requirements for the creation of a mortgage, and must be recorded in the Mortgage Registry. All provisions relating to mortgages shall apply to it, with the exception that this security may be established for a term of forty years and the registration made in the Registry shall take effect for the same term.

Art. 1135.—Debenture certificates must be of equal value, but a single certificate may represent more than one obligation. They may be bearer or registered; in the latter case, they may or may not be transferable by endorsement. The transfer of registered certificates and the real rights encumbering them must be communicated to the company in writing and recorded in a registry book that the debtor company must maintain for that purpose.

Art. 1136.— A transfer may not be asserted against the company or third parties until it has been recorded in said registry. In the case of endorsable certificates, the last endorsement shall be recorded.

Art. 1137.—Debenture certificates must contain:

a) the company's name and registered office, and the details of the registration of the articles of incorporation in the Public Commercial Registry;

b) the subscribed and paid-in capital;

c) the series and serial number of each security and its par value;

d) the total amount of debentures issued;

e) the nature of the security;

f) the names of the trustee institutions, if any;

g) the date of the certificate of issuance and its registration in the Public Commercial Registry; and

h) the established interest rate, the date and place of payment, and the manner and timing of repayment.

They may bear coupons for the collection of interest or the exercise of other rights associated with them. The coupons shall be bearer instruments.

Art. 1138.— The issue may be divided into series. The rights shall be equal within each series.

No new series may be issued until the previous ones have been fully subscribed and paid in full.

Any debenture holder may seek the nullification of an issuance made in violation of the provisions of this article. The provisions relating to the regime governing shares apply subsidiarily, to the extent they are not incompatible with the nature of debentures.

Art. 1139.— A corporation that decides to issue debentures must enter into a trust agreement with a financial institution whereby the latter assumes responsibility for:

a) the administration of subscriptions;

b) monitoring of payments and their deposit, where applicable;

c) the necessary representation of future debenture holders; and

d) the joint defense of their rights and interests during the term of the loan until its full repayment, in accordance with the provisions of this Code.

Art. 1140.— The agreement shall be executed by public deed, registered in the appropriate registries, and shall contain:

a) the name and registered office of the issuing company and the details of the registration of its articles of incorporation in the Public Registry of Commerce;

b) the amount of capital subscribed and paid in as of the date of the contract;

c) the amount of the issue, the nature of the security, the interest rate, the place of payment, and other general terms and conditions of the loan, as well as the rights and obligations of the subscribers;

d) the designation of the trustee, the trustee's acceptance, and its declaration:

1) that it has verified the accuracy of the most recent financial statements for the fiscal year, the secured debts acknowledged by the company, the amount of previously issued debentures, their characteristics, and the amortizations made;

2) that it will undertake to carry out the subscription, if applicable, in the manner provided; and

3) the compensation due to the trustee, which shall be borne by the issuing company.

Art. 1141.—In cases where the bond issue is offered for public subscription, the company shall prepare a prospectus to be submitted to the administrative authority responsible for regulating corporations, which must contain:

a) the same specifications as those for the debenture securities and the registration of the trust agreement in the Public Commercial Registry;

b) the company's business activities and financial position;

c) the names of the directors and trustees; and

d) the results for the last two fiscal years, unless the company has not been in existence for that long, and a copy of the special balance sheet as of the date of authorization of the issuance. The directors, trustees, and fiduciaries are jointly and severally liable for the accuracy of the information contained in the prospectus.

Art. 1142.—Directors, trustees, or employees of the issuing company may not serve on the board of the trust institution; nor may those who are ineligible to serve as officers, directors, or trustees of corporations.

Nor may shareholders of the issuing company who hold more than one-twentieth of the issued capital serve as members of the trust institution.

Art. 1143.—When the issuance is made to consolidate corporate debts, the trustee shall authorize the delivery of the securities upon verification that the transaction has been completed.

Art. 1144.—As the representative of the debenture holders, the trustee has all the powers and duties of general agents and, where applicable, of special agents.

Art. 1145.—In cases of debentures with a general guarantee or a floating guarantee, trustees shall always have the following powers:

a) to review the documentation and accounting records of the debtor corporation;

b) attend board meetings and shareholder meetings with the right to speak but not to vote;

c) request the suspension of the board of directors:

1) when interest or principal payments on the loan have not been made within thirty days after the agreed-upon due dates;

2) when the debtor company has lost one-fourth of its assets as of the date of the issuance agreement; and

3) when the company is subject to compulsory dissolution or bankruptcy.

In the case of debentures issued with a special guarantee, in the event of default on interest or principal payments.

Art. 1146.—In the cases set forth in subsection (c) of the preceding article, the judge, at the request of the trustee and without further proceedings, shall order the suspension of the board of directors and appoint the trustee in its place, who shall assume the administration and the corporate assets subject to an inventory.

Art. 1147.—In the cases provided for in the preceding article, the trustee may continue the business operations of the debtor corporation without judicial intervention and with the broadest powers of administration, including the power to dispose of movable and immovable property, or may carry out the liquidation of the corporation, in accordance with the resolution of the debentureholders' meeting to be convened for that purpose.

In any of these cases, the debentureholders' meeting may appoint a receiver on behalf of the company, whose duties shall terminate when the trustee concludes the administration or liquidation of the company. The issuance agreement may provide for a permanent receivership.

Art. 1148.—If the debentures were issued with a floating charge, once the liquidation has been resolved, the trustee shall proceed to realize the assets constituting the security and distribute the proceeds among the debenture holders, after the claims with higher priority have been paid.

Once the principal and interest have been paid, the remaining assets shall be delivered to the debtor corporation; and in the absence of anyone authorized to receive them, the judge shall, at the trustee's request, designate the person who shall receive them.

If it is decided to continue business operations, the available funds shall be used to pay outstanding claims and the interest and amortization on the debentures. Once the debentures have been settled, management shall be restored to the appropriate parties.

Art. 1149.—If the debentures were issued with a joint guarantee and there are other creditors, once the liquidation has been ordered, the trustee shall proceed to carry it out judicially through bankruptcy proceedings, in accordance with the provisions of the Bankruptcy Act, subject to the following modifications and except as provided by special laws:

a) the trustee shall be the required liquidator of the bankruptcy proceedings and may act through an agent; and

b) he may dispose of movable and immovable property through public or private sale with the same powers and limitations that apply to the trustee in a bankruptcy proceeding.

Art. 1150.— The suspended board of directors may file a lawsuit within ten days of being notified to prove the inaccuracy of the grounds alleged by the trustee.

Once the action has been filed, the liquidation may not be resolved until a final judgment has been rendered; in the meantime, the trustee must limit himself to acts of preservation and ordinary administration of the debtor's assets.

Art. 1151.— A corporation under the trustee's administration may not be declared bankrupt by third-party creditors, who may only request that their claims be paid in the order corresponding to their priority. If a company that has issued debentures with a general guarantee or a floating guarantee is declared bankrupt before the trustee has assumed responsibility for its administration or liquidation, the judge shall appoint the trustee as liquidator.

Art. 1152.—In all cases where the debtor corporation is dissolved before the agreed-upon payment terms for the debentures have expired, the debentures shall be deemed due on the date the dissolution was resolved, and the debenture holders shall be entitled to their immediate redemption and to payment of accrued interest.

Art. 1153.—The trustee may be removed without cause by resolution of the debentureholders' meeting. The trustee may also be removed by court order for serious cause at the request of a debentureholder.

The matter shall be heard in summary proceedings, with a hearing for the trustee and the admission of such evidence as the judge deems appropriate.

The trustee may not resign from office without just cause, which the judge shall determine in a summary proceeding.

Art. 1154.—The debentureholders' meeting shall be presided over by a representative of the trustee, and its constitution, operation, and majority requirements shall be governed by the rules applicable to the ordinary shareholders' meeting of a corporation.

The meeting is responsible for designating the financial institution that is to succeed the one designated in the contract referred to in Article 1139, as well as for deciding on other matters within its jurisdiction in accordance with the provisions of this paragraph.

The judge, at the request of the trustee or of a number of debenture holders representing at least ten percent of the outstanding debentures, shall convene the debentureholders' meeting to address the matters within its jurisdiction.

The meeting may approve amendments to the terms of the bond issue, as provided for in the contract, with the majorities required for an extraordinary meeting of a corporation.

Amendments not provided for in the contract may be adopted if they do not alter the fundamental terms of the issue.

Art. 1155.— The resolutions of debentureholder meetings are binding on absent or dissenting parties.

Any debenture holder, the trustee, or the trustee in bankruptcy may challenge resolutions that are not adopted in accordance with the law or the contract, in accordance with the provisions applicable to shareholders in a corporation.

The competent judge at the company's registered office shall hear the challenge.

Art. 1156.— A company that has issued debentures may reduce its capital stock only in proportion to the debentures redeemed, except in cases of mandatory reduction.

Art. 1157.— The issuing corporation may not accept its own debentures as collateral.

Art. 1158.— The directors of the corporation are jointly and severally liable without limitation for any damages caused to debenture holders by a violation of the provisions of this Code.

Art. 1159.— The trustee shall not be liable, except in cases of willful misconduct, fault, or negligence in the performance of its duties.

SECTION VI

LIMITED LIABILITY COMPANIES

Art. 1160.— In a limited liability company, the capital is divided into equal shares with a value of one thousand guaraníes or a multiple thereof. The number of members shall not exceed twenty-five, and each member shall be liable only for the value of their contributions.

Art. 1161.— The corporate name must include the terms “limited liability company” or the abbreviation “S.R.L.” Failure to include these terms shall render the manager jointly and severally liable without limitation for any acts performed under such circumstances.

Art. 1162.— A limited liability company may not engage in banking, insurance, capitalization, or savings operations, nor in any operations for which the law requires a different type of corporation.

Art. 1163.—The capital stock must be fully subscribed upon the incorporation of the company. Contributions in kind must be fully paid up, and their value must be substantiated in the manner prescribed for corporations.

The partners’ equity interests may not be represented by negotiable securities.

Art. 1164.—Cash contributions must be paid in full to the extent of at least fifty percent and must be completed within two years. Compliance with this requirement shall be evidenced upon application for registration by presenting proof of deposit with an authorized bank. The funds may not be disposed of until the registered contract is submitted.

Art. 1165.— The partners are jointly and severally liable to third parties, without limitation, for the payment of cash contributions, as well as for the validity and value assigned to contributions in kind.

In the event of a transfer of a share, the guarantee remains jointly and severally binding on the transferees for corporate obligations incurred up to two years after the transfer is registered. Any agreement to the contrary shall not be enforceable against third parties.

Art. 1166.— Shares may not be assigned to third parties without the consent of members representing three-quarters of the capital, provided the company has more than five members. If there are five or fewer members, unanimity is required.

The assignment of shares is unrestricted among partners, unless otherwise provided in the articles of incorporation.

Art. 1167.—Any member intending to assign their shares shall notify the other members, who shall respond within fifteen days.

Consent is presumed if no objection is notified.

Art. 1168.—If authorization is denied, the party seeking to transfer their share may bring the matter before the judge of the company’s registered office, who, after hearing the objecting party and in summary proceedings, may authorize the transfer if there is no just cause to prevent it.

If the objection is deemed unfounded, the members may exercise their right of first refusal within ten days of being notified of the court's authorization. If more than one member exercises this right, the shares shall be apportioned; if this is not possible, they shall be distributed by lottery.

Art. 1169.—In the absence of any partners exercising this right, the corporation may acquire the offered share using liquid profits or by reducing the capital, provided it exercises this option within ten days after the expiration of the period granted to the partners.

Art. 1170.—To exercise the right of first refusal, a partner or the company may challenge the value assigned to the share being offered, subject to the outcome of a judicial appraisal. The value thus established shall be binding, unless it is higher than that sought by the transferor or lower than that offered by the challenging parties.

Art. 1171.— The articles of incorporation may regulate the transfer of shares or establish rules for determining a fair transfer price, but may not prevent or prohibit such transfers.

Art. 1172.—For the transfer of a deceased member's shares, the provisions governing contractual assignment apply; however, if the articles of incorporation provide for the continuation of the company with the heirs, the agreement shall be binding on all, and the admission of the successors shall become effective upon proof of their status.

Art. 1173.—When a share is owned by more than one person, the rules established for the co-ownership of shares in corporations shall apply. The rules prescribed for shares in such corporations also apply in cases of usufruct, pledges, or other real rights, attachments, and other precautionary measures concerning shares.

Art. 1174.—The management, administration, and representation of the company shall be the responsibility of one or more managers, whether partners or not, who shall have the same rights and obligations as the directors of a corporation, with no limitation on the duration of their term of office.

If there are several, the provisions governing the operation of the board of directors of a corporation shall apply.

Art. 1175.—An audit committee may be established, composed of one or more auditors, whether partners or not, and shall be governed by the provisions applicable to the audit committee of a corporation, with the exception of the maximum term of office.

Art. 1176.—If the articles of incorporation do not specify the manner in which the members are to deliberate and adopt resolutions, the rules governing meetings of a corporation shall apply, except with respect to the procedure for calling a meeting, which must be personally notified to the members.

Art. 1177.— Any change in the corporate purpose, reorganization, merger, or any other modification that imposes greater liability on the members must be approved by a unanimous vote.

Any other corporate resolution shall be decided by a majority of capital.

Art. 1178.—Each share entitles the holder to one vote, subject to the personal limitations imposed on shareholders of corporations.

SECTION VII

ON THE LIMITED PARTNERSHIP WITH SHARES

Art. 1179.—In a limited partnership by shares, the general partners are liable for the partnership's obligations in the same manner as partners in general partnerships. The limited partners' liability is limited to the capital they agree to contribute; their contributions are represented by shares.

Art. 1180.—The corporate name must include an indication that it is a limited partnership with share capital, or the abbreviation S.C.A. Failure to include such an indication shall render the manager jointly and severally liable, together with the partnership, for any acts entered into under such conditions.

Art. 1181.—The provisions governing corporations apply to limited partnerships with shares, to the extent they are compatible with these provisions.

Art. 1182.— The articles of incorporation must state the names and addresses of the general partners.

General partners are, by law, directors and are subject to the obligations of directors of a corporation, excluding the obligation to provide a surety. Management may also be entrusted to third parties.

Art. 1183.—Unless otherwise provided in the articles of incorporation, a managing partner may be removed only for just cause by a competent judge, at the request of the shareholders' meeting or of a minority representing at least ten percent of the paid-in capital. If the shareholders' meeting does not appoint a special representative for this action, it shall be exercised by the trustee.

Once the removal is registered, the managing partner's personal liability for corporate obligations arising from that moment onward ceases; the partner must then choose between the right to withdraw or to become a limited partner.

Art. 1184.—The meeting shall be composed of partners from both categories. The interest shares of general partners shall be considered divided into fractions of the same value as the shares, for the purposes of quorum and voting. Fractional amounts shall not be counted.

Art. 1185.—The managing partner has a voice but no vote at general meetings, unless otherwise provided by the articles of association, on the following matters:

a) the election and removal of the trustee;

b) approval of the conduct of the managers and trustees, or deliberation on their liability; and

c) removal of the managing partner.

SECTION VIII

ON THE TRANSFORMATION AND MERGER OF COMPANIES

Art. 1186.— Any company may adopt another of the types provided for, without being dissolved or affecting existing rights and obligations.

The provisions regarding the transfer of business establishments do not apply to the transformation of companies.

Art. 1187.—The transformation of a company does not release partners with unlimited liability from their personal liability for corporate obligations arising prior to the registration of the transformation deed in the registry, unless the corporate creditors have given their consent to the transformation.

Such consent is presumed if the creditors to whom the decision to convert has been communicated in an authentic manner have not expressly refused to consent within thirty days of receiving the communication.

It should be noted that silence shall be deemed consent to the transformation.

Art. 1188.—If, as a result of the conversion, there are partners who assume unlimited liability, such liability extends to preexisting corporate obligations.

Art. 1189.—The conversion of the company requires:

a) a unanimous resolution of the partners, unless otherwise agreed or as provided by this Code for certain companies;

b) the preparation of a special balance sheet approved by the partners, which shall be made available to creditors at the company's registered office for thirty days;

c) approval by the Executive Branch of the amended articles of incorporation, when required by law;

d) publication of the conversion for five days;

e) execution of the instrument effecting the conversion by the competent bodies of the company being converted and the presence of the signatories, including a record of the withdrawing members, the capital they represent, the attachment of a signed copy of the special balance sheet, and compliance with the formalities required for the new type of company adopted; and

f) registration of the instrument, together with a copy of the signed balance sheet, in the registries corresponding to the type of corporation and to the nature of the assets comprising its net worth and any encumbrances thereon.

Art. 1190.—In cases where unanimity is not required, dissenting or absent partners have the right to withdraw, without this affecting their liability to third parties for obligations incurred until the conversion is registered. Withdrawal cannot take effect until the affected creditors have accepted the conversion. The partners who remain in the partnership are liable to the departing partners for obligations incurred from the date the right of withdrawal is exercised until the transformation is registered.

Art. 1191.— The conversion does not affect any preferential rights in favor of the partners, unless otherwise agreed.

The rules established by this Code regarding the right of withdrawal in corporations apply to the acquisition of the shares of withdrawing partners.

Art. 1192.—Through a merger, two or more companies are dissolved without liquidation to form a new one, or one of them absorbs another or others, which are dissolved without liquidation.

The new company, or the absorbing company, becomes the holder of the rights and obligations of the dissolved companies as soon as the merger agreement is formalized; however, this agreement is not enforceable against third parties until it is registered and, where applicable, following approval of the amendment to the articles of incorporation of the corporation affected by the merger.

Art. 1193.— The following are required for the merger of a corporation:

a) a merger agreement executed by the representatives of the companies and approved in accordance with the requirements for early dissolution.

a) Each corporation shall prepare a balance sheet as of the date of the agreement, which shall be made available to the shareholders and corporate creditors;

b) the publicity required for the transformation of commercial establishments.

c) Creditors may object to the agreed-upon merger in accordance with this regime, and the merger may not proceed unless they are paid or duly secured. In the event of a dispute regarding the security, the matter shall be resolved by the courts;

d) the final merger agreement, which shall be executed once the foregoing requirements have been met and shall contain:

a) evidence of approval by the companies involved;

b) a list of the shareholders exercising their right of withdrawal and the capital they represent;

c) a list of objecting creditors and the amounts of their claims;

d) the basis for the execution of the agreement, in compliance with the dissolution rules of each company, including a specification of the interests corresponding to the shareholders of the companies being dissolved; and

e) the balance sheets required under subsection (a).

The final instrument must be registered in the same manner as in the case of a corporate reorganization.

Art. 1194.— When a merger results from the dissolution of companies, the new company shall be incorporated in accordance with the applicable rules.

In the case of a takeover, compliance with the rules governing the amendment to the articles of incorporation made to effectuate the transaction is sufficient.

The representatives of the newly formed or absorbing company shall necessarily represent the dissolved companies, with the liability of liquidators and without prejudice to their own liability. The governing body of the dissolved company shall be suspended from exercising its functions until the final incorporation of the new company or the completion of the absorption.

Art. 1195.—In the event of a merger, the provisions regarding the right of withdrawal and preemptive rights established for cases of transformation shall apply.

SECTION IX

COMPANIES INCORPORATED ABROAD

Art. 1196.—Companies incorporated abroad are governed, with respect to their existence and legal capacity, by the laws of the country of their domicile.

This status fully entitles them to exercise the actions and rights to which they are entitled in the Republic.

However, for the routine performance of acts falling within the specific purpose of their incorporation, they shall comply with the regulations established in the Republic.

Companies incorporated abroad have their domicile at the location of their principal place of business. Establishments, agencies, or branches established in the Republic are considered to be domiciled here with respect to the acts they perform here and must comply with the obligations and formalities prescribed for the type of company most similar to their own.

Art. 1197.—For the purposes of complying with the aforementioned formalities, any company incorporated abroad that wishes to conduct business within the national territory must:

a) establish a representative office with a registered address in the country, in addition to any individual addresses resulting from other legal causes;

b) provide proof that the company has been incorporated in accordance with the laws of its country; and

c) likewise provide evidence of the resolution or decision to establish the branch or representative office, the capital allocated to it, if any, and the appointment of the representatives.

Art. 1198.—The preceding articles shall apply to companies or corporations incorporated in other states, even if the type of company is not provided for by our legislation. The judge competent for registration shall determine the formalities to be complied with in each case.

Art. 1199.— A company incorporated abroad that has its registered office in the Republic, or whose principal purpose is to carry out business within the Republic, shall be considered a local company for the purposes of complying with the formalities of incorporation or amendment and supervision, as applicable.

Art. 1200.— The representative of a company incorporated abroad is authorized to perform all acts that the company may carry out and to represent it in court.

Any provision to the contrary is null and void.

Such representatives assume the same liabilities prescribed by this Code for directors, and in the case of companies not regulated herein, those of directors of corporations.

Art. 1201.—Service of process on a corporation incorporated abroad may be effected in the Republic upon its general representative or upon the agent who participated in the act or contract giving rise to the dispute.

CHAPTER XII

ON DONATIONS

SECTION I

GENERAL PROVISIONS

Art. 1202.—A donation occurs when a person, by an act between living persons, transfers ownership of a thing or a property right, without consideration, to another person, who accepts it.

Art. 1203.—Before the gift is accepted, the donor may revoke it expressly or tacitly.

Acceptance is deemed to occur upon receipt of the donated item and, in general, upon the enjoyment of the benefit represented by the contract.

Art. 1204.—If the gift is made to several persons separately, it must be accepted by each of the donees, and it shall take effect only with respect to those who have accepted it. If it is made to several persons jointly and severally, the acceptance by one or any of the donees applies to the entire gift. However, if acceptance by some of the donees becomes impossible—due to their death or the donor's revocation with respect to them—the entire donation shall apply to those who have accepted it.

Art. 1205.—The death of the donor shall not prevent the donee from accepting the gift, and the donor's heirs shall be obligated to fulfill the promise. However, if the donee dies before expressing consent, the donee's successors may make no claim. This last rule does not apply in the case of a disinterested renunciation.

Art. 1206.—If a person promises to transfer property gratuitously after his or her death, the act shall be valid only if it complies with the formalities of a will.

A gift may not be made to a natural person who does not exist or to entities without legal personality; however, it may be made in favor of the latter for the purpose of establishing them.

If the necessary authorization is denied, the act shall be void.

SECTION II

PERSONS WHO MAY MAKE AND ACCEPT DONATIONS

Art. 1207.—A father or mother, or both jointly, may make donations to their children.

When the donation is expressly attributed to the disposable portion of the estate, it shall be deemed an advance on the statutory share.

Art. 1208.—The following persons may not make gifts:

a) spouses to one another during the marriage; nor may either spouse make a gift to the children of the other spouse, or to persons of whom the other spouse is the presumed heir at the time of the gift;

b) a husband or wife to third parties, except within the limits authorized by this Code;

c) legal representatives, except in the cases expressly provided for;

d) agents, unless a special power of attorney designates the property they are permitted to donate; and

e) adults under the age of majority, without parental consent, unless they have acquired the property in the course of a profession or business.

Art. 1209.—The following may not accept gifts:

a) a married woman, without her husband's consent or, failing that, the judge's permission;

b) guardians and conservators, on behalf of those under their care, without judicial authorization;

c) guardians and conservators, with respect to the property of the persons under their care, before rendering accounts and paying any balance owed by them; and

d) agents, unless they have a special power of attorney for that purpose or a general power of attorney to accept donations.

Art. 1210.—The legal capacity of the donor and the donee shall be determined with reference to the date on which the donation was made or accepted, respectively, or to the date of performance, when the act is subject to a suspensive condition.

SECTION III

PROPERTY THAT MAY BE DONATED

Art. 1211.— Property that may be sold may be donated.

Art. 1212.— A donation shall be void:

a) when it includes all of the donor's property, without reserving a portion or sufficient income for the donor's subsistence;

b) if it is subject to a suspensive or resolutory condition that leaves the donor with the direct or indirect power to revoke or modify it; and

c) when it relates to future property.

SECTION IV

ON THE FORM OF DONATIONS

Art. 1213.—The following must be executed by public deed, under penalty of nullity:

a) donations of real property;

b) donations subject to a condition; and

c) those involving periodic or lifetime payments.

To be valid, these donations must be accepted either in the same deed or in a separate one, with notice given to the donor; however, the transaction is deemed concluded upon acceptance.

Art. 1214.—In all other cases, if the delivery of the property is sought in court, regardless of its value, the contract shall be proven only by a public or private instrument, or by a judicial admission by the donor.

Art. 1215.—The provisions of the preceding articles shall not apply to the waiver of rights, unless such waiver has been agreed upon by contract.

Simple delivery shall be sufficient with respect to movable property and bearer instruments.

SECTION V

RIGHTS AND OBLIGATIONS OF THE DONOR AND THE DONEE

Art. 1216.— The donor is obligated to deliver the item to the donee. In the event of default, the donor shall not be liable for fruits or interest.

The donor is liable only for fraud or negligence.

Art. 1217.—Provided that the gift is made without consideration, the donee must provide support to the donor who lacks the means of subsistence; however, the donee may be released from this obligation by returning the property or its value if the property has been disposed of.

Art. 1218.—Even if the gift consists of a specific portion of the donor's property, the donee is not obligated to pay the donor's debts unless the donee has expressly agreed to do so.

The donor may, however, before delivering the stipulated share, withhold from it an amount sufficient to cover any obligations the donor has at the time of the contract.

Art. 1219.—In the case of periodic payments, the obligation shall terminate upon the death of either party, unless otherwise provided.

SECTION VI

MUTUAL, REMUNERATIVE, AND CONDITIONAL DONATIONS

Art. 1220.—Mutual gifts are those made reciprocally by several persons by virtue of a single act; however, payments promised or made on a compensatory basis shall not be considered mutual gifts.

Art. 1221.—In the case described in the preceding article, the nullity of a gift made to one of the parties due to a defect in form or substance shall nullify or revoke the other gift; however, ingratitude or failure to fulfill the conditions shall only prejudice the guilty donee.

Art. 1222.—Remunerative gifts are those made in return for services rendered to the donor by the donee, which are quantifiable in monetary terms and for which the donor could have demanded payment.

If the deed of gift does not clearly state what is intended to be remunerated, the gift shall be deemed gratuitous.

Art. 1223.—Remunerative gifts shall be considered acts for valuable consideration, provided they are limited to fair compensation for the services received. Any amount in excess thereof shall constitute a simple gift.

Art. 1224.— A donation may impose conditions in favor of the donor or a third party, whether relating to the use or disposition of the donated property or consisting of a specific performance.

Art. 1225.—When the conditions consist of benefits assessable in monetary terms, the rules governing acts for consideration shall apply to the portion of the property whose value is represented or absorbed by such benefits; with respect to the remainder, the rules governing gratuitous dispositions shall apply.

Art. 1226.—A donation shall be deemed void if its value exceeds the donor's disposable portion as of the date of the gift. In this regard, the provisions regarding the statutory share shall apply.

Art. 1227.—If, upon appraisal of the decedent's assets, the donations made are found to be void, the compulsory heirs existing as of the date of such donations may demand a reduction until their statutory shares are covered.

SECTION VII

REVERSION OF DONATIONS

Art. 1228.— The donor may agree to the reversion of the donated property in the event that the donee dies before the donor, or in the event of the death of the donee, the donee's spouse, and the donee's descendants.

This clause must be expressly stated and must be solely for the benefit of the donor. If it has been agreed upon jointly for the benefit of the donor and his or her heirs, or for the benefit of the donor and a third party, it shall be deemed inoperative with respect to the others.

Art. 1229.— In the first case described in the preceding article, the survival of the donee's spouse or descendants shall not preclude reversion. In the second case, the donor shall only be entitled to the reversion upon the death of all of them. However, if the clause was established to apply in the event of the donee's death without children, the existence of such children at that time shall extinguish the right of reversion, which may not be revived, even if the donor survives them.

Art. 1230.—The donor's consent to the sale of the donated property constitutes a waiver of the right of reversion with respect to both the purchaser and the donee; however, the donor's consent to the creation of a mortgage only releases the creditor secured by it.

Art. 1231.—Once the stipulated condition is fulfilled, the donor may demand the return of the property, in accordance with the rules governing unjust enrichment.

Art. 1232.—Reversion has retroactive effect. It renders null and void any acts of disposition made with respect to the donated property, the ownership of which reverts to the donor, except for the rights of third parties or purchasers in good faith.

SECTION VIII

ON THE REVOCATION OF DONATIONS

Art. 1233.—When the donee is in default of fulfilling the obligations or conditions imposed, the donor or the donor's heirs may revoke the gift.

Third parties who are beneficiaries of such obligations may only demand their fulfillment. Provided that such obligations are in the public interest, the competent authority shall have the same right after the donor's death.

Art. 1234.— The donee is liable for the fulfillment of the charges only with the donated property and is not personally liable with his or her other assets. The donee may avoid fulfilling the charges by returning the donated property or its value. If the property has been destroyed by force majeure, the donee is released from all obligations.

Art. 1235.—Revocation shall affect only the donee and not third parties for whose benefit the conditions or obligations were stipulated; such conditions or obligations shall remain the responsibility of the donor.

Art. 1236.—Gifts may also be revoked on the grounds of ingratitude in the following cases:

a) when the donee has attempted to take the life of the donor, the donor's spouse, or the donor's descendants or ascendants;

b) when the donee has inflicted serious insults upon the same persons, thereby damaging their honor, or subjected them to cruelty;

c) when the donee has refused to provide support to the donor, who requested it for himself or herself and for those entitled to demand it from the donee; and

d) when the donee has committed serious crimes against the donor's property.

An attempt on the life of the donor, his or her spouse, descendants, or ascendants may be deemed to exist when, even in the absence of a conviction, the donee's conduct unequivocally reveals the intent to commit such crimes.

Art. 1237.—The obligation to provide support shall be enforceable against the donee only when the donor is unable to obtain it from his or her obligated relatives, or when such relatives are not in a position to provide it.

In all cases, the court may determine, in accordance with the circumstances, the donee's contribution or the total amount for which the donee is liable. The donee shall, however, be deemed ungrateful if he or she refuses to provide emergency support under the pretext that others are responsible.

Art. 1238.— An action to revoke a gift may be brought only against the donee, and not against the donee's heirs or successors; however, once such an action has been brought against the donee, it may be continued against the donee's heirs or successors.

Art. 1239.—Donations made for consideration and remunerative donations may be revoked for the same reasons as gratuitous donations, without prejudice to reimbursement of the value of any charges paid or services rendered. This provision applies to gratuitous remissions.

Art. 1240.—The provisions governing the termination of synallagmatic contracts shall apply to revocation on the grounds of ingratitude. The property shall be returned in accordance with the principles of unjust enrichment.

Art. 1241.—Revocation based on the subsequent birth of children to the donor shall not be permitted, unless expressly stipulated otherwise.

CHAPTER XIII:

DEPOSITS

SECTION I

GENERAL PROVISIONS ON DEPOSITS

Art. 1242.— The deposit contract obligates the depositary to safeguard and return the item that has been delivered to him or her.

Art. 1243.—A deposit is presumed to be gratuitous, unless it can be inferred from the depositary's professional status or other circumstances that the parties have tacitly agreed upon compensation for custody.

Art. 1244.— If the deposit is remunerated and the contract does not specify the amount of the remuneration, it shall be determined by the judge.

Art. 1245.— In a deposit, the depositary must act in good faith and exercise the same diligence in safeguarding the deposited item as in safeguarding his or her own property.

If the deposit is remunerated, the depositary shall be liable for fraud and negligence.

Art. 1246.— The depositary shall have the right to change the agreed-upon method of custody when, under the circumstances, the depositary can reasonably believe that the depositor would have approved the change had the depositor been aware of the state of affairs. The depositary must notify the depositor prior to the change and await the depositor's decision, unless delay would pose a danger.

Art. 1247.—A competent person who accepts a deposit made by an incompetent person shall be subject to all the obligations of the depositary. If the deposit is made by a competent person to an incompetent person, the incompetent depositary may plead nullity, and the competent person may sue for the return of the property, as well as for any enrichment the incompetent person may have derived therefrom.

Art. 1248.—A deposit made by the possessor of the item shall be valid between the parties.

Anyone who has received the item as belonging to the depositor, knowing that it did not belong to the depositor, may not bring any action against the owner based on the contract, nor may they retain the item pending payment of any expenses incurred. They shall, however, have the right to bring an action arising from the management of business affairs if a benefit has accrued to the depositor.

Art. 1249.—An error regarding the substance, quality, or quantity of the deposited item does not invalidate the contract. If the depositary is mistaken as to the identity of the depositor, or discovers that the custody of the item poses a danger to him, he may immediately return the deposited item.

Art. 1250.—The depositary's obligations are:

a) to safeguard the item with the same diligence as he would his own property;

b) to be liable for any negligence when he offered to assume the position, or the deposit was made in his exclusive interest, or he is compensated;

c) to notify the depositor of the measures and expenses necessary for the preservation of the item, and to carry them out at the depositor's expense when urgent;

d) to return the same item, along with its accessories and fruits, to the depositor upon request, or to the depositor's successors in title, or to whoever was designated in the contract.

a) If the person entitled to receive the deposited item has died, the item shall be returned to the heirs if they all agree to this; if they do not agree, it shall be placed at the disposal of the estate;

e) return the item to the place where it was deposited, or to the place designated in the contract. In the latter case, the associated expenses shall be borne by the depositor; and

f) not to use the item without the depositor's express permission. Otherwise, the custodian shall be liable for damages.

If the deposit consists of a box or sealed package, the obligation to safeguard it includes the duty not to open it; however, the depositary shall be presumed to have been authorized to do so if the key has been entrusted to him or if it is not otherwise possible to comply with the instructions. It shall also include the duty to maintain confidentiality regarding the contents of the deposit, unless the secrecy, due to the nature of the deposited item, would expose him to penalties or fines.

Art. 1251.—The heirs of the depositary who have sold, in good faith, a movable item whose deposit they were unaware of are only obligated to return the price they received. If the item has not yet been paid for, the depositor is subrogated to the rights of the sellers.

Art. 1252.—If, while the item is in the custodian's custody, the custodian is sued by a person claiming ownership of the item or asserting rights thereto, the custodian must, under penalty of paying damages, report the dispute to the depositor; the custodian shall be exempt from the obligation to respond to the action if he or she discloses the depositor's name and address. The depositary may also be released from the obligation to return the item if he deposits it at the order of the judge or at the depositor's expense.

Art. 1253.—The depositary may not require the depositor to prove that the deposited item belongs to him or her. If the depositary discovers that the item has been stolen or pilfered, and identifies its owner, the depositary must notify the owner that the item is in the depositary's custody and give the owner ten days to claim it, with the warning that if the owner fails to do so within this period, the depositary will deliver the item to the depositor.

Art. 1254.—The depositary has the right to retain the deposited item until full payment of what is owed to him by reason of the deposit; but not for any other reason unrelated to the deposit itself.

Art. 1255.—The depositary may not set off the obligation to return the regular deposit against any claim, nor against another deposit that the depositary may have made to the depositor, even if it is for a larger sum or a more valuable item.

Art. 1256.- If, as a result of an event not attributable to the depositary, the depositary is deprived of possession of the item, the depositary shall be released from the obligation to return it to the depositor; however, the depositary must, under penalty of compensation for damages, immediately report the event to the depositor, who shall have the right to receive whatever the depositary has obtained as a result of that event and shall be subrogated to the rights corresponding to the depositor.

Art. 1257.—If the deposit is irregular—consisting of money or another quantity of fungible goods, the use of which was granted by the depositor to the depositary—the depositary is obligated to pay the entire amount, not just a portion, or to deliver an equivalent quantity of the deposited goods, provided they are of the same kind and quality.

It is presumed that the depositor granted the depositary the right to use the deposit, unless it is established that the depositor prohibited such use.

Art. 1258.—If, upon making a deposit of money or coins, the depositor prohibits the depositary from using them and the depositary is in default in returning them, the depositary shall owe statutory interest from the date of the deposit.

Art. 1259.— If the deposit is made with a specific indication of the type of currency delivered to the depositary, any increases or decreases in its face value shall be borne by the depositor.

Art. 1260.—Where the deposit consists of securities, financial instruments, bills of exchange, or documents that accrue interest, the depositaries are obligated to collect such interest upon maturity, as well as to take all necessary steps to ensure that the deposited items retain their value and the rights inherent in them, in accordance with the law, under penalty of damages.

Art. 1261.— The depositary may retain the deposit to offset a corresponding amount that the depositor had also entrusted to the depositary as a deposit; however, if the claim has been assigned, the assignee may not attach the deposited amount held by the depositary.

Art. 1262.—In the event of fire, flood, collapse, looting, shipwreck, or other acts of God, the deposit may be entrusted to adults, even if they are legally incapacitated, and they shall be liable for it, notwithstanding the lack of authorization from their legal representatives to receive it.

SECTION II

DEPOSITS IN HOTELS AND SIMILAR ESTABLISHMENTS

Art. 1263.—Hotel owners shall be liable as depositaries for the safekeeping and preservation of the belongings brought in by travelers, even if such belongings were not handed over to them or their employees. They must compensate for any damage or loss suffered by the travelers due to the fault of their employees or of the persons staying at the establishment; but not for those caused by persons accompanying or visiting them. This liability extends to vehicles and objects of all kinds stored on the premises of the establishment with the knowledge of the hotelier or their staff.

Art. 1264.—A traveler or person staying at a hotel who carries valuable items or sums of money must hand them over to the hotelier or deposit them in the safety deposit boxes provided for that purpose. If the traveler fails to do so, the hotelier’s liability shall cease in the event of loss or theft.

Art. 1265.—The liability provided for in the preceding article shall not apply to the owners of restaurants, cafes, bars, and other similar establishments, nor to passersby who enter hotels or guesthouses without staying there.

Art. 1266.—These rules shall also apply to operators of ships, aircraft, sanatoriums, spas, boarding houses, residential educational institutions, sleeper cars occupied by travelers, inns, garages, and other similar establishments.

Art. 1267.—All types of evidence are admissible in the necessary deposition.

SECTION III

DEPOSIT IN GENERAL WAREHOUSES

Art. 1268.— The owners of general warehouses are liable for the preservation of the goods deposited therein unless they prove that the loss, diminution, or damage resulted from unforeseeable circumstances, the nature of the goods, or defects in the goods or their packaging.

Art. 1269.— The depositor has the right to inspect the goods deposited and to remove samples for use.

Art. 1270.—Warehouse operators, upon giving the depositor at least fifteen days' notice, may proceed to sell the goods if, upon the expiration of the contract, the goods have not been removed, or if the storage agreement has not been renewed, or, in the case of storage for an indefinite period, one year has elapsed since the date of deposit. They may do so at any time if the goods are in danger of perishing.

The proceeds from the sale, after deducting expenses and any other amounts due to the warehouse, must be made available to the depositors.

Art. 1271.—General warehouses must issue the depositor a receipt for the goods deposited, which shall indicate:

a) the place and date of deposit;

b) the depositor's first and last name, or business name, and address;

c) the nature and quantity of the goods deposited and other information necessary to identify them; and

d) whether customs duties and surcharges have been paid on the goods, and whether they are insured.

CHAPTER XIV:

LOANS FOR USE

Art. 1272.— A loan agreement shall be deemed a loan for use when one party delivers to the other, free of charge and with the right to use it, a non-fungible item, provided that the item is identified for the purpose of its return.

Art. 1273.— A loan agreement is not subject to any specific form and may be proven by any means of evidence.

Art. 1274.—The right to use the item and the obligation to return it to the lender arise for the borrower as soon as the borrower takes possession of it.

Art. 1275.—The borrower is obligated to exercise the same diligence in the custody and preservation of the item as in the care of his or her own property. The borrower may use the item only for the purpose specified in the contract or as dictated by the nature of the item. The borrower may not grant a third party the right to use the item without the lender's consent.

If the borrower fails to fulfill his or her obligations, the lender may demand the immediate return of the item, along with compensation for any damage or deterioration the item suffers due to the borrower's fault.

Art. 1276.—If the property is damaged through the fault of the borrower and such damage is such that the property can no longer be used for its ordinary purpose, the lender may require the borrower to surrender it and demand payment of its previous value.

Art. 1277.—The borrower is not liable for damage to the item resulting from its normal use, nor for damage arising from the item's inherent nature, defect, or flaw.

However, if the item was appraised at the time of the contract, the borrower is liable for its destruction, even if it occurred for a reason not attributable to the borrower.

Art. 1278.— The borrower is likewise liable if the item is destroyed by a fortuitous event from which the borrower could have protected it by substituting it with the borrower's own property, or if, having the ability to save one of the two items, the borrower chose to save the borrower's own property.

A borrower who uses the item for a different purpose or for a longer period than agreed upon is liable for any loss occurring due to a cause not attributable to him, unless he proves that the item would have perished anyway had he not used it for a different purpose or had he returned it in a timely manner.

Art. 1279.—The borrower is not entitled to reimbursement for ordinary expenses incurred in using the item, but is entitled to reimbursement for extraordinary expenses incurred to preserve the item, provided such expenses were necessary and urgent.

Art. 1280.—The borrower is obligated to return the item upon the expiration of the agreed-upon term, or, in the absence of a term, when the borrower has used it in accordance with the contract. The item must be returned to the lender in its current condition, with all its fruits and accessories, even if it had been valued in the contract.

It is presumed that the borrower received the property in good condition, unless proven otherwise.

However, if, during the agreed-upon period, or before the borrower has ceased using the item, an urgent and unforeseen need arises for the lender, the lender may demand its immediate return.

Art. 1281.—If the duration of the loan or the intended use of the item has not been agreed upon, the borrower is obligated to return it as soon as the lender demands it.

Art. 1282.— If the borrower's heirs, being unaware of the loan, have disposed of the loaned item, the lender may—in the absence of, or if the action for recovery is ineffective—demand that the heirs pay the fair value of the loaned item or assign to the lender the rights to which they are entitled by virtue of the disposition.

If they were aware of the loan, they shall compensate the lender for any resulting damage.

Art. 1283.— If the borrower fails to return the item because it was lost through his own fault, or through the fault of his agents or employees, he shall pay the lender the value of the item. If he fails to return it because he destroyed or squandered it, he shall be liable for damages and interest.

Art. 1284.—If, after the borrower has paid the value of the item, the borrower recovers it, the borrower shall not have the right to reclaim the price paid or to compel the lender to accept it. However, the lender shall have the right to demand the return of the item and to compel the borrower to accept the price paid.

Art. 1285.—If the item was lent by a person lacking legal capacity to enter into contracts, who used it with the consent of his or her legal representative, its return to the lending party lacking legal capacity shall be valid.

Art. 1286.— The borrower shall not have the right to withhold the return of the item on the pretext that it does not belong to the lender, unless it has been lost or stolen from its owner.

Art. 1287.— If a stolen or lost item has been lent, the borrower who is aware of this and fails to report it to the owner, giving the owner a reasonable period of time to claim it, is liable for any damages incurred by the owner as a result of the return of the item to the lender. Nor may the owner demand the return of the item without the lender's consent or a court order.

Art. 1288.— The borrower may not withhold the borrowed item because the lender owes him anything, even if it is for expenses.

Art. 1289.— The lender must allow the borrower or the borrower's heirs to use the loaned item for the agreed-upon period, or until the purpose for which it was loaned has been fulfilled. This obligation ceases with respect to the borrower's heirs if the loan was made in consideration of the borrower's person, or if only the borrower, by virtue of his or her profession, could use the loaned item.

Art. 1290.—A lender who, being aware of hidden defects or flaws in the item lent, fails to warn the borrower of them, is liable to the borrower for any damages suffered as a result.

Art. 1291.— The lender must pay any extraordinary expenses incurred during the term of the contract for the maintenance of the lent item, provided that the borrower notifies the lender of such expenses before incurring them, unless they are so urgent that they cannot be delayed without serious danger.

CHAPTER XV:

LOANS

Art. 1292.—Under a loan agreement or consumer loan, one party transfers ownership of a sum of money or other fungible items to the other party, which the latter is authorized to consume, with the obligation to return them in the same quantity, kind, and quality upon the expiration of the stipulated term.

Art. 1293.— A mere promise of a loan is binding on both contracting parties when made for valuable consideration, and binding only on the promisor when made without valuable consideration.

The offeror may revoke the offer and refuse delivery if the party who is to receive the item experiences a reduction in their financial capacity that would jeopardize repayment. If such a situation already existed at the time the promise was made, the offeror shall have the same right, provided that they were unaware of it at that time.

Art. 1294.— A loan may be agreed upon verbally, but proof thereof shall be governed by the general provisions relating to contracts. Unless otherwise agreed, the borrower must pay interest to the lender.

Art. 1295.—The deadline for repayment is presumed to be stipulated in favor of both parties, and if the loan is made without consideration, in favor of the borrower.

If no deadline for repayment has been set, repayment must take place when the lender demands it, fifteen days after the contract is entered into, at the borrower's domicile.

Art. 1296.—When the borrower is unable to fulfill their obligation, they must pay the value of the amount or item received, as determined by the prevailing market value at the place and time when restitution was due.

Art. 1297.— If the borrower fails to fulfill the obligation to pay interest, the lender may request termination of the contract.

CHAPTER XVI

ON BILLS OF EXCHANGE

SECTION I

ON THE ISSUANCE AND FORM OF BILLS OF EXCHANGE

Art. 1298.— A bill of exchange must contain:

a) the designation “bill of exchange” included in the text of the instrument, expressed in the language in which it is drafted;

b) an unconditional order to pay a specified sum of money;

c) the name of the person required to make the payment;

d) an indication of the due date for payment;

e) the designation of the place of payment;

f) the name of the person to whom or to whose order payment is to be made;

g) a statement of the date and place where the bill was issued; and

h) the signature of the issuer of the bill.

Art. 1299.—A bill of exchange that lacks any of the requirements listed in the preceding article is not valid as a bill of exchange, except in the cases provided for in the following paragraphs:

a) a bill of exchange without a specified payment term is considered payable on demand;

b) in the absence of a specific designation, the place indicated next to the drawee’s name is considered the place of payment and, at the same time, the drawee’s domicile;

c) a bill of exchange that does not specify the place of issuance is deemed to have been signed at the place indicated next to the drawer’s name; and

d) if several places of payment are indicated, it is understood that the bearer may present the bill at any of them to demand its acceptance and payment.

Art. 1300.— A bill of exchange may be payable to the order of the drawer himself and drawn on him, or on behalf of a third party.

Art. 1301.—A bill of exchange may be payable at the domicile of a third party, at the drawee’s domicile, or at another place.

If it is not expressly stated that payment is to be made by the drawee at the third party’s domicile, it is understood that payment must be made by the third party.

Art. 1302.—In a bill of exchange payable on demand or at a fixed time after demand, the drawer may stipulate that the sum bear interest. Any promise of interest made in any other form shall have no effect.

The interest rate must be specified in the text of the bill of exchange.

Interest accrues from the date of issuance of the bill of exchange, unless another date is specified.

Art. 1303.—A bill of exchange on which the amount payable is written in words and figures shall, in the event of a discrepancy, be deemed to be for the amount indicated in words.

If the amount to be paid has been written more than once, in words or figures, the bill shall, in the event of a discrepancy, be deemed to be for the lesser amount.

Art. 1304.—If a bill of exchange bears the signatures of persons incapable of entering into a bill of exchange obligation, forged signatures, signatures of fictitious persons, or signatures that for any other reason do not bind the persons who signed the bill or in whose name it was signed, the obligations of the other signatories remain valid nonetheless.

Art. 1305.—On bills of exchange, signatures must include the first and last name, or the business name, of the person assuming the obligation. However, the person's customary signature is valid.

Art. 1306.—A parent, guardian, or conservator may not bind the person under their care by a bill of exchange without the authorization of a judge, under penalty of nullity.

Art. 1307.—A person who draws a bill of exchange as the representative of another person without having power of attorney for that purpose is bound by the bill as if he or she had signed it in his or her own name; and if he or she has paid, he or she has the same rights as the person whose representation he or she invoked would have had.

The same provision applies to a representative who has exceeded his or her powers.

Art. 1308.— A general power of attorney to bind oneself in the name and on behalf of another does not imply the authority to assume liability under a bill of exchange, unless proven otherwise.

The authority to enter into obligations in the name and on behalf of a merchant also includes the authority to assume liability under a bill of exchange, unless the instrument of authority provides otherwise.

Art. 1309.— The drawer is liable for acceptance and payment. The drawer may release himself from liability for acceptance. Any clause by which the drawer releases himself from liability for payment shall be deemed null and void.

Art. 1310.—If a bill of exchange, which was incomplete at the time of its issuance, has been completed in violation of the terms under which it was issued, such noncompliance may not be raised against the bearer, unless the bearer acquired the bill in bad faith or acted with gross negligence in acquiring it.

The bearer's right to fill in a blank bill of exchange expires three years after the date of issuance of the instrument.

This expiration is not enforceable against a holder in good faith to whom the instrument was delivered already completed.

SECTION II:

ENDORSEM

ENT

Art. 1311.—A bill of exchange, even if not drawn “to order,” is transferable by endorsement.

If the drawer has included in the bill of exchange the words “not to order” or an equivalent expression, the instrument is transferable only in the manner and with the effects of an ordinary assignment.

An endorsement may also be made in favor of the drawee, whether or not the drawee has accepted the bill, the drawer, or any other obligor.

These parties may endorse the bill again.

Art. 1312.— The endorsement must be pure and simple. Any condition to which it is subject shall be deemed unwritten. A partial endorsement is void. An endorsement to bearer is equivalent to a blank endorsement.

Art. 1313.— The endorsement must be written on the bill of exchange or on a sheet attached to it (extension sheet). It must be signed by the endorser.

The endorsement is valid even if the payee is not named therein, or if the endorser has merely affixed his signature on the reverse side of the bill of exchange or on an extension sheet.

Art. 1314.— The endorsement transfers all rights arising from the bill of exchange.

If the endorsement is in blank, the bearer may:

a) fill in their own name or that of another person;

b) endorse the bill in blank again, or to the order of a specific person; and

c) deliver the bill of exchange to a third party without filling in the blank and without endorsing it;

Art. 1315.—Unless otherwise stipulated, the endorser is liable for acceptance and payment.

The endorser may prohibit further endorsement, in which case the endorser is not liable to those to whom the bill has been subsequently endorsed.

Art. 1316.— The holder of a bill of exchange is considered its legitimate bearer if he or she substantiates the right claimed by an unbroken chain of endorsements, even if the last endorsement is in blank. Crossed-out endorsements are deemed not to have been written.

When a blank endorsement is followed by another endorsement, the signatory of the latter is deemed to have acquired the bill by blank endorsement.

If a person has lost possession of a bill of exchange for any reason, the new bearer who establishes his or her right in the manner set forth in the preceding paragraph is not obligated to surrender the bill unless he or she acquired it in bad faith or acted with gross negligence in acquiring it.

Art. 1317.—Persons sued under a bill of exchange may not raise against the bearer defenses based on their personal relationships with the drawer or with prior bearers, unless the bearer, upon acquiring the bill, knowingly acted to the detriment of the debtor.

Art. 1318.—If the endorsement contains the clause “for collection,” “on collection,” “by proxy,” or any other clause implying a simple mandate, the bearer may exercise all rights inherent in the bill of exchange but may endorse it only by way of mandate.

In this case, the obligors may raise against the bearer only those defenses they could have raised against the endorser.

The mandate contained in an endorsement by proxy is not extinguished by the death of the principal or by the principal’s subsequent incapacity.

Art. 1319.—If the endorsement bears the clause “in surety,” “as collateral,” or any other clause implying a security interest, the bearer may exercise all rights arising from the bill of exchange, but an endorsement made by the bearer is valid only as an endorsement by proxy.

The obligors may not raise against the bearer any defenses based on their personal relationship with the endorser, unless the bearer, upon receiving the bill, acted intentionally to the detriment of the debtor.

Art. 1320.— An endorsement made after the due date has the same effect as a prior endorsement. However, an endorsement made after a protest for nonpayment, or made after the expiration of the period set for filing the protest, has only the effect of an ordinary assignment.

An undated endorsement is presumed to have been made before the expiration of the period set for protesting the bill, unless proven otherwise.

Art. 1321.—Upon the assignment of the bill of exchange, any endorsement made after a protest for nonpayment or after the expiration of the period set for filing the protest—whether resulting from a separate act, even prior to maturity—transfers to the assignee all rights enforceable against the assignee.

The assignee is entitled to receive the assigned bill of exchange.

SECTION III

ON ACCEPTANCE

Art. 1322.— A bill of exchange may be presented by the bearer or by a simple holder for acceptance by the drawee at the designated domicile until the due date.

Art. 1323.— In any bill of exchange, the drawer may stipulate that it be presented for acceptance with or without a specified time limit.

The drawer may also prohibit presentation for acceptance in the bill, unless it is a bill of exchange payable at the domicile of a third party or a bill payable within a specified period from sight.
The drawer may further stipulate that the bill not be presented for acceptance before a specified period has elapsed.

Any endorser may stipulate that the bill must be presented for acceptance with or without a specified period, unless it has been declared non-acceptable by the drawer.

Art. 1324.—Bills of exchange payable at a fixed period after sight must be presented for acceptance within one year from their date. The drawer may shorten this period or set a longer one.

These time limits may also be shortened by the endorsers.

Art. 1325.— The drawee may request that a second presentation be made on the day following the first. The parties concerned may not rely on the failure to comply with such a request if it has not been recorded in the protest.

The bearer is not obligated to deliver the bill presented for acceptance to the drawee.

Art. 1326.—Acceptance must be made in writing on the bill of exchange. It must be expressed with the word “accepted” or another equivalent word and be signed “by the drawee.”

The drawee’s mere signature on the front of the bill constitutes acceptance.

When the bill is payable at a specified term from sight or when it must be presented for acceptance within a specified period, pursuant to a special stipulation, the acceptance must be dated on the day of presentation. In the absence of a date, the bearer, in order to preserve his or her rights of recourse against the endorsers and the drawer, must have this omission verified by a protest drawn up in a timely manner.

Art. 1327.— Acceptance must be unconditional, and the drawee may limit it to a portion of the amount.

Any other modification made in the acceptance to the content of the bill of exchange is equivalent to a refusal of acceptance.

However, the acceptor remains bound by the terms of his acceptance.

Art. 1328.—If the drawer has designated a place of payment on the bill of exchange that is different from the drawee’s domicile but has not indicated a third party at whose domicile payment must be made, the drawee may specify such a party at the time of acceptance. In the absence of such a specification, the acceptor is deemed to be obligated to make payment personally at the place of payment.

If the bill is payable at the drawee’s domicile, the drawee may designate in the acceptance another location within the same place where payment must be made.

Art. 1329.—By acceptance, the drawee undertakes to pay the bill of exchange upon its maturity.

In the event of nonpayment, the bearer—even if he is the drawer—has a direct claim against the acceptor, arising from the bill of exchange, to recover the amount of the bill, together with interest and expenses.

Art. 1330.—If the drawee who accepted the bill has revoked his acceptance prior to the return of the instrument, the acceptance is deemed to have been refused. The revocation is presumed to have occurred prior to the return, unless proven otherwise. Notwithstanding such cancellation, if the drawee has notified the bearer or any of the signatories of the bill in writing of his acceptance, he shall remain liable to them under the terms of his acceptance.

SECTION IV:

GUARANTEE

Art. 1331.— Payment of a bill of exchange may be guaranteed by a guarantee. This guarantee may be provided by a third party or by any of the signatories to the bill.

Art. 1332.— The endorsement shall be affixed to the bill or to an extension sheet. It is constituted with the words: “valid by endorsement,” or another equivalent formula, which must be signed by the endorser.

The endorsement is deemed to have been granted by the mere signature of the endorser on the front of the bill of exchange, unless that signature is that of the drawee or the drawer. The endorsement must indicate on whose behalf it is granted. In the absence of such designation, it shall be deemed to have been granted in favor of the drawer.

Art. 1333.— The endorser is liable to the same extent as the person for whom the guarantee was provided.

The guarantor’s obligation remains valid even if the instrument guaranteed is void for any reason other than a procedural defect.

A guarantor who pays the bill of exchange acquires the rights arising therefrom against the principal obligor and against those who are liable to the principal obligor under the bill.

SECTION V

MATURITY

Art. 1334.— A bill of exchange may be drawn: on demand; at a fixed time after presentation; at a fixed date; or on a fixed day.

Bills of exchange drawn to maturities other than those indicated, or to successive maturities, are void.

Art. 1335.—A bill payable at sight is due upon presentation. It must be presented for payment within one year from its date of issuance. The drawer may shorten or extend this period. Endorsers may also shorten it. The drawer may stipulate that a bill of exchange payable at sight not be presented for payment before a certain date. In this case, the period for presentation runs from that date.

Art. 1336.—The maturity date of a time bill of exchange is determined by the date of acceptance or the date of protest.

In the absence of a protest, an acceptance that does not specify a date is deemed to have been granted, with respect to the acceptor, on the last day of the period established for presentation or acceptance.

Art. 1337.— A bill of exchange drawn for one or more months from the date or from the date of presentation matures on the corresponding day of the month in which payment is due.

If there is no corresponding day, the bill matures on the last day of the month.

If the bill has been drawn one or more months and a half from the date or the date of presentation, the full months are counted first.

If the due date has been set for the beginning, the middle, or the end of the month, the bill matures, respectively, on the first, the fifteenth, or the last day of the month.

The term “half a month” refers to a period of fifteen days.

Art. 1338.—If the bill is payable on a fixed date in a place where the calendar differs from that of the place of issuance, the due date is deemed to be set according to the calendar of the place of payment.

If a bill of exchange between two jurisdictions governed by different calendars is payable at a certain time from the date of issuance, the due date is determined by counting from the day that, according to the calendar of the place of payment, corresponds to the date of issuance of the bill.

The terms for presenting bills of exchange are calculated in accordance with the preceding provisions. These provisions do not apply if a clause in the bill, or the mere wording of the instrument, indicates that the intention was to adopt different rules.

SECTION VI:

PAYMENT

Art. 1339.— The bearer of a bill of exchange payable on a fixed date or at a certain time after the date of issue must present it for payment on the day it is due, or on the next business day if that day is a holiday.

The presentation of the bill to a clearinghouse is equivalent to its presentation for payment.

Art. 1340.— The bill must be presented for payment at the place and address indicated on the instrument.

If no place is specified therein, it must be presented for payment:

a) at the drawee’s place of business, or at the place of business of the person designated in the bill to make payment on behalf of the drawee; or

b) at the domicile of the acceptor by intervention or of the person designated in the bill itself to make payment on the acceptor’s behalf.

Art. 1341.— The drawee who has paid the bill may demand that it be delivered to him, with a notation of the payment made entered on the bill itself. The bearer may not refuse a partial payment.

In the event of partial payment, the drawee may demand that the payment be noted on the bill itself and, furthermore, that a receipt be issued. The bearer must protest the bill for the remaining amount.

Art. 1342.— The bearer of the bill is not obligated to accept payment before its maturity date.

A drawee who pays before maturity does so at his own risk.

Whoever pays the bill upon maturity is validly discharged unless, in doing so, he acted with fraud or gross negligence. He is also obligated to verify the regularity of the endorsements, but not to verify the authenticity of the endorsers' signatures.

Art. 1343.—If the bill is payable in a currency that is not legal tender at the place of payment, the amount may be paid in the currency of the Republic at the prevailing exchange rate on the open market on the due date. If the debtor is in default, the bearer may, at his or her option, demand that the amount be paid at the exchange rate on the due date or on the date of payment.

The value of the foreign currency is determined by its exchange rate on the open market. However, the drawer may stipulate that the amount to be paid be calculated according to the exchange rate specified in the bill. If the amount is stated in a currency that has the same denomination but a different value in the country where the bill was drawn and in the country of payment, it is presumed that the designation refers to the currency of the place of payment.

Art. 1344.—If the bill is not presented for payment on its due date, any debtor may make a judicial deposit of the amount due.

SECTION VII

REMEDIES FOR FAILURE TO ACCEPT AND PAY PROTESTS AND

FOR RECOURSE

Art. 1345.— A bill of exchange action is either direct or recourse. A direct action is brought against the acceptor and his guarantors; a recourse action is brought against another obligor.

Art. 1346.— The bearer may exercise recourse actions under the bill of exchange against the endorsers, the drawer, and the other obligors:

a) upon maturity of the bill, if payment has not been made; and

b) before maturity, in the following cases:

1) if acceptance has been refused in whole or in part;

2) in the event of the drawee's insolvency, whether or not the drawee has accepted the bill, of a suspension of payments even without a judicial declaration, or when an order to attach the drawee's assets has proved unsuccessful; and

3) in the event of the drawer's insolvency with respect to an unaccepted bill.

Art. 1347.—Refusal of acceptance or payment must be recorded by means of a protest.

A protest for failure to accept must be formalized within the period set for the presentation of the bill for acceptance. If the first presentation took place on the last day of the period, the protest may be made on the next business day.

A protest for nonpayment of a bill payable on a fixed date, or at a certain time, date, or sight, must be filed on the next business day following the day on which it was due. In the case of a bill payable at sight, the protest must be filed in accordance with the rules set forth in the preceding paragraph regarding protest for nonacceptance.

A protest for non-acceptance exempts the holder from having to present the bill for payment in order to file a protest for non-payment.

In the event of the drawee's suspension of payments, whether or not the drawee has accepted the bill, or if an attachment of the drawee's assets has proved unsuccessful, the bearer may not bring a recourse action until after presenting the bill to the drawee for payment and having formalized the protest.

In the event of a declared bankruptcy of the drawee, whether or not the drawee has accepted the bill, or of the drawer of a non-acceptable bill, the presentation of the judgment declaring bankruptcy shall be sufficient for the bearer to exercise the right of recourse.

Art. 1348.— The bearer must give notice of non-acceptance or non-payment to the endorser and the drawer within four business days following the date of protest or presentation, if the clause "without charges" appears.

Every endorser must, within two business days following the day on which the notice was received, inform the preceding endorser of the notice received, indicating the names and addresses of those who gave the previous notices, and so on, until reaching the drawer. The time limits indicated run from the receipt of the preceding notice.

If, in accordance with the provisions of the preceding paragraph, the notice is given to a signatory of the bill, a similar notice must be given to the endorser within the same time limits.

If an endorser has not indicated his or her address or has indicated it in an illegible manner, it is sufficient for the notice to be given to the preceding endorser.

The party required to give notice may do so in any manner, even by simply sending the bill of exchange. That party must prove that notice was given within the established time limit. The time limit is deemed to have been met if a registered telegram containing the notice was sent by mail within that period. A party who fails to give notice within the period indicated above does not lose the right of recourse; however, that party is liable for negligence if it has caused any damage, provided that the amount of compensation may not exceed the value of the bill.

Art. 1349.— The drawer, the endorser, or the guarantor may, by means of the clause "return without charges," "without protest," or any other equivalent clause, written and signed on the instrument, exempt the bearer from the requirement to file a protest for non-acceptance or non-payment in order to exercise the right of recourse.

This clause does not exempt the bearer from the obligation to present the bill of exchange within the prescribed time limits or to give notices. The burden of proof regarding non-compliance with the time limits rests with the party invoking it against the bearer.

If the clause has been inserted by the drawer, it is effective with respect to all signatories; if it has been inserted by an endorser or a guarantor, it is effective only with respect to them. If, however, the clause was inserted by the drawer and the bearer files a protest, the costs are borne by the bearer. When the clause originates from an endorser or a guarantor, the costs of the protest may be recovered from all signatories.

Art. 1350.—All persons who have drawn, accepted, endorsed, or guaranteed a bill of exchange are jointly and severally liable to the bearer.

The bearer has the right to bring an action against all of them individually or collectively, without having to observe the order in which they became liable.

The same right belongs to any signatory of a bill of exchange who has reimbursed its amount.

An action brought against one of the obligors does not preclude the bearer's action against the others, even if they signed after the one who was first sued.

Art. 1351.— The bearer may claim from the party against whom the recourse action has been brought:

a) the amount of the bill that has not been accepted or paid, plus interest, if specified;

b) interest from the due date at the rate specified in the instrument, or, in the absence thereof, at the statutory rate; and

c) the expenses incurred for the protest, for notices given, and any other applicable expenses.

If the recourse action is brought before the due date, a discount shall be deducted from the amount of the bill. Such discount shall be calculated based on the statutory interest rate in effect on the date of recourse at the bearer's place of domicile.

Art. 1352.—The person who has paid the bill of exchange may claim from its guarantors:

a) the full amount disbursed;

b) interest on the sum at the rate specified in the instrument, or, failing that, at the statutory rate, from the date of payment; and

c) the expenses incurred.

Art. 1353.—Any obligor against whom proceedings have been initiated or may be initiated has the right to inspect and examine the insured animals at any time and at his own expense.

Art. 1638.— The insured shall notify the insurer within twenty days of the protest, the return statement, and the corresponding receipt.

Any endorser who has received the bill may cancel his or her own endorsement and those of subsequent endorsers.

Art. 1354.—If a recourse action is exercised after a partial acceptance, the party paying the amount for which the bill was not accepted may demand that the payment be noted on the bill itself and that a receipt be issued. The bearer must also provide a certified copy of the bill and the protest instrument so that the party may exercise subsequent recourse actions.

Art. 1355.—Any person entitled to exercise the right of recourse may, unless otherwise provided, be reimbursed by means of a new bill of exchange drawn at sight on one of their own guarantors and payable at the guarantor's domicile.

The recourse claim includes, in addition to the amount of the bill plus interest and expenses, the right to a commission and to reimbursement of the tax stamp on the recourse claim.

If the recourse bill is drawn by the bearer, its amount is determined based on the exchange rate of a sight bill drawn from the place where the original bill was to be paid to the guarantor's domicile.

If the counter-bill is drawn on the endorser, its amount is determined based on the exchange rate applicable to a sight bill drawn from the place where the issuer of the counter-bill has his domicile to the place of the guarantor's domicile.

Art. 1356.—The bearer's rights against the endorsers, the drawer, and the other obligors—with the exception of the acceptor—shall expire upon the expiration of the following time limits:

a) for the presentation of a sight bill of exchange or a time bill of exchange;

b) for filing a protest for non-acceptance or non-payment; and

c) for the presentation of a bill of exchange for collection with a "return without charges" clause.

If the bill of exchange is not presented for acceptance within the period established by the drawer, the bearer loses the right to bring a recourse action, whether for nonpayment or nonacceptance, unless it is clear from the terms of the instrument that the drawer intended to exempt himself solely from the guarantee of acceptance.

If a time limit for presentation has been set in any of the endorsements, only the endorser who stipulated it may rely on it.

Art. 1357.—When the presentation of the bill or the filing of a protest within the prescribed time limits is prevented by force majeure, such time limits are extended.

The bearer is obligated to immediately notify the preceding endorser of the event of force majeure and to record on the bill itself or on an extension thereof—dated and signed by the bearer—that the notice has been sent; in all other respects, the provisions of the preceding article apply.

Once the force majeure has ceased, the bearer must present the bill without delay for acceptance or payment and, if applicable, file a protest.

For bills of exchange payable at sight or at a fixed time after sight, the thirty-day period begins on the date the bearer notifies the preceding endorser of the force majeure, even if the notice was given before the expiration of the presentation period; for bills of exchange payable at a fixed time after sight, the thirty-day period shall be added to the time after sight specified on the bill itself. Purely personal circumstances of the bearer or of the person entrusted with presenting the bill or formalizing the protest are not considered cases of force majeure.

Art. 1358.—Among several obligors who have assumed an equal position under the bill, no bill of exchange action may be brought, and their relationships are governed by the rules regarding joint and several liabilities.

Art. 1359.— The bearer of a bill duly protested for nonpayment has a right of enforcement for the principal amount and incidental charges.

Art. 1360.—If an action arises from the relationship that gave rise to the issuance or transfer of the bill, such action subsists notwithstanding the issuance or transfer of the bill, unless it is proven that a novation occurred.

Such a claim may be asserted only after the failure to accept or pay has been established by protest.

The bearer may exercise the causal action only by offering the bill back to the debtor and depositing it with the clerk's office of the court on duty, provided that the bearer has complied with the necessary formalities to preserve for said debtor any recourse actions to which the debtor may be entitled.

Art. 1361.— If the bearer has lost the bill of exchange action against all the obligors and has no causal action against them, the bearer may bring an action against the drawer or the acceptor for the amount by which they were unjustly enriched to the bearer's detriment.

Art. 1362.— The protest of bills of exchange must be made by public deed, and the protest must be recorded on the instrument itself, under the notary's signature.

Art. 1363.—The protest must be made at the locations indicated on the bill for acceptance or payment—depending on whether the failure is to accept or to pay—against the persons named therein.

If it is not possible to ascertain the domicile of such persons, the protest shall be made at their last known domicile. The legal incapacity of the persons to whom the bill must be presented for acceptance or payment does not exempt the holder from the obligation to formalize the protest, except as provided in the case of the drawee's bankruptcy.

If the person to whom the bill is to be presented has died, the protest must likewise be made in that person's name, in accordance with the established rules.

Art. 1364.—Protest proceedings must be conducted in person with the party obligated to accept payment, even if that party is legally incapacitated, in which case this circumstance shall be noted. If the obligated party is not present, the proceedings shall be conducted with the agent or employees, or, failing that, with the spouse or adult children.

If none of these persons is present, or if they do not exist, the proceedings shall be conducted with the municipal authority of the place where the protest is filed.

Art. 1365.— The protest record must necessarily contain:

a) the date and place where it is drawn up;

b) a verbatim transcription of the bill of exchange, including the acceptance, endorsement, guarantee, and any other indications it contains, in the same order as they appear on the instrument;

c) the demand made to the drawee or the party obligated to accept or pay the bill, stating whether or not the person who was required to accept or pay it was present;

d) the reasons for the refusal to accept or pay it, or a statement that no such refusal was given, if applicable;

e) the signature of the person with whom the proceeding was conducted, or a statement of their inability or refusal to sign, if any; and

f) the signature of the person making the protest, or a statement indicating that such signature was not possible.

Art. 1366.—The notary public shall provide the interested parties, upon request, with a copy of the protest, returning the original bill to the bearer, and shall be liable for any damages resulting from the protest being annulled due to any irregularity or omission.

Art. 1367.—No other act or document may substitute for a protest in cases where a protest must be made.

SECTION VIII

ON INTERVENTION

Art. 1368.— A bill of exchange may be accepted or paid by intervention by a person designated by the drawer, an endorser, or a guarantor.

The intervenor is obligated to notify the party on whose behalf he has intervened within two business days. In the event of failure to comply with this deadline, he shall be liable for any damages caused by his negligence, provided that such compensation shall not exceed the amount of the bill.

Art. 1369.—Acceptance by intervention is permissible whenever the bearer of an acceptable bill may exercise the right of recourse before maturity.

When the bill designates a person to accept or pay it by intervention at the place of payment, the bearer may not exercise the right of recourse before maturity against the person who made the designation or against subsequent signatories, unless the bearer has presented the bill to the designated person and, upon that person’s refusal to accept it, such refusal has been verified by means of a protest.

Art. 1370.—In other cases of intervention, the bearer may refuse acceptance by intervention. However, if the bearer accepts it, the bearer loses the right to bring a recourse action before maturity against the person by whom the acceptance was given and against subsequent signatories.

Art. 1371.—Acceptance by intervention must be stated on the bill of exchange, signed by the intervenor, and indicate on whose behalf it was given. In the absence of such an indication, it is deemed to have been granted by the drawer.

Art. 1372.— The acceptor by intervention shall be liable to the bearer and subsequent endorsers on behalf of the person for whom the intervention was made, in the same manner as that person. Notwithstanding acceptance by intervention, the party on whose behalf it was given and its guarantors may demand from the bearer—upon reimbursement of the amount of the bill, interest, and expenses—the delivery of the protested bill and the return statement, with a signed receipt, if applicable.

If the bearer of the bill does not present it to the acceptor by intervention before the last day set for formalizing the protest for nonpayment, the obligation of the acceptor by intervention shall be extinguished.

Art. 1373.— Payment by intervention may be made whenever the bearer is able to exercise the right of recourse upon maturity or before maturity.

The payment must include the entire amount that the party on whose behalf the intervention took place would have been required to pay; and it must be made no later than the day following the last day permitted for formalizing the protest for non-payment.

Payment by intervention must be recorded in the protest record itself, and if the protest has already been formalized, it must be noted immediately following the record by the same notary. The costs of the protest are payable by the party making the payment by intervention, even if the drawer has included the clause “without costs” on the bill of exchange.

Art. 1374.— If the bill has been accepted by acceptors domiciled at the place of payment, or if other persons domiciled at the same place have been designated to pay in case of necessity, the bearer must present the bill to all of them and, if necessary, file a protest for nonpayment no later than the day following the last business day set for that purpose.

If the protest is not filed within this period, the person who designated the payers in case of necessity, or the person who accepted the bill and the subsequent endorsers, are discharged from their obligation.

Art. 1375.—A bearer who refuses payment by intervention loses the right of recourse against those who would have been released from liability by such payment.

Art. 1376.—A receipt for payment by intervention must be issued on the bill of exchange itself, indicating the party on whose behalf the payment was made. In the absence of such a receipt, the payment is deemed to have been made by the drawer.

Both the bill of exchange and the instrument of protest, if a protest has taken place, must be delivered to the party who made the payment on behalf of another.

Art. 1377.—The party making payment by intervention acquires the rights inherent in the bill against the party on whose behalf the payment was made and against those who are liable under the bill with respect to the latter, but may not re-endorse the bill.

Successive endorsers following the obligor on whose behalf the payment was made are discharged. If several persons offer to pay by intervention, preference must be given to the one whose payment discharges the greatest number of obligors. A person who, with full knowledge of the facts, intervenes in violation of this provision forfeits any right of recourse against those who would have been discharged.

SECTION IX

ON MULTIPLE ORIGINALS AND COPIES

Art. 1378.— A bill of exchange may be drawn in several identical copies.

Such copies must be numbered in the text of the instrument itself; failing that, each copy shall be considered a separate bill.

Any bearer of a bill of exchange that does not indicate it was issued as a single copy may, at his own expense, demand the delivery of multiple copies. To this end, he must contact his immediate endorser, who is obligated to assist him in obtaining them from his own endorser, and so on, until reaching the drawer. The endorsers must reproduce their endorsements on the new copies.

Art. 1379.— Payment made on one of the numbered copies discharges the obligation with respect to the others, even if it has not been stated that such payment nullifies the effects of the other copies. However, the drawee remains liable for each copy bearing his acceptance that has not been returned to him upon payment.

An endorser who has transferred the copies to different persons, as well as subsequent endorsers, remains liable for all copies bearing their signatures that have not been returned to them upon payment.

Art. 1380.—The person who has sent one of the copies for acceptance must indicate on the other copies the name of the person in whose possession that copy is held. That person is obligated to deliver it to the legitimate bearer of another copy.

If such delivery is refused, the bearer may not bring an action for recourse until after establishing, by means of a protest,

a) that the copy sent for acceptance has not been delivered to him, despite his request; and

b) that they have been unable to obtain acceptance or payment on another copy.

Art. 1381.— Every bearer of a bill of exchange has the right to make one or more copies of it.

The copy must exactly reproduce the original, including the endorsements and all other indications appearing on it; it must indicate where it ends.

It may be endorsed and guaranteed by a guarantee in the same manner and with the same effects as the original.

Art. 1382.— The copy must indicate who is the holder of the original instrument. That holder must deliver the original instrument to the legitimate bearer of the copy. If the holder refuses to deliver it, the bearer may not bring an action for recourse against the persons who have endorsed or guaranteed the copy, until after having established by means of a protest that the original has not been delivered to him, despite his demands.

If the original instrument, after the last endorsement made prior to the creation of the copy, bears the clause: “from this point on, the endorsement is valid only on a copy,” or any other equivalent wording, any subsequent endorsement made on the original instrument is void.

SECTION X

AMENDMENTS TO THE TEXT OF THE BILL OF EXCHANGE

Art. 1383.—In the event of an amendment to the text of a bill of exchange, those who have signed it subsequently are bound by the terms of the amended text, and the prior signatories are liable under the terms of the original text. If it does not appear from the instrument, or if it is not proven, whether the signature was affixed before or after the amendment, it is presumed to have been affixed before.

SECTION XI

CANCELLATION

Art. 1384.—In the event of the misplacement, loss, theft, or destruction of a bill of exchange, the bearer may report the incident to the drawee and request, before the judge of the place where the bill is payable or before the judge of the bearer's domicile, the cancellation of the misplaced, lost, stolen, or destroyed bill.

Art. 1385.— The petition must specify the essential elements of the bill of exchange, and in the case of a blank bill, those elements necessary to identify it. The judge shall examine the evidence provided by the petitioner regarding the truth of the facts alleged and the petitioner's legal entitlement. The judge shall promptly issue an order in which, after specifying the information necessary to identify the bill, he or she shall order its cancellation, where appropriate, and authorize its payment after sixty days have elapsed, calculated from the first publication of the respective order, if the bill has already matured or is due on demand, or from the maturity date, if such date is later than the aforementioned date, provided that no objection is filed by the holder during that interval.

The court order must be published for fifteen days in a newspaper of the place where the proceedings are held, and in another newspaper of the place of payment, if different, and shall be served on the drawee and the drawer, if the bill of exchange was not accepted. Notwithstanding the objection, payment of the bill of exchange to its holder prior to service of the court order discharges the debtor.

Art. 1386.—The holder's opposition must in all cases be filed by serving notice on the appellant and the drawee named in the bill, so that they may appear before the judge of the place of payment.

Art. 1387.—During the established period, the appellant may take all actions aimed at preserving his rights; and if the bill is payable on demand, or has matured or will mature during that period, he may demand the judicial deposit of its amount or sufficient security.

Art. 1388.—Once this period has elapsed without an opposition having been filed, or if such opposition has been rejected by a final judgment, the bill of exchange becomes void.

The party who has obtained the cancellation may, upon presentation of judicial proof that no opposition was filed or that it was definitively rejected, demand payment; and if the bill is a blank bill or has not yet matured, demand a duplicate thereof. The bearer who has been deprived of possession must request this duplicate from his endorser, and so on from one endorser to the next until reaching the drawer.

Art. 1389.— Cancellation extinguishes all rights arising from the bill of exchange that was the subject of the judge's ruling, but does not prejudice any rights that the holder who did not file an opposition against the party who obtained the cancellation may eventually invoke.

SECTION XII

FINAL PROVISIONS

Art. 1390.— Payment of a bill of exchange that matures on a legal holiday may not be demanded until the first following business day. Likewise, all acts relating to the bill of exchange—and in particular its presentation for acceptance and protest—may be performed only on a business day.

If one of these acts must be performed within a specified period whose last day is a holiday, such period is extended until the next business day. Any holidays falling within the period are included in the calculation of the period.

Art. 1391.— In statutory or contractual time limits, the day from which the time limit begins to run is not included in the calculation.

Art. 1392.— Under no circumstances shall statutory or judicial grace periods be permitted.

CHAPTER XVII

CURRENT ACCOUNTS

Art. 1393.—Under a current account agreement, two correspondents agree to record in an account the credits arising from reciprocal remittances, which are considered unenforceable and unavailable until the account is closed.

The account balance is due and payable on the established due date. If payment is not demanded, the balance shall be considered the first remittance of a new account, and the contract shall be deemed renewed for an indefinite term.

Art. 1394.—Credits that are not subject to set-off are excluded from the checking account.

Art. 1395.—Interest as stipulated in the contract, or, in the absence thereof, the statutory interest rate, accrues on the remitted sums or securities.

Art. 1396.—The existence of a checking account does not preclude the right to charge commissions and to recover expenses for the transactions giving rise to the deposit. Such fees are included in the account, unless otherwise agreed.

Art. 1397.—The inclusion of a claim in the current account does not preclude the exercise of actions and defenses relating to the act from which the claim arises.

If the transaction is declared null and void, rescinded, or terminated, the corresponding entry is removed from the account.

Art. 1398.— If the claim included in the account is secured by a real or personal guarantee, the checking account holder is entitled to enforce the guarantee for the balance in his or her favor at the time the account is closed and up to the amount of the secured claim.

The same provision applies to the claim if there is a jointly and severally liable co-obligor.

Art. 1399.—Unless otherwise agreed, the inclusion in the account of a claim against a third party is presumed to be subject to the clause “subject to cash deposit.” In such a case, if the claim is not satisfied, the recipient of the remittance has, at their option, the right to pursue collection or to remove the entry from the account, with

restoring the rights of the party who made the remittance. The recipient may remove the entry from the account even after having unsuccessfully pursued claims against the debtor.

Art. 1400.— If a creditor of one checking account holder has attached the potential balance of the account belonging to that creditor's debtor, the other checking account holder may not, through new remittances, prejudice the creditor's rights. Remittances arising from rights that existed prior to the attachment are not considered new remittances.

The account holder whose account has been attached must notify the other account holder of this fact. Either party may terminate the contract.

Art. 1401.—The account is closed, with the balance settled, on the due dates established by the contract or, failing that, at the end of each quarter, calculated from the date of the contract.

Art. 1402.—The account statement sent by one account holder to the other is deemed approved if it is not contested within the agreed-upon period or, failing that, within fifteen days.

Approval of the account statement does not preclude the right to contest it on the grounds of clerical or calculation errors, omissions, or duplications. Any contestation must be filed, under penalty of forfeiture, within one year from the date of receipt of the account statement relating to the closing settlement, which must be issued in a verifiable manner.

Art. 1403.—If the contract is for an indefinite term, either party may terminate the contract after each closing of accounts by giving at least ten days' notice.

In the event of legal incapacity, disqualification, insolvency, or death of one of the parties, that party or its heirs have the right to terminate the contract.

Termination of the contract prevents the inclusion of new entries in the account, but payment of the balance may not be requested until the end of each quarter.

SECTION I

BANK DEPOSITS

Art. 1404.—When sums of money are deposited with a bank, the bank acquires ownership of them and is obligated to return them in the same currency upon the expiration of the agreed-upon term, or at the depositor's request, subject to the notice period established by the parties, unless otherwise provided by special laws.

Deposits and withdrawals are made at the premises designated by the bank, unless otherwise agreed.

Art. 1405.— If the bank issues a savings passbook, deposits and withdrawals must be recorded in it.

Entries in the passbook constitute full proof in the relationship between the bank and the depositor. Any agreement to the contrary is null and void.

Art. 1406.—If the savings passbook is payable to the bearer, the bank that, without fraud, performs the obligation with respect to the holder is discharged, even if the holder is not the depositor.

The same provision applies in cases where a bearer savings passbook is in the name of a specific person or otherwise identified.

Art. 1407.— A minor who has reached the age of eighteen may validly make savings deposits and withdraw funds from such accounts, unless his or her legal representative objects.

The savings passbook issued to the minor must be in the minor's name.

Art. 1408.—A bank that accepts a deposit of securities in trust must safeguard them, collect any interest or dividends, verify any drawings for the awarding of prizes or the repayment of principal, handle collections on behalf of the depositor, and, in general, ensure the protection of the rights inherent in the securities.

The amounts collected must be credited to the depositor.

If, with respect to the deposited securities, it is necessary to collect dividends or exercise an option right, the bank must request instructions from the depositor in a timely manner and carry them out once it has received the necessary funds for that purpose. In the absence of instructions, the option rights must be sold on behalf of the depositor through a broker.

The bank is entitled to compensation in the amount established by the agreement, as well as reimbursement for necessary expenses incurred by it.

Any agreement that exempts the bank from exercising ordinary care in the administration of securities is null and void.

Art. 1409.—In the provision of safe deposit box services, the bank is liable to the user for the suitability and security of the premises and the integrity of the boxes, except in cases of force majeure.

Art. 1410.—If a safe deposit box is held in the names of several persons, only each of the account holders may open it, unless otherwise agreed.

In the event of the death of the holder or one of the holders, the bank that has received notice to that effect may not permit the opening of the safe deposit box except with the consent of all the beneficiaries, or in accordance with the terms established by the judge.

Art. 1411.—When the contract has expired, the bank, after serving notice on the account holder and six months having elapsed from the date of such notice, may request authorization from the judge to open the safe deposit box. The notice must be served by a reliable means.

The safe shall be opened in the presence of a notary public appointed for that purpose by the judge and with such precautions as may be deemed appropriate.

The judge may issue the necessary orders for the preservation of the items found and the sale of that portion of them that is indispensable for the payment of what is owed to the bank in rent and expenses.

SECTION II

ON THE ESTABLISHMENT OF A BANK LOAN

Art. 1412.—By opening a bank credit line, the bank undertakes to make a sum of money available to the other party for a definite or indefinite period.

Art. 1413.—Unless otherwise agreed, the person to whom the credit has been granted may use it more than once, in the customary manner, and may, through successive deposits, replenish the original available balance.

Unless otherwise agreed, deposits and withdrawals are made at the locations designated by the bank for such transactions.

Art. 1414.— If a security interest or personal guarantee is provided to establish the credit, it does not terminate before the end of the relationship merely because the person to whom the credit has been granted ceases to be a debtor of the bank. If the security becomes insufficient, the bank may demand a supplement to reinforce it or the replacement of the guarantor.

If the person to whom the credit has been granted fails to comply with the requirement, the bank may reduce the credit in proportion to the decrease in the security, or terminate the contract.

Art. 1415.—The bank may not terminate the contract before the expiration of the term, except for just cause, unless otherwise agreed.

Termination immediately suspends the use of the credit facility, but the bank must grant a period of at least thirty days for the repayment of the amounts drawn and any related charges.

If the credit facility is established for an indefinite term, either party may terminate the contract upon notice within the period specified in the contract or, in the absence thereof, within thirty days.

SECTION II

BANK ADVANCE

Art. 1416.—In the case of a bank advance secured by a pledge of securities or merchandise, the bank may not dispose of the items received as collateral if it has issued a document in which the items have been specifically identified. Any agreement to the contrary must be evidenced in writing.

Art. 1417.— The bank must provide, at the contracting party’s expense, insurance for the goods given as collateral if, due to their nature, value, or location, such insurance constitutes a reasonable or customary precaution.

Art. 1418.—In addition to the compensation due to it, the bank is entitled to reimbursement of the expenses necessary for the safekeeping of the goods and securities, unless it has acquired the right to dispose of them.

Art. 1419.—Even before the contract expires, the contracting party may partially withdraw the securities or goods pledged as collateral, subject to proportional reimbursement of the sums advanced and other amounts due to the bank pursuant to the provisions of the preceding article, unless the remaining credit is left insufficiently secured.

Art. 1420.—If the value of the collateral decreases by at least one-tenth of its value at the time the contract was entered into, the bank may require the debtor to provide additional collateral under customary terms, with the warning that, failing this, the securities or goods pledged as collateral will be sold. If the debtor fails to comply with the demand, the bank may proceed with the sale as provided for with respect to the sale of the pledged property. The bank is entitled to immediate reimbursement of the outstanding balance from the proceeds of the sale.

Art. 1421.— If, as security for one or more claims, deposits of money, goods, or securities are made that have not been specifically identified, or over which the bank has been granted the power of disposal, the bank is only required to return the amount or portion of the goods or securities that exceeds the amount of the secured claims. The excess is determined based on the value of the goods or securities at the time the claims become due.

SECTION IV

BANKING TRANSACTIONS IN CURRENT ACCOUNTS

Art. 1422.— If a deposit, the opening of a line of credit, or other banking transactions are settled through a checking account, the account holder may withdraw the resulting credit balances at any time, subject to compliance with any agreed-upon notice period.

Art. 1423.— If there are multiple relationships or multiple accounts between the bank and the checking account holder, even if they are in different currencies, the credit and debit balances shall be offset against one another, unless otherwise agreed.

Art. 1424.— If the account is held in the names of several persons, all of whom have the authority to conduct transactions—even separately—the account holders shall be considered joint and several creditors or debtors with respect to the account balances.

Art. 1425.—If the transaction recorded in a checking account is for an indefinite term, either party may terminate the contract by providing thirty days' notice.

Art. 1426.— The bank is liable, in accordance with the rules governing agency, for the execution of instructions received from the checking account holder or another customer. If the instruction must be carried out in a location where the bank has no branches, the bank may entrust its execution to another bank or one of its correspondents.

Art. 1427.— The provisions set forth in the chapter on checking accounts apply to banking transactions settled through a checking account.

SECTION V

BANK DISCOUNT

Art. 1428.—In a bank discount, a bank advances to the holder of an unmatured claim against third parties, through the assignment of such claim, the amount of the claim, less interest.

Art. 1429.— If the discount is effected by endorsement of a bill of exchange or bank promissory note, the bank, in the event of nonpayment, is entitled to reimbursement of the amount advanced.

Art. 1430.— A bank that has discounted documentary bills of exchange has the same lien on the goods as the principal while the representative instrument remains in its possession.

CHAPTER XIX

ON LIFE ANNUITIES

Art. 1431.—Under a contract for a life annuity involving consideration, one party undertakes to deliver a sum of money or an item of monetary value, and the other party agrees to pay a periodic annuity to one or more beneficiaries during the lifetime of the capital provider or of other specified persons.

When the annuity is established gratuitously, the rules established for gifts or wills, as applicable, shall apply, and, in the alternative, those of this Chapter.

Art. 1432.—An annuity that constitutes alimony may not be pledged or attached, except to the extent that its amount exceeds the beneficiary's needs, as determined by the judge.

Art. 1433.—A life annuity may be established by providing the necessary funds by anyone who has the capacity to lend such funds and is capable of undertaking to pay it, that is, anyone who is capable of taking out a loan.

A person is capable of establishing an annuity through the sale of movable or immovable property if they are capable of selling such property and can commit to paying the annuity; a person is capable of establishing an annuity through purchase if they are capable of making such a purchase.

Art. 1434.—A life annuity may be established for the duration of the life of the person paying the annuity or for the life of a third party, and even for the life of the debtor or for the lives of several others. It may be established in favor of a single person or of many, either jointly or successively.

Art. 1435.—If the annuity has been established in favor of a third party who is incapable of receiving payment from the person who provided the capital, the debtor may not refuse to pay it. It must be paid to the person who provided the capital, or to that person's heirs, until the time prescribed for its termination.

Art. 1436.—A life annuity contract established in favor of a person who was already deceased at the time of its execution, or of a person who, at that time, was suffering from an illness from which he or she died within the following thirty days, shall be null and void.

Art. 1437.— The debtor of a life annuity is obligated to provide all the security he has promised, such as a surety or mortgage, and to pay the annuity on the dates specified in the contract.

If the promisor of a life annuity fails to provide all the security he or she has promised, or if the security previously provided has been diminished by his or her own act, the creditor may sue for rescission of the contract and restitution of the annuity price.

This last provision does not apply to the establishment of an annuity granted gratuitously, except in the case where it is a condition attached to a gift.

Art. 1438.— In the event of nonpayment of two or more installments of an annuity that have become due, the creditor—even if he is the stipulator—may not seek termination of the contract, but has the right to seek payment of the overdue installments through legal proceedings and to demand guarantees for future installments.

Art. 1439.—A creditor demanding payment of a past-due annuity installment must prove the existence of the person on whose life the annuity was established. Any type of evidence is admissible in this regard.

The obligation to pay the life annuity is extinguished upon the death of the person for whose lifetime it was established.

Art. 1440.—When a life annuity is established in favor of two or more persons to be received simultaneously, the portion of the annuity corresponding to each beneficiary must be specified, and it must be stated that the surviving beneficiary is entitled to the remaining portion.

In the absence of such a declaration, it is understood that the annuity is divided equally among them and that it ceases with respect to each beneficiary who dies.

Art. 1441.—When a life annuity is established for the duration of the lives of two or more persons in favor of the person paying the annuity or a third party, the annuity is payable in full until the death of all such persons, for the duration of the lives of those for whom it was established.

Art. 1442.—When the beneficiary of a life annuity established for the lifetime of a third party dies before that third party, the annuity passes to the beneficiary’s heirs until the third party’s death.

Art. 1443.—Periodic payments may consist only of money; any other payment in the form of natural produce or services shall be payable in its monetary equivalent.

Art. 1444.—The annuity is acquired only in proportion to the number of days that the person in whose favor the annuity was established has lived. However, if it has been agreed that the annuity is to be paid in advance, each installment is acquired in full by the creditor from the day on which payment was due.

Art. 1445.—Any clause prohibiting the creditor from transferring their right to receive the annuity shall be null and void.

Art. 1446.—Unless otherwise agreed, the debtor of the annuity cannot be released from the obligation to pay said annuity by offering to repay the principal, even if the debtor waives the right to recover the annuity payments already made.

The debtor is obligated to pay the annuity for the entire term for which it was established.

Art. 1447.—If the payer of the life annuity has caused the death of the creditor or of the person on whose life the annuity was established, the payer must return the principal to the person who established the annuity or to that person's heirs.

CHAPTER XX

GAMBLING AND BETTING

Art. 1448.—Only debts arising from games decided by the strength, skill, or intelligence of the players, and not by chance, may be brought before a court.

If the debt arising from a non-prohibited game exceeds one-twentieth of the loser's estate, the judge shall limit the winner's claim to this amount.

Art. 1449.—A debt arising from prohibited gambling or betting may not be set off, nor may it be converted by novation or settlement into a civilly enforceable obligation.

In the event of a written acknowledgment of such a debt, even if another cause of the obligation is indicated, the debtor may prove the illegality of the debt by any means.

Art. 1450.—If an obligation arising from gambling or betting has taken the form of a negotiable instrument payable to order, the signatory must pay it to the bona fide bearer; however, the signatory shall have a claim to recover the amount from the person from whom the instrument was received. The delivery of the instrument shall not constitute payment. The debtor may raise a defense against the assignee of any instrument payable to order.

Art. 1451.—Debts arising from gambling or betting include not only those resulting directly therefrom, but also those incurred with an agent who knowingly acted as an intermediary in gambling transactions, or with one of the players for advances made during the game.

Art. 1452.—Obligations incurred to obtain the means to gamble or bet with a third party unrelated to the gambling activity are not considered gambling debts, nor are loans made by one player to another after the game to cover losses. Nor are sums owed to an agent who was not an intermediary and who was not responsible for paying the losses.

Art. 1453.— A lottery contract is binding when authorized by law. Otherwise, the preceding provisions shall apply. Contracts for raffles and horse-race betting are treated the same as lottery contracts.

Art. 1454.—When the parties resort to chance, not as a wager or game, but to divide jointly held property or settle disputes, it shall have the effects of a legitimate partition in the first case and those of a settlement in the second.

Art. 1455.—A third party who, without authorization, has paid a debt arising from gambling or a wager has no recourse against the person on whose behalf the payment was made.

SECTION I

GENERAL PROVISIONS

Art. 1456.—Under a surety contract, one party undertakes, as an accessory obligation to the other, to fulfill the obligation of a debtor of the latter. A promise of surety takes effect only if it is accepted.

Art. 1457.— A suretyship may be contractual or statutory. When imposed by law, the surety must be domiciled at the place of performance of the principal obligation and must be creditworthy, either because they own known real property or because they enjoy an undisputed reputation for financial standing in that place. Judges may accept sufficient pledges or mortgages in lieu thereof.

Art. 1458.—Anyone who has free disposal of their property may act as a surety.

The following may not serve as sureties:

a) emancipated minors, even if they obtain judicial authorization;

b) public benefit associations and foundations;

c) parents, guardians, and conservators of incapacitated persons, acting on their behalf, even if authorized by a judge;

d) company directors, unless they have special authority to act as sureties. This includes directors of corporations;

e) agents acting on behalf of their principals, unless they have special powers of attorney; and

f) the spouse acting as administrator under the community property regime, without the consent of the other spouse.

Art. 1459.— A future or conditional debt whose subject matter is determined may be secured by a surety, even if the amount is indeterminate. In this case, the surety shall be valid only if it is established for a limited sum, within which the surety shall be liable for all claims.

Art. 1460.— A surety bond cannot exist without a valid obligation. If the principal obligation never existed, has been extinguished, or arises from a void or annulled act or contract, the suretyship shall be void. If the principal obligation arises from a voidable act or contract, the suretyship shall also be voidable. However, if the cause of nullity is a relative incapacity on the part of the debtor, the surety, even if unaware of it, shall be liable as the sole debtor.

Art. 1461.—A suretyship may not have as its object a performance other than the principal obligation.

If the principal obligation does not consist of the payment of a sum of money or a performance assessable in monetary terms, but rather in the delivery of a specific item or in some act that the debtor must personally perform, the surety is only obligated to pay the damages and interest owed to the creditor due to nonperformance of the obligation.

Art. 1462.— The surety may assume liability for no more than the principal debtor; however, the surety may provide any form of security to guarantee his or her obligation. If the surety has assumed liability for more, his or her liability shall be reduced to the limits of the principal debtor’s liability.

In case of doubt as to whether the guarantor undertook to be liable for less than or for the full amount of the principal obligation, it shall be understood that the guarantor undertook to be liable for the full amount.

Art. 1463.— If the secured debt was indeterminate and the surety undertook to pay a specific amount, the surety shall be liable only for that amount, even if the settlement of the debt reveals that it exceeded the value promised by the surety.

Art. 1464.— If the surety is for the amount of the principal obligation or specifies that amount, it shall cover not only the principal but also interest, whether or not such interest is stipulated; however, if the surety is indefinite, court costs from the time the surety is summoned and thereafter shall also be payable.

Art. 1465.—The party obligated to provide a surety bond may not substitute it with a pledge or mortgage, nor vice versa, against the creditor's will.

This provision does not apply to statutory or judicial sureties.

Art. 1466.—If the surety becomes insolvent after being accepted, the creditor may demand that another solvent surety be provided, unless the original surety was chosen by the creditor pursuant to a prior agreement.

Art. 1467.—In obligations with a fixed term or of a continuing nature, a creditor who did not require a surety at the time the contract was entered into may demand one if, after the contract is entered into, the debtor becomes insolvent or transfers his domicile abroad.

Art. 1468.—A debtor required to provide security must designate a competent person who possesses sufficient assets to guarantee the obligation and who has or establishes a domicile within the jurisdiction of the place where the security is to be provided.

Failure to do so shall result in the forfeiture of the grace period, and the debtor shall be obligated to pay the debt immediately.

Art. 1469.—Letters of recommendation attesting to the integrity and solvency of a person seeking credit do not constitute sureties.

If letters of recommendation are issued in bad faith, falsely affirming the solvency of the person recommended, the signatory shall be liable for any damages incurred by the persons to whom they are addressed as a result of the recommended person's insolvency.

Art. 1470.—The liability provided for in the preceding article shall not apply if the person who issued the letter proves that it was not his or her recommendation that induced the other party to enter into a contract with the recommended person, or that the recommended person became insolvent after the recommendation was made.

SECTION II

RELATIONSHIPS BETWEEN THE CREDITOR AND THE GUARANTOR

Art. 1471.— The surety is jointly and severally liable with the principal debtor for payment of the debt.

The parties may agree, however, that the surety shall not be obligated to pay until the principal debtor's assets have been exhausted. In such a case, if the surety is sued by the creditor and wishes to avail himself of the benefit of exhaustion, he must specify the principal debtor's assets that are to be subject to enforcement.

Unless otherwise agreed, the surety is obligated to advance the necessary costs.

Art. 1472.— The surety may raise against the creditor's action all defenses available to the surety, as well as those available to the principal debtor that do not arise from the principal debtor's personal incapacity.

Art. 1473.—If several persons have provided security for the same debtor and to guarantee the same debt, each of them is liable for the entire debt, unless the benefit of division has been agreed upon.

Art. 1474.—If the benefit of division has been stipulated, any surety who is sued for payment of the entire debt may demand that the creditor limit the claim to the portion owed by that surety.

If any of the sureties was insolvent at the time another surety invoked the benefit of division, that surety shall be liable for such insolvency in proportion to his or her share, but shall not be liable for any insolvencies that occur thereafter.

Art. 1475.—The surety of a surety is liable to the creditor only if the principal debtor and all of the principal debtor's sureties are insolvent or have been released from liability due to legal incapacity.

SECTION III

RELATIONSHIPS BETWEEN THE GUARANTOR AND THE PRINCIPAL DEBTOR

Art. 1476.—A surety who pays the debt, even if he or she did so against the debtor's will, is subrogated to all the creditor's rights, actions, privileges, and guarantees against the debtor, whether arising before or after the suretyship, without the need for any assignment.

Art. 1477.— A guarantor who has paid the debt has a right of recourse against the principal debtor, even if the latter was unaware of the guarantee provided.

The right of recovery includes the principal, interest, and costs, as well as statutory interest from the date of payment, and compensation for any damages incurred by the guarantor as a result of the guarantee.

If the debtor is legally incapacitated, the surety's right of recourse shall be limited to the extent of the benefit the surety has received.

Art. 1478.—A surety who has guaranteed the obligations of multiple joint and several debtors may seek reimbursement from each of them for the full amount paid. A surety who has guaranteed the obligations of only one of the joint and several debtors is subrogated to the creditor's rights in their entirety; however, the surety may not seek reimbursement from the others except for the amount that the guaranteed debtor would be entitled to recover from them.

Art. 1479.— The surety shall have no right of recourse against the principal debtor if, because the surety failed to notify the principal debtor of the payment made, the principal debtor nevertheless pays the debt.

If the surety has paid without being sued or having notified the principal debtor of the payment, the principal debtor may raise against the surety the peremptory defenses that the principal creditor could have raised at the time of payment.

In both cases, the surety retains the right of recourse against the creditor.

Art. 1480.—Nor may the guarantor demand reimbursement from the debtor for any amounts paid if the guarantor failed to raise the defenses that the debtor knew he had against the creditor, or if the guarantor failed to produce evidence or file the appeals that could have been raised against the creditor's action.

Art. 1481.—If the surety is sued in court for payment of the debt, he or she may bring an action against the debtor—even before having paid the debt—to have the debtor release him or her from the suretyship. The debtor must present another surety to replace the first one, who must be accepted by the creditor.

If the debtor fails to provide another surety, or if the new surety is not accepted by the creditor, the suretyship shall remain in effect; however, the surety may demand sufficient guarantees from the debtor to cover the obligations arising from the suretyship. If such guarantees are not provided, the surety may attach the debtor's property in an amount sufficient to cover the amount of the secured debt.

Art. 1482.— The surety may also exercise this right in the following cases: if the debtor becomes insolvent; if the debt remains unpaid upon maturity; if the debtor has undertaken to release the surety from the bond within a specified period; and if five years have elapsed since the bond was provided, unless the principal obligation is of such a nature that it is not subject to termination within a specified period, or unless it was entered into for a longer term. This right does not apply to a surety who assumed the obligation against the debtor's will.

SECTION IV

ON THE EFFECTS OF THE GUARANTEE AMONG GUARANTORS

Art. 1483.—If several persons have provided a surety for the same debtor and for the same debt, the surety who paid the debt has a right of recourse against the other sureties for his or her proportionate share. If one of them is insolvent, the loss shall be apportioned among the other sureties, including the one who made the payment.

Art. 1484.—The other co-guarantors may raise against the guarantor who made the payment the defenses that the principal debtor could raise against the creditor; but not those that are purely personal to the debtor.

Nor may the co-guarantor who has made the payment raise against the creditor the purely personal defenses that pertain to him and which he chose not to invoke.

Art. 1485.—A surety who is obliged to pay more than is due is subrogated, to the extent of the excess, to the creditor's rights against the co-sureties and may demand a proportional share from each of them.

SECTION V

TERMINATION OF THE SURETY

Art. 1486.— A suretyship terminates upon the extinction of the principal obligation, and for the same reasons as obligations in general, and accessory obligations in particular.

The suretyship also terminates when subrogation to the creditor's rights—such as mortgages or liens—has become impossible due to a positive act or negligence on the part of the creditor.

Art. 1487.— The second part of the preceding article applies only to security interests and privileges established prior to the suretyship or at the time the suretyship was granted, and not to those granted to the creditor after the suretyship was established.

Art. 1488.—The suretyship shall be extinguished, even if a term has been established, if the surety dies before the expiration of that term; however, the obligations arising therefrom, up to the date of the surety's death, shall pass to the surety's heirs.

Art. 1489.—When subrogation to the creditor's rights has become impossible only in part, the surety is released solely with respect to that part.

Art. 1490.—An extension of the term granted by the creditor without the surety's consent extinguishes the suretyship.

Art. 1491.—The termination of the suretyship due to the novation of the obligation between the creditor and the debtor takes effect even if the creditor enters into such novation with the reservation of retaining his rights against the surety.

Art. 1492.—Where a single person acts as both debtor and surety, the mortgages, sureties, and all special security interests provided to the creditor by the surety remain in effect.

Art. 1493.—A waiver by the creditor, whether for consideration or without consideration, made in favor of the principal debtor extinguishes the suretyship, with the exception of waivers made as part of an arrangement with creditors, even if such waivers entail the remission of the debt and even if the creditors do not expressly reserve their rights against the surety.

Art. 1494.—If the creditor accepts something other than what was owed to him in payment of the debt, even if he subsequently loses it due to eviction, the surety is released.

CHAPTER XXII

THE SETTLEMENT AGREEMENT

Art. 1495.—Through a settlement agreement, the parties, by means of reciprocal concessions, put an end to a dispute or prevent it. Furthermore, such an agreement may create, modify, or extinguish legal relationships other than those that were the subject of the dispute or the cause of the controversy.

Art. 1496.—To enter into a settlement, the parties must have the capacity to dispose of the right that is the subject of the dispute. Otherwise, the settlement shall be null and void.

Art. 1497.—Settlements may not be entered into regarding family relationships, or matters pertaining to the powers or status derived therefrom, nor regarding rights or property that cannot be the subject of contracts, or that concern public order or public morals.

Disputes concerning property rights subordinate to a person's legal status, or to the other cases indicated, may be settled by compromise, provided that the settlement does not involve the legal status itself or the prohibited act. Otherwise, the entire settlement shall be null and void.

Art. 1498.—The various clauses of a settlement are indivisible, and the invalidity of any one of them renders the entire contract void.

Art. 1499.—Settlements must be interpreted narrowly. They govern only those disputes regarding which the contracting parties had a genuine intention to settle, whether this intention is explicitly evident from the terms used or is recognized as a necessary consequence of what is expressly stated.

Art. 1500.—A settlement must be evidenced in writing, without prejudice to the provisions regarding rights in real property; however, a settlement concerning rights that are already the subject of litigation must be submitted to the judge presiding over the case. When recorded in a public deed, it shall be effective against third parties only after it has been added to the court record.

Art. 1501.—A settlement extinguishes the rights and obligations to which the parties have renounced, and has the same binding effect on them and their successors as a final judgment.

Art. 1502.—A settlement between the creditor and the debtor may be invoked by a guarantor who has expressly undertaken to pay only after the principal debtor's assets have been exhausted, and may be asserted against a joint and several guarantor who has undertaken such obligation without this limitation.

Art. 1503.—The party that, in the settlement, has transferred something to the other party as its own shall be liable for compensation for lost interest if the possessor of that thing is defeated in court; however, such eviction shall not revive the obligation extinguished by virtue of said contract.

Art. 1504.—If the party who has settled a claim regarding a right of his own subsequently acquires a similar right from another person, he shall not, with respect to the newly acquired right, be bound by the prior settlement.

Art. 1505.—A settlement shall be voidable:

a) when it has had as its object a void title, or the purpose of remedying a defect in rights established by virtue of such title, whether or not the parties were aware of such nullity, or believed it to be valid due to an error of fact or law. However, the settlement shall be valid if the nullity of the title was expressly addressed;

b) if documents of which the parties were unaware at the time of the settlement reveal that one of the parties had no right to the subject matter of the dispute; and

c) when it concerns a lawsuit already decided by a final judgment, provided that the party seeking to set it aside was unaware of the judgment.

Art. 1506.—A settlement regarding a disputed account may not be set aside merely because errors in calculation are discovered therein. The parties may seek its correction when there is an error in the amount paid, or when a specific portion of a sum has been paid that contained an arithmetic error in calculation.

SECTION I

GENERAL PROVISIONS

Art. 1507.— The holder of a negotiable instrument is entitled to the performance specified therein upon presentation, provided that such possession is justified in accordance with the provisions of the law.

A debtor who, without fraud or fault, fulfills the obligations in favor of the holder is discharged even if the holder is not the rightful owner.

Art. 1508.— The debtor may raise against the holder of the instrument only personal defenses relating to the holder, formal defenses, those based on the literal terms of the instrument, as well as those based on forgery of the signature itself, lack of capacity or authority at the time of issuance, or the absence of the necessary conditions for the exercise of the action. The debtor may raise against the holder of the instrument defenses based on personal relationships with prior holders only if, upon acquiring the instrument, the holder acted intentionally to the detriment of said debtor.

Art. 1509.—A person who has acquired a negotiable instrument in good faith shall not be subject to a claim for recovery.

Art. 1510.—The transfer of a negotiable instrument also includes the accessory rights inherent in it.

Art. 1511.—Instruments representing goods confer upon the holder the right to delivery of the goods specified therein, possession of such goods, and the power to dispose of them by transferring the instrument.

Art. 1512.—Seizure, forfeiture, pledge, or any other restriction on the right mentioned in a negotiable instrument or on the goods represented by it shall have no effect unless it is carried out against the instrument itself.

Art. 1513.—In the case of usufruct of negotiable instruments, the enjoyment of the usufruct extends to prizes and other incidental gains arising from the instrument.

In the case of a pledge of negotiable instruments, the security does not extend to prizes and other incidental gains arising from the instrument.

Art. 1514.—Bearer instruments of credit may be converted by the drawer into registered instruments, at the request and expense of the holder. Unless convertibility has been expressly excluded by the issuer, registered instruments may be converted into bearer instruments, at the request and expense of the holder who proves his or her identity and legal capacity, as provided for in connection with the transfer of registered instruments.

Art. 1515.—Credit instruments issued in series may be consolidated into a single multiple instrument, at the request and expense of the holder. Credit instruments may be divided into instruments of lesser value.

Art. 1516.—The provisions of this chapter shall apply unless otherwise provided by special laws. Nor shall they apply to documents that serve only to identify the holder as entitled to the benefit or to permit the transfer of the right without observing the formalities required for assignment.

SECTION II

BEARER INSTRUMENTS

Art. 1517.— The transfer of a bearer instrument is effected by the delivery of the instrument.

The holder of a bearer instrument is entitled to exercise the right specified therein upon presentation of the instrument.

Art. 1518.— The issuer of a security may not raise against the bona fide bearer of the debt thus issued any defenses other than those relating to the nullity of the creation of the security or its specific content, or those that pertain to the issuer in relation to the bearer.

Art. 1519.— The holder of a damaged security that is no longer suitable for circulation but is nevertheless reliably identifiable may demand an equivalent security from the issuer, returning the original and reimbursing the expenses.

Art. 1520.—Unless otherwise provided by law, bearer instruments that have been lost or stolen may not be invalidated. A person who reports the loss or theft of a bearer instrument to the issuer and provides proof thereof shall be entitled to the performance and its accessories once the statute of limitations for the obligation has expired.

A debtor who fulfills the obligation in favor of the holder of the security before the expiration of said period is discharged from liability unless it is proven that the debtor was aware of the defect in the bearer's possession.

If the lost or replaced securities are bearer shares, the claimant may be authorized by the judge, upon posting a bond if the judge deems it necessary, to exercise the rights inherent in such shares, even before the expiration of the statute of limitations, provided that the securities have not been presented by others.

In any case, the claimant's potential right against the holder of the security remains unaffected.

Art. 1521.— The holder of a bearer security may require the issuer to issue a duplicate or an equivalent security if the holder proves its destruction. The costs shall be borne by the applicant. If destruction is not proven, the provisions of the preceding article shall apply.

SECTION III

ON ORDER INSTRUMENTS

Art. 1522.— The holder of an order instrument is entitled to exercise the right specified therein by means of an endorsement in his or her favor. If there are multiple endorsements, they must be consecutive.

Art. 1523.— The endorsement must be written on the instrument and signed by the endorser. The endorsement is valid even if it does not specify the endorsee.

An endorsement to the bearer is equivalent to a blank endorsement.

Art. 1524.—Any condition attached to the endorsement shall be deemed not to have been written. A partial endorsement is void.

Art. 1525.—Endorsement transfers all rights inherent in the instrument.

If the instrument is blankly endorsed, its holder may fill in his or her own name or that of another person, or may re-endorse it or transfer it to a third party without filling in the endorsement or without issuing a new one.

Art. 1526.—Unless otherwise provided by law or by the instrument, the endorser is not liable for the issuer's failure to perform the promised obligation.

Art. 1527.— If a clause conferring a mandate to collect is added to the endorsement, the endorsee may exercise all rights inherent in the instrument but may not endorse it unless a similar power-of-attorney clause is included.

The issuer may raise against the endorsee by power of attorney only those defenses that the issuer could raise against the endorser. The validity of an endorsement by power of attorney is not affected by the death or subsequent incapacity of the endorser.

Art. 1528.—If a clause inserted in the endorsement states that it constitutes a pledge of the instrument, the endorsee may exercise all rights inherent in the instrument, but any endorsement made by the endorsee shall be valid only as an endorsement by power of attorney.

The issuer may not raise against the endorsee, in connection with the security, any defenses based on the issuer's own personal relationship with the endorser, unless the endorsee, upon receiving the instrument, acted intentionally to the detriment of the issuer.

Art. 1529.—The acquisition of a negotiable instrument by means other than endorsement has the same legal effect as an assignment.

Art. 1530.—In the event of loss, theft, or destruction of the instrument, its holder may report the incident to the debtor and request that the court of the place where the instrument is payable declare it void as against all parties.

The request must specify the essential details of the instrument and, if it is a blank instrument, sufficient information to identify it.

The judge, after completing the proceedings in accordance with the rules governing interlocutory motions, shall invalidate the instrument's enforceability against all parties and authorize its payment thirty days after the date of publication of the judgment in a widely circulated newspaper, provided that no objection has been filed by the holder. If the instrument has not matured by the date of publication, the period for payment shall run from the maturity date.

The judgment must be served on the debtor and published in the same manner at the appellant's expense.

Payment made to the holder, notwithstanding the notice to the debtor, prior to service of the judgment, discharges the debtor.

Art. 1531.—The holder's objection must be filed with the judge presiding over the case within the time limit set by the Code of Civil Procedure if the holder's domicile is known, or within the time limit specified in the public notices issued to summon the holder to court.

The holder's appearance shall be notified to the party to the proceedings and to the debtor under the instrument, following the deposit of the instrument with the Clerk.

If the objection is rejected, the instrument shall be delivered to the party who has obtained a declaration that it is void as against all parties.

Art. 1532.—During the period established by the judge, the appellant may take all actions aimed at preserving their rights, and, if the instrument is past due or payable on demand, may demand payment by way of a bond or request the judicial deposit of the amount.

Art. 1533.—Once the established period has elapsed, the instrument shall be deprived of all legal effect, except for the rights of the holder against the party against whom the judgment was obtained.

The party, upon presenting a certified copy of the judgment, may demand payment. If the instrument is blank or has not yet matured, the party may obtain a duplicate.

Art. 1534.—The provisions of this Section apply to instruments payable to order governed by special laws, unless otherwise provided.

SECTION IV

THE PROMISSORY NOTE TO ORDER

Art. 1535.— A promissory note to order must state:

a) the name of the instrument as stated in the text itself and expressed in the language used in its drafting;

b) a pure and simple promise to pay a specified sum of money;

c) an indication of its maturity date;

d) the designation of the place where payment is to be made;

e) the name of the person to whom, or to the order of whom, payment is to be made;

f) an indication of the date and place where the promissory note is signed; and

g) the signature of the person issuing the instrument.

Art. 1536.—A promissory note that lacks any of the requirements set forth in the preceding article is not valid as a promissory note payable to order, except in the cases specified in the following subsections.

A promissory note in which the payment term has not been specified is considered payable on demand.

In the absence of an express indication, the place of issuance of the instrument is deemed to be the place of payment and, at the same time, the issuer's domicile.

A promissory note that does not specify the place of issuance is deemed to have been signed at the place indicated next to the issuer's name.

Art. 1537.— The provisions relating to bills of exchange apply to promissory notes to order, to the extent that they are not incompatible with the nature of the promissory note.

Art. 1538.— The signatory of a promissory note is bound in the same manner as the acceptor of a bill of exchange.

If the instrument is payable at a fixed term after presentation, it must be presented to the endorser for payment within one year. The period begins on the date of presentation signed by the endorser on the instrument itself.

If the drawer refuses to sign or date this certification, the corresponding protest shall be drawn up, and the period for presentation shall begin to run from the date of the protest.

SECTION V

REGARDING REGISTERED INSTRUMENTS

Art. 1539.— The holder of a registered security is entitled to exercise the right specified therein by virtue of the designation in his or her favor contained in the security or in the issuer's registry.

Art. 1540.—The transfer of a registered security is effected by entering the name of the transferee on the security and in the issuer's registry, if any, or by issuing a new security made out in the name of the holder, with a corresponding entry in the registry.

Any person requesting that the security be issued in favor of another person, or that a new security be issued in that person's name, must prove their own identity and capacity to dispose of the security by means of an authenticated certification. If the issuance or the issuance of a new security is requested by the purchaser, the purchaser must present the security and demonstrate their right thereto by means of an authenticated document.

Entries in the registry and on the title are made by the issuer and under the issuer's responsibility.

An issuer who carries out the transfer by the means indicated in this article is exempt from liability, except in cases of fault.

Art. 1541.—Unless otherwise provided by law, a registered security may be transferred by means of a notarized endorsement.

The endorsement must be dated and signed by the endorser and must identify the endorsee. If the security is not fully paid up, the endorsee's signature is also required.

A transfer by endorsement has no effect against the issuer until it is recorded in the registry. An endorsee who appears as part of a continuous chain of endorsements is entitled to have the transfer recorded in the issuer's registry.

Art. 1542.—No claim on the credit has any effect with respect to the issuer or third parties unless it results from the corresponding entry on the instrument and in the registry, if any.

Art. 1543.—The person holding the usufruct of the claim specified in the registered security has the right to obtain a security separate from that of the owner.

Art. 1544.—A registered security instrument may also be pledged by delivering the instrument, endorsed with the clause “security” or an equivalent clause.

The endorsee for security may not transfer the title to another person except by endorsement by proxy.

Art. 1545.— In the event of loss, theft, or destruction of the certificate, the holder or the endorsee thereof may file a report with the issuer and request that the certificate be rendered ineffective against all parties, as provided for in the provisions governing certificates of order.

In the event of the loss, theft, or destruction of registered shares, the rules governing negotiable instruments shall apply as appropriate. The claimant may exercise the rights inherent in the shares, subject, where applicable, to the posting of a bond.

The revocation of the security’s validity results in the security’s extinction, but does not prejudice the rights of the holder against the person who has obtained the new security.

CHAPTER XXIV

INSURANCE CONTRACTS

SECTION I

GENERAL PROVISIONS

PARAGRAPH I

DEFINITION AND EXECUTION

Art. 1546.—Under an insurance contract, the insurer undertakes, in exchange for a premium, to indemnify the insured for damage caused by an uncertain event, or to provide a benefit upon the occurrence of an event related to human life.

It may cover all types of risks if there is an insurable interest, unless prohibited by law.

Art. 1547.—An insurance contract is void if, at the time of its conclusion, the loss has already occurred or the risk has ceased to exist.

If it has been agreed that the contract covers a period prior to its conclusion, the contract is void only if, at the time of its conclusion, the insurer knew that the loss could not occur, or the policyholder knew that it had already occurred.

Art. 1548.—In an insurance contract, the rights and obligations of the parties take effect upon the conclusion of the agreement, even before the policy is issued.

A proposal for a contract, regardless of its form, is not binding on either the insured or the insurer. The proposal may be subject to prior review of the general terms and conditions.

A proposal to extend the contract is deemed accepted by the insurer if the insurer does not reject it within fifteen days of receipt. This provision does not apply to personal insurance.

PARAGRAPH II

FALSE DECLARATIONS

Art. 1549.—Any false statement, omission, or concealment of circumstances known to the insured that would have prevented the contract from being entered into or would have modified its terms, had the insurer been informed of the true state of the risk, renders the contract voidable. The insurer must contest the contract within three months of becoming aware of the falsehood, omission, or concealment.

Art. 1550.—When non-fraudulent concealment is alleged within the time limit set forth in the preceding article, the insurer may seek the nullity of the contract by refunding the premium received, less expenses, or may readjust the contract—with the insured's consent—to reflect the true state of the risk. In life insurance, the adjustment may be imposed on the insurer when nullification would be detrimental to the insured, provided the contract is adjustable, at the judge's discretion.

If the insurance covers multiple persons or items, the contract remains valid with respect to those persons or items not covered by the inaccurate statement or non-disclosure, provided that the circumstances indicate the insurer would have insured them alone under the same conditions.

Art. 1551.—In life insurance, when the insured acted in good faith and the non-disclosure is alleged within three months after the occurrence of the loss, the benefit due shall be reduced if the contract is adjustable in the opinion of experts and was entered into in accordance with the insurer's commercial practice.

Art. 1552.—If the non-disclosure is willful or in bad faith, the insurer is entitled to the premiums for the periods that have elapsed and for the period during which the insurer invokes the non-disclosure or misrepresentation.

Art. 1553.—In all cases, if the loss occurs during the period for contesting the contract, the insurer owes no benefits whatsoever, except for the applicable cash value in life insurance policies.

Art. 1554.—When the contract is entered into with a representative of the insured, the knowledge and conduct of both the principal and the representative shall be taken into account in assessing the non-disclosure, except when the representative acts in the conclusion of the contract simultaneously on behalf of both the insured and the insurer.

In third-party insurance, the same principles shall apply with respect to the insured third party and the policyholder. It may not be alleged that the contract was entered into without the insured's knowledge if, at the time of its conclusion, the insurer was not informed that the contract was being entered into on behalf of a third party.

SECTION III OF

THE POLICY

Art. 1555.—An insurance contract may be proven only in writing. However, all other forms of evidence shall be admissible if there is prima facie evidence in writing.

The insurer shall provide the policyholder with a duly dated and signed policy, written in clear and easily legible language.

The policy must contain the names and addresses of the parties; the insured interest or person; the risks assumed; the effective date of coverage and the term; the premium or rate; the sum insured; and the general terms and conditions of the contract. Special conditions may be included in the policy. When insurance is purchased simultaneously from multiple insurers, a single policy may be issued.

Art. 1556.—When the text of the policy differs from the content of the proposal, the difference shall be deemed approved by the policyholder if the policyholder does not object within one month of receiving the policy.

Such acceptance is presumed only when the insurer notifies the policyholder of this right through a clause prominently displayed on the front of the policy.

Such a challenge does not affect the validity of the remainder of the contract, without prejudice to the policyholder's right to rescind it.

Art. 1557.—Policies may be in the name of the insured, payable to order, or bearer. In personal insurance, the policy must be in the name of the insured.

The transfer of policies payable to order or to bearer entails the transfer of rights against the insurer; however, the same defenses that could be raised against the insured with respect to the insurance contract may be raised against the holder, except for nonpayment of the premium, if such debt does not arise from the policy.

The insurer is released from liability if it fulfills its obligations in good faith and without fault toward the endorsee or the bearer of the policy.

In the event of theft, loss, or destruction of a policy payable to order or to bearer, its replacement may be agreed upon upon provision of sufficient security.

Art. 1558.—The insured is entitled, upon payment of the applicable fees, to receive a copy of the statements made in connection with the execution of the contract and a non-negotiable copy of the policy.

PARAGRAPH IV

NOTICES AND DECLARATIONS

Art. 1559.—Notices and disclosures required by this Code or by the contract are deemed to have been fulfilled if they are issued within the prescribed time limit. The parties are in default merely by the expiration of the time limit.

The insurer may not invoke the adverse consequences of the omission or delay of a declaration, notice, or notification if, within the period in which it was required to be made, the insurer had, or should have had, knowledge of the circumstances to which they refer.

PARAGRAPH V

JURISDICTION AND DOMICILE

Art. 1560.— The establishment of a special domicile outside the Republic is prohibited. An extension of jurisdiction within the country is permissible. The domicile at which the parties must file the complaints and make the declarations provided for by law or in the contract is the last one declared.

PARAGRAPH VI

ON THE TERM

Art. 1561.— The term of the insurance is presumed to be one year, unless the nature of the risk requires that the premium be calculated for a different period.

Art. 1562.—The insurer's liability begins at 12:00 a.m. on the day coverage commences and ends at 12:00 a.m. on the last day of the established term, unless otherwise agreed.

Notwithstanding the stipulated term, and with the exception of life insurance, it may be agreed that either party shall have the right to terminate the contract without cause. If the insurer exercises this right, it must provide at least fifteen days' notice and refund the pro-rated premium for the unexpired term. If the insured chooses to terminate the contract, the insurer shall be entitled to the premium accrued for the elapsed period, in accordance with short-term rates.

Art. 1563.— The tacit renewal provided for in the contract is effective only for a maximum term of one insurance period, except in the case of floating insurance policies.

When the contract is entered into for an indefinite term, either party may terminate it in accordance with the preceding article.

It is lawful to waive this right of termination for a specified period not exceeding five years. The provisions of this paragraph do not apply to life insurance.

Art. 1564.—The voluntary liquidation of the insurance company and the transfer of its portfolio by the regulatory authority do not authorize the termination of the contract.

PARAGRAPH VII

INSURANCE ON BEHALF OF A THIRD PARTY

Art. 1565.— The contract may be entered into on behalf of a third party, with or without the designation of the insured third party, except as provided for life insurance. In case of doubt, it is presumed to have been entered into on one's own behalf.

When a contract is entered into on behalf of another party, or when it is otherwise unclear whether the insurance is for one's own account or for the account of another, the provisions of the following articles of this paragraph shall apply if it turns out that the interest of another party was insured.

Art. 1566.—Insurance on behalf of another binds the insurer, even if the insured third party invokes the contract after the loss has occurred.

Art. 1567.—When in possession of the policy, the policyholder may exercise the rights arising from the contract in his or her own name. The policyholder may also collect the indemnity, but the insurer has the right to require that the policyholder first provide proof of the insured's consent, unless the policyholder demonstrates that he or she entered into the contract at the insured's direction or by virtue of a legal obligation.

Art. 1568.—The rights arising from the contract belong to the insured if he or she is in possession of the policy. Otherwise, the insured may not exercise those rights or enforce them in court without the policyholder's consent.

Art. 1569.—The policyholder is not obligated to deliver the policy to the insured, nor to the trustee or liquidator in the insured's insolvency or bankruptcy proceedings, until the policyholder has been paid the amount due under the contract. The policyholder may collect, with priority over the insured or the insured's creditors, from the amount due or paid by the insurer.

SECTION VIII: THE

PREMIUM

Art. 1570.— The policyholder is obligated to pay the premium. In third-party insurance, the insurer has the right to demand payment of the premium from the insured if the policyholder has become insolvent.

The insurer has the right to set off its claims against the policyholder arising from the contract against the indemnity due to the insured, unless the insured objects.

Art. 1572.—The premium shall be paid at the insurer's place of business or at the location agreed upon by the parties.

The place of payment shall be deemed to have been changed by a different practice established without default on the part of the policyholder; however, the insurer may rescind such change by notifying the policyholder to make future payments at the agreed-upon location.

Art. 1573.— The premium is due upon the conclusion of the contract but is not enforceable until the policy is delivered, unless a certificate or provisional instrument of coverage has been issued.

In case of doubt, subsequent premiums are due at the beginning of each insurance period.

Delivery of the policy without receipt of the premium gives rise to a presumption that credit has been granted for its payment.

Art. 1574.—If payment of the first premium, or the single premium, is not made in a timely manner, the insurer shall not be liable for any loss occurring prior to such payment.

In the event that the policy is delivered without the premium being collected, in the absence of an agreement between the parties, the insurer may terminate the contract with one month's notice. Termination shall not take effect if the premium was paid before the expiration of the notice period.

The insurer shall not be liable for any loss occurring during the notice period, two days after notification of the intention to terminate.

In all cases where the insured receives compensation for damage or loss, the insured must pay the full premium.

Art. 1575.—When termination occurs due to default in premium payment, the insurer shall be entitled to collect either the single premium or the premium for the current period.

Art. 1576.— In cases of non-disclosure where an adjustment is required under this Code, the difference must be paid within one month of notification to the insured.

Art. 1577.—When the insured has erroneously reported a more serious risk, the insured is entitled to a premium adjustment for the periods prior to the notification of the error, in accordance with the rate applicable at the time the contract was entered into.

When the risk has decreased, the insured is entitled to a premium adjustment for subsequent periods, in accordance with the rate applicable at the time the decrease was reported.

Art. 1578.—When there is an aggravation of the risk and the insurer chooses not to terminate the contract, or termination is not permitted, the premium shall be adjusted in accordance with the new state of the risk as of the date of notification, based on the rate applicable at that time.

PARAGRAPH IX

EXPIRATION

Art. 1579.— Where this Code has not determined the effect of a breach of a condition or obligation imposed on the insured, the forfeiture of the insured's rights may be agreed upon if the breach results from the insured's fault or negligence, in accordance with the following provisions:

a) if the condition or obligation must be fulfilled before the loss occurs, the insurer must assert the forfeiture within one month of becoming aware of the breach. When the loss occurs before the insurer asserts the forfeiture, the benefit shall be payable only if the breach did not influence the occurrence of the loss or the extent of the insurer's obligation; and

b) if the obligation must be fulfilled after the loss, the insurer is released from liability for the breach if the breach influenced the extent of the obligation assumed.

In the event of termination, the insurer is entitled to the premium for the period in effect at the time it became aware of the breach of the obligation or condition.

PARAGRAPH X

AGGRAVATION OF RISK

Art. 1580.— The policyholder is obligated to immediately notify the insurer of any changes that increase the risk.

Art. 1581.—Any increase in risk that, had it existed at the time the contract was entered into, would have prevented the contract from being entered into or would have modified its terms, constitutes grounds for rescission of the contract.

Art. 1582.—When the increase in risk is due to an act of the policyholder, coverage is suspended. The insurer must, within seven days, notify the policyholder of its decision to terminate the contract.

Art. 1583.—When the increase in risk results from an act unrelated to the policyholder, or if the policyholder was compelled to allow or cause it for reasons beyond their control, the insurer must notify the policyholder of its decision to rescind the contract within one month, with seven days' prior notice.

The preceding article shall apply if the risk was not assumed in accordance with the insurer's commercial practices.

If the policyholder fails to report the aggravation, the insurer is not obligated to pay benefits if the loss occurs while the risk remains aggravated, unless:

a) the policyholder commits the omission or delay without fault or negligence; and

b) the insurer knows or ought to know of the increased risk at the time the policyholder was required to report it.

Art. 1584.—Termination of the contract entitles the insurer:

a) if the increase in risk was reported to the insurer in a timely manner, to receive the premium proportional to the time elapsed; and

b) otherwise, to receive the premium for the current insurance period.

Art. 1585.— The right to rescind is extinguished if it is not exercised within the prescribed time limits, or if the aggravation of risk has ceased to exist.

Art. 1586.—The provisions regarding an increase in risk do not apply in cases where such an increase is caused to prevent a loss or mitigate its consequences, or due to a generally accepted duty of humanity.

Art. 1587.—The provisions regarding aggravation of risk also apply to events occurring between the submission and acceptance of the insurance proposal that were not known to the insurer at the time of acceptance.

Art. 1588.—When the contract covers multiple interests or persons, and the aggravation affects only a portion of them, the insurer may rescind the entire contract if it had not entered into the contract under the same conditions with respect to the unaffected interests or persons.

If the insurer exercises its right to rescind the contract with respect to a portion of the interests, the policyholder may rescind the remainder of the contract, with a reduction in the premium payment, in accordance with the provisions of this paragraph.

The same rule applies when the insurer is released from the contract for this reason.

PARAGRAPH XI

NOTIFICATION OF A CLAIM

Art. 1589.— The policyholder, or the beneficiary where applicable, shall notify the insurer of the occurrence of the loss within three days of becoming aware of it. The insurer may not invoke the delay or omission as a defense if it intervenes within the same period in salvage operations or in verifying the loss or damage.

Furthermore, the insured is obligated to provide the insurer, upon request, with the information necessary to verify the loss or the extent of the benefit for which the insurer is liable, and to allow the insurer to conduct the necessary investigations for that purpose.

The insurer may request documentary evidence to the extent that it is reasonable for the insured to provide it. It is not valid to agree to limit the means of proof, nor to make the insurer's payment contingent upon an acknowledgment, settlement, or final and binding judgment, without prejudice to the application of legal provisions regarding preliminary rulings.

The insurer may obtain information regarding administrative or judicial proceedings arising from or related to the investigation of the claim, or may intervene as a party in the criminal case, solely for the purposes of civil liability.

Art. 1590.—The insured loses the right to compensation in the event of failure to comply with the obligation set forth in paragraph I of the preceding article, unless the insured proves unforeseeable circumstances, force majeure, or factual impossibility through no fault or negligence on their part.

The insured also loses this right if he or she maliciously fails to comply with the obligations set forth in paragraph II of the aforementioned article, or fraudulently exaggerates the damages or uses false evidence to prove them.

PARAGRAPH XII

EXPIRATION OF THE INSURER'S OBLIGATION

Art. 1591.—In property damage insurance, the insured's claim shall be paid within fifteen days of the determination of the amount of compensation, or of the acceptance of the compensation offered, once the period established by this Code for the insurer to rule on the insured's claim has expired.

In personal insurance, payment shall be made within fifteen days of notification of the loss, or of the submission of the supplementary information required to file the claim.

Art. 1592.—Any agreement that exempts the insurer from liability for its delay is null and void.

Art. 1593.—When the insurer has assessed the damage and acknowledged the right of the insured or the insured's beneficiary, the insured or beneficiary may claim an interim payment if the procedure to determine the benefit due has not been completed one month after notification of the claim. The interim payment shall not be less than half of the benefit acknowledged or offered by the insurer.

When the delay is due to an omission on the part of the insured, the time limit shall be suspended until the insured fulfills the obligations imposed by law or the contract.

In personal accident insurance, if the payment of an annuity was agreed upon in the event of temporary disability, the insured is entitled to an interim payment after one month has elapsed.

The insurer is in default merely by the expiration of the deadlines.

PARAGRAPH XIII

TERMINATION DUE TO PARTIAL LOSS

Art. 1594.—When the loss causes only partial damage, either party may unilaterally terminate the contract until the time of payment of the indemnity.

If the insurer chooses to terminate the contract, its liability shall cease fifteen days after notifying the insured of its decision, and it shall refund the premium for the unexpired portion of the current period, in proportion to the remaining insured amount.

If the insured chooses to terminate the contract, the insurer shall retain the right to the premium for the current period and shall refund the premium received for future periods.

When the contract has not been terminated, the insurer shall be liable in the future only for the remaining portion of the insured amount, unless otherwise stipulated.

PARAGRAPH XIV

ON THE INVOLVEMENT OF AGENTS IN THE EXECUTION OF THE CONTRACT

Art. 1595.— The insurance broker or agent, regardless of their relationship with the insurer, is authorized, with respect to the transactions in which they are involved, only to:

a) receive proposals for the conclusion and amendment of insurance contracts;

b) deliver the documents issued by the insurer relating to contracts or their extensions; and

c) accept payment of the premium, provided they are in possession of a receipt from the insurer.

Art. 1596.—When the insurer appoints a representative or agent with the authority to act on its behalf, the rules governing agency apply. The authority to enter into insurance contracts also authorizes the representative or agent to agree to amendments or extensions, to receive notices, and to issue notices of termination, unless expressly limited.

If the representative or insurance agent is appointed for a specific district or area, their powers are limited to property located and persons domiciled in that area.

In the cases covered by this article, the representative’s or agent’s knowledge is equivalent to that of the insurer with respect to the insurance policies they are authorized to enter into.

PARAGRAPH XV

DETERMINATION OF COMPENSATION

Art. 1597.— The insurer must rule on the insured's claim within thirty days of receiving the supplementary information required for the claim report. Failure to rule constitutes acceptance. In the event of a denial, the insurer must state all the facts on which the denial is based.

Art. 1598.—Any arbitration clauses included in the policy are null and void.

SECTION II

PROPERTY DAMAGE INSURANCE

PARAGRAPH I

GENERAL PROVISIONS

Art. 1599.—Any risk may be the subject of property damage insurance if there is a lawful economic interest in preventing a loss from occurring.

Art. 1600.—The insurer undertakes to compensate, in accordance with the contract, for the financial loss caused by the loss event, excluding loss of profits, unless expressly agreed otherwise.

The insurer is liable only up to the amount of the insured sum, unless otherwise stipulated.

Art. 1601.—If the sum insured significantly exceeds the current value of the insured interest, the insurer or the policyholder may request its reduction.

The contract is void if it was entered into with the intent to unjustly enrich oneself through the excess insured amount. If, at the time the contract was entered into, the insurer was unaware of that intent, the insurer is entitled to receive the premium for the insurance period during which it lacked such knowledge.

Art. 1602.—The value of the property may be set at a specific amount, which shall be expressly indicated as the appraised value, in insurance policies whose general conditions so permit and in accordance with the nature of the risk. The assessment of the damage or the effects of the indemnity shall be the appraised value of the property.

Art. 1603.—If the contract covers a collection or set of items, it shall include any items subsequently added to that collection or set.

Art. 1604.—If, at the time of the loss, the insured value exceeds the insurable value, the insurer is only obligated to compensate for the loss actually suffered; however, the insurer is entitled to receive the full premium.

If the insured value is less than the insurable value, the insurer shall compensate for the loss only in the proportion resulting from the ratio of the two values, unless otherwise agreed.

However, the parties are free to expressly agree that, regardless of the higher value of the insured property, damages will be compensated up to the full amount of the insured sum.

Art. 1605.—The insurer shall not compensate for damages and losses directly caused by an inherent defect in the property, or by acts of civil or international war, unless otherwise agreed.

If the defect has aggravated the damage, the insurer shall pay compensation excluding the damage caused by the defect, unless otherwise stipulated.

PARAGRAPH II

MULTIPLE INSURANCE POLICIES

Art. 1606.—Any person who insures the same interest and the same risk with more than one insurer shall, within ten business days, notify each of them of the other contracts entered into, specifying the insurer and the insured amount, under penalty of forfeiture, unless otherwise agreed.

In the event of a loss, unless there are special provisions in the contract or between the insurers, each insurer is deemed to contribute proportionally to the amount of its contract, up to the total amount of the compensation due. The settlement of damages shall be made based on the contracts in force at the time of the loss. An insurer that pays a sum greater than the amount proportionally attributable to it has a right of recourse against the insured and the other insurers to recover the corresponding difference.

It may be stipulated that one or more insurers are liable only on a subsidiary basis, or only when the damage exceeds a specified amount.

Art. 1607.—The insured may not claim, in the aggregate, compensation exceeding the amount of the damage suffered. If multiple insurance policies were entered into with the intent of unjust enrichment, the contracts entered into with that intent shall be voidable; without prejudice to the insurers' right to receive the premium accrued during the period in which they were unaware of that intent, if they were unaware of it at the time the contract was entered into.

Art. 1608.— If the insured enters into the contract without knowing of the existence of a prior one, the insured may request the rescission of the most recent contract or the reduction of the insured amount to the amount not covered by the first contract, with a proportional reduction in the premium. The request must be made immediately upon learning of the other insurance policy and before the loss occurs.

If the contracts were entered into simultaneously, the insured may only demand a pro rata reduction of the sums insured.

PARAGRAPH III

CAUSING THE LOSS

Art. 1609.—The insurer is relieved of liability if the policyholder or the beneficiary causes the loss, either intentionally or through gross negligence. Excluded are acts performed to prevent the loss or mitigate its consequences, or acts performed out of a generally accepted duty of humanity.

PARAGRAPH IV

ON SALVAGE AND THE ASSESSMENT OF DAMAGES

Art. 1610.— The insured is obligated to take all necessary measures, to the extent possible, to prevent or minimize the damage, and to follow the insurer's instructions. If there is more than one insurer and their instructions conflict, the insured shall act in accordance with those that seem most reasonable, given the circumstances.

If the insured breaches this obligation willfully or through gross negligence, the insurer is released from its obligation to pay compensation to the extent that the loss would have been less without such breach.

Art. 1611.— The insurer is obligated to reimburse the insured for expenses—provided they are not manifestly unreasonable—incurred in fulfilling the duties set forth in the preceding article, even if such expenses proved unsuccessful or exceeded the sum insured.

In the event of underinsurance, reimbursement shall be made in the proportion specified in this Code.

If the expenses are incurred in accordance with the insurer's instructions, the insurer is always liable for their full payment and must advance the funds if so required.

Art. 1612.— The insured may not abandon the property affected by the loss, unless otherwise stipulated.

Art. 1613.— The insured may be represented in the proceedings to verify the loss and settle the claim; any agreement to the contrary is null and void. The costs shall be borne by the insured.

Art. 1614.— The expenses necessary to verify the loss and settle the compensable damage shall be borne by the insurer, provided they were not caused by inaccurate information provided by the insured. Reimbursement for the compensation of the insured's employees is excluded. It may be agreed that the insured shall pay the expenses for the services of their own expert and contribute to those of a third party.

Art. 1615.—The insured may not, without the insurer's consent, make any changes to the damaged property that would make it more difficult to establish the cause of the damage or the damage itself, unless such changes are made to mitigate the damage or are in the public interest.

Malicious failure to comply with this obligation releases the insurer from liability.

The insurer may invoke this provision only if it proceeds without delay to determine the causes of the loss and to assess the damages.

PARAGRAPH V

SUBROGATION

Art. 1616.— The rights of the insured against a third party arising from the loss are transferred to the insurer up to the amount of the indemnity paid. The insured is liable for any act that prejudices this right of the insurer.

The insurer may not exercise subrogation to the detriment of the insured. Subrogation does not apply to personal insurance.

SECTION VI

ON THE DISAPPEARANCE OF THE INSURED INTEREST OR CHANGE OF POLICYHOLDER

Art. 1617.—If the insured interest does not exist at the time the contracted coverage takes effect, the policyholder is released from the obligation to pay the premium; however, the insurer is entitled to reimbursement of expenses, plus a surcharge not to exceed five percent of the premium.

If the insured interest ceases to exist after the coverage begins, the insurer is entitled to receive the premium, in accordance with the rules established by this Code.

Art. 1618.— A change in the owner of the insured interest must be notified to the insurer, who may terminate the contract within twenty days and with fifteen days' notice, unless otherwise agreed.

The acquirer may terminate the contract within fifteen days without giving any prior notice.

The policyholder owes the premium for the current period as of the date on which he or she notifies the insurer of his or her intention to cancel the policy.

If the insurer chooses to terminate the policy, it shall refund the premium for the current period in proportion to the unexpired term and the full amount corresponding to future periods.

Notice of the change in policyholder provided for in the first paragraph must be given within seven days, unless the policy provides otherwise. Failure to provide such notice releases the insurer from liability if the loss occurs more than fifteen days after the expiration of this period.

Art. 1619.— The preceding article applies to a forced sale, with the time periods calculated from the approval of the auction. It does not apply to inheritance, in which case the heirs and legatees succeed to the contract.

PARAGRAPH VII

ON MORTGAGES AND PLEDGES

Art. 1620.—To exercise the privileges arising from a mortgage or pledge, the creditor shall notify the insurer of the existence of the pledge or mortgage, and the insurer, except in the case of repairs, shall not pay the indemnity without first notifying the creditor so that the creditor may file an objection within seven days.

Once an objection has been filed, and in the absence of an agreement between the parties, the insurer shall deposit the amount due with the court. The judge shall resolve the matter through summary proceedings.

PARAGRAPH VIII

FIRE INSURANCE

Art. 1621.—In the event of a fire, the insurer shall indemnify for damage caused to the property by the direct or indirect action of the fire and by measures taken to extinguish it, including demolition, evacuation, or other similar measures. The indemnity shall also cover insured property that is lost during the fire.

Art. 1622.—Damage caused by explosion or lightning is treated as equivalent to fire damage; however, the insurer is not liable for such damage if the fire or explosion is caused by an earthquake, unless otherwise agreed.

Art. 1623.—The amount of compensation owed by the insurer is determined:

a) for buildings, by their value at the time of the loss, unless reconstruction is agreed upon;

b) for merchandise produced by the insured, based on the cost of manufacture; for other merchandise, based on the purchase price. In both cases, such values may not exceed the selling price at the time of the loss;

c) for animals, by their value at the time of the loss; for raw materials, harvested crops, and other natural products, according to the average prices on the day of the loss; and

d) for household furnishings and goods, other items in regular use, tools, and machinery, at their value at the time of the loss. However, it may be agreed that compensation will be based on their replacement value.

Art. 1624.—When compensation for loss of profits is included in a fire insurance policy, its value may not be agreed upon at the time of contracting. When, with respect to the same property, consequential damage is insured with one insurer and loss of profits—or another special interest exposed to the same risk—is insured with another, the insured must notify them without delay of the various contracts.

Art. 1625.—When the reconstruction or replacement of the damaged property is agreed upon, the insurer has the right to require that the indemnity be actually used for that purpose and to demand sufficient guarantees. Under these conditions, the mortgagee or pledgee may not oppose payment, unless the debtor is in default on the performance of his obligation.

PARAGRAPH IX

AGRICULTURAL INSURANCE

Art. 1626.— In insurance against damage to agricultural operations, the indemnity may be limited to the damage suffered by the insured during a specific stage or time of the operation—such as planting, harvesting, and similar activities—with respect to all or some of the crops, and may cover any risk that could damage them.

Art. 1627.—In hail insurance, the insurer is liable for damage caused exclusively by hail to the insured crops and products, even if it occurs concurrently with other meteorological phenomena.

Art. 1628.—To assess the damage, the value that the fruits and products would have had at the time of harvest had the loss not occurred shall be calculated, as well as their potential use and their value after the damage. The insurer shall pay the difference as compensation.

Notice of the loss must be submitted to the insurer within three days, unless the parties agree on a longer period.

Art. 1629.—Either party may request that the settlement of the claim be postponed until harvest time, unless otherwise agreed.

Art. 1630.—Prior to the determination of the damage and without the insurer's consent, the insured may make only those changes to the affected fruits and products that cannot be postponed, in accordance with the standards of proper management.

Art. 1631.—In the event of the sale of the property on which the damaged fruits and products are located, the insurer may terminate the contract only after the expiration of the current period during which it became aware of the sale.

This provision also applies in cases of lease agreements and legal transactions whereby a third party acquires the right to remove the insured crops and produce.

Art. 1632.—The six preceding articles apply to insurance against damage caused by frost.

PARAGRAPH X

INSURANCE OF ANIMALS

Art. 1633.—Any risk affecting the life or health of any species of animal may be insured.

Art. 1634.—In animal mortality insurance, the insurer shall indemnify the loss caused by the death of the insured animal or animals, or by their total and permanent disability, if so agreed.

Art. 1635.—Unless otherwise agreed, the insurance does not cover losses:

a) arising from epizootic diseases or illnesses for which the insured is entitled to compensation from public funds, even if that right has been forfeited as a result of a violation of animal health regulations;

b) caused by fire, lightning, explosion, flood, or earthquake; and

c) occurring during or in connection with transportation, loading, or unloading.

Art. 1636.— The insurer shall be subrogated to the insured's rights with respect to latent defects for which compensation has been paid.

Art. 1637.— The insurer has the right to inspect and examine the insured animals at any time and at its own expense.

Art. 1638.— The insured shall notify the insurer within twenty-four hours of the animal's death and of any illness or accident it suffers, even if such event is not a covered risk.

Art. 1639.—When the insured animal becomes ill or suffers an accident, the insured shall immediately seek the assistance of a veterinarian, and where none is available, a qualified practitioner.

Art. 1640.—The insured loses the right to compensation if he or she mistreated or seriously neglected the animal, whether intentionally or through gross negligence, especially if, in the event of illness or accident, he or she did not seek

veterinary care, unless their conduct did not contribute to the occurrence of the loss or affect the amount of the insurer's benefit.

Art. 1641.— The insured may not euthanize the animal without the insurer's consent, unless:

a) the action is ordered by the authorities; and

b) the situation is, under the circumstances, so urgent that the insured cannot notify the insurer.

This urgency shall be established by the opinion of a veterinarian or, failing that, of two lay experts. If the insured has not permitted the euthanasia ordered by the insurer, the insured loses the right to compensation for the greater damage caused by such refusal.

Art. 1642.—Compensation is determined by the value of the animal as set forth in the policy.

Art. 1643.—The insurer is liable for the death or disability of the animal occurring up to one month after the termination of the contractual relationship, when such death or disability was caused by a disease or injury that occurred during the term of the insurance. The insured must pay the proportional premium. The insurer has no right to terminate the contract when any of the insured animals has been affected by a covered contagious disease.

PARAGRAPH XI

CIVIL LIABILITY INSURANCE

Art. 1644.—Under a civil liability insurance policy, the insurer undertakes to indemnify the insured when the insured becomes liable to a third party pursuant to the liability provided for in the contract, as a result of an event occurring during the agreed-upon term.

Art. 1645.— The insurer's coverage also includes:

a) the payment of judicial and extrajudicial expenses and costs incurred in contesting the third party's claim. When the insurer deposits the insured sum and the amount of expenses and costs accrued up to that point in lieu of payment, and the insured cedes exclusive control of the case to the insurer, the insurer shall be released from any expenses and costs that accrue thereafter; and

b) payment of defense costs in criminal proceedings when the insurer assumes such defense.

Art. 1646.—The payment of expenses and costs is due to the extent that they are necessary.

If the insured is required to bear a portion of the damages, the insurer shall reimburse the expenses and costs in the same proportion. If they were incurred in a civil action maintained by a manifestly unjustified decision of the insurer, the insurer must pay them in full.

The provisions of the preceding article and of this article apply even if the third party's claim is dismissed.

Art. 1647.— The compensation owed by the insurer does not include penalties imposed by a judicial or administrative authority.

Art. 1648.—Liability insurance for the operation of a business or trade covers the liability of persons in management positions.

Art. 1649.— The insured is not entitled to compensation when the event giving rise to liability is caused by the insured's willful misconduct or gross negligence.

Art. 1650.—The insurer shall comply with the judicial decision to the extent it is its responsibility, within the applicable procedural deadlines.

The insured may not admit liability or enter into a settlement without the insurer's consent. When such acts are carried out with the insurer's involvement, the insurer shall disburse the funds provided for under the contract in a timely manner to ensure the prompt fulfillment of the obligations assumed. The insurer is not released from liability if the insured, in judicial proceedings, admits to facts from which liability arises.

Art. 1651.—The injured party's claim has a lien on the insured amount and its accessories, taking precedence over the insured and any of the insured's creditors, even in the event of bankruptcy or insolvency proceedings.

Art. 1652.—The injured party, in a lawsuit against the insured, may join the insurer as a third-party defendant until the case is ready for trial. In such a case, the complaint must be filed with the court of the place where the incident occurred or of the insurer's domicile.

The judgment rendered shall be res judicata with respect to the insurer and shall be enforceable against the insurer to the extent of the insurance coverage. In this action, or in the enforcement of the judgment, the insurer may not raise defenses arising after the occurrence of the loss.

Likewise, if the insured is sued by the injured party, the insured may join the insurer as a third-party defendant within the same time limit and with the same legal effects.

Art. 1653.—If there are multiple injured parties, the compensation owed by the insurer shall be distributed on a pro rata basis. When two or more actions are filed, the various proceedings shall be consolidated and resolved by the judge who heard the first case.

Art. 1654.—In the case of group insurance for individuals, where the policyholder assumes sole responsibility for paying the premium, it may be agreed that the insurance shall first cover the policyholder's civil liability with respect to the members of the group, and that the remaining amount shall be paid to the designated beneficiary.

PARAGRAPH XII

TRANSPORTATION INSURANCE

Art. 1655.—Insurance against risks of land transportation shall be governed by the provisions of this Code and by special laws, and, subsidiarily, by those relating to marine insurance.

Insurance against risks of transportation by rivers and inland waters shall be governed by the provisions relating to marine insurance, subject to the modifications set forth in the following articles.

The insurer may assume any risk to which transport vehicles, goods, or the carrier's liability are exposed.

Art. 1656.— The insurer is not liable for damages if the journey was undertaken, without necessity, via routes or roads not ordinarily used, or in a manner that is not customary.

Art. 1657.—Insurance may be arranged on a time basis or on a per-trip basis. In both cases, the insurer shall indemnify for damage occurring after the term of coverage has expired if the extension of the trip or transport is due to an insured loss.

Art. 1658.—In the case of land transport vehicles, abandonment shall be permitted only if there is an actual total loss. Abandonment must take place within thirty days of the occurrence of the loss.

Art. 1659.—To the extent that it is specific, air transport insurance shall be governed by the rules of air transport.

Art. 1660.—When the insurance pertains to the carrier's liability toward the passenger, shipper, consignee, or third party, such liability is deemed to include liability for the acts of its employees or other persons for whom it is responsible.

Art. 1661.—In the case of goods, unless otherwise agreed, compensation shall be calculated based on their price at the place of destination at the time they should have arrived. Expected profit shall be included only if expressly agreed upon.

In the case of land transport vehicles, compensation shall be calculated based on their value at the time of the accident. This rule does not apply to means of transport by river or inland waterways.

Art. 1662.— The insurer is not liable for damage resulting from the intrinsic nature of the goods, inherent defects, improper conditioning, loss, spillage, or defective packaging.

However, the insurer is liable to the extent that the deterioration of the goods results from delay or other direct consequences of a covered loss.

The parties may agree that the insurer shall not be liable for damage caused by mere fault or negligence on the part of the shipper or consignee.

SECTION III

PERSONAL INSURANCE

PARAGRAPH I

LIFE INSURANCE

Art. 1663.—Insurance may be taken out on the life of the policyholder or a third party.

Minors over the age of eighteen have the capacity to take out insurance on their own lives only if they designate as beneficiaries their descendants, ascendants, spouse, or dependent siblings.

If the policy covers death, the written consent of the third party is required, or that of the person legally responsible for the third party if the third party is incapacitated. Insurance covering the death of persons under legal disability or minors under the age of fourteen is prohibited.

Art. 1664.—In life insurance on a third party, the knowledge and conduct of the policyholder and the third party shall be taken into account.

Art. 1665.—Three years after the contract is entered into, the insurer may not invoke non-disclosure, except when it is willful.

Art. 1666.—An inaccurate statement of age entitles the insurer to rescind the contract only if the actual age exceeds the limits established in its standard business practice for assuming the risk.

If the actual age is higher, the sum insured shall be reduced accordingly, and the premium paid shall be adjusted.

If the actual age is greater than the age declared, the insurer shall refund the mathematical reserve established with the excess premium paid and shall readjust future premiums.

Art. 1667.—An increase in risk must be disclosed only when it arises from reasons specifically provided for in the contract.

Art. 1668.—Changes in the insured's profession or occupation authorize termination when they increase the risk to such an extent that, had this increased risk existed at the time of execution, the insurer would not have entered into the contract.

If, had such a change existed at the time the contract was entered into, the insurer would have entered into the contract for a higher premium, the sum insured shall be reduced in proportion to the premium paid.

Art. 1669.—The insured may terminate the contract without any limitation after the first insurance period. The contract shall be deemed terminated if the premium is not paid in accordance with the agreed terms.

A third-party beneficiary under a contract for valuable consideration is authorized to pay the premium.

Art. 1670.—The insurer is released from the obligation to pay the insured amount when the insured has voluntarily taken his or her own life, unless the contract has been in force without interruption for three years. If the suicide occurred under circumstances that preclude free will, the insurer is not released from this obligation.

The burden of proof regarding the insured's suicide rests with the insurer. The burden of proof regarding the insured's mental state rests with the beneficiary.

Art. 1671.—In life insurance on a third party, the insurer is released from liability if the death was deliberately caused by an unlawful act of the policyholder.

A beneficiary who deliberately causes the death of the insured through an unlawful act forfeits all rights.

Art. 1672.—The insurer is released from liability if the person whose life is insured dies in the course of a criminal enterprise or as a result of the judicial imposition of the death penalty.

Art. 1673.—Three years after the contract is entered into, and provided the insured is current on premium payments, the insured may at any time demand, in accordance with the technical plans approved by the regulatory authority and included in the policy:

a) the conversion of the insurance into another policy with a reduced sum insured or a shorter term; and

b) termination upon payment of a specified amount.

Art. 1674.—In the case described in the preceding article, if the insured ceases to pay premiums without indicating a choice among the options set forth within one month of being notified by the insurer, the contract shall automatically be converted into a policy with a reduced sum insured.

Art. 1675.—When the insurer is released from liability for any reason after three years have elapsed, it shall owe no benefits whatsoever, except for the surrender value.

Art. 1676.—When the insured is current in premium payments, he or she is entitled to a loan, the amount of which shall be specified in the policy, after three years have elapsed from the date the contract was entered into. It shall be calculated based on the reserve corresponding to the contract, in accordance with the insurer's technical plans, as approved by the regulatory authority.

It may be agreed that the loan will be automatically applied toward the payment of premiums not paid on time.

Art. 1677.—Notwithstanding the reduction provided for in the preceding articles, the insured may, at any time, restore the contract to its original terms by paying the premiums corresponding to the period during which the reduction was in effect, together with interest at the rate approved by the regulatory authority, in accordance with the technical nature of the plan and under the conditions determined by the authority.

PARAGRAPH II

LIFE INSURANCE FOR THE BENEFIT OF THIRD PARTIES

Art. 1678.—It may be agreed that the death benefit or annuity payable upon death shall be paid to a surviving third party, who is either identified or identifiable at the time of the event.

The third party acquires an independent right at the time the event occurs. When the designation is made for valuable consideration, an earlier time may be specified.

Except in cases where the designation is made for valuable consideration, the contracting party may freely revoke it even if it was made in the contract.

Art. 1679.— The insured's statutory heirs are entitled to set-off or reduction in the amount of the premiums paid.

Art. 1680.—If several persons are designated without specifying their shares, the benefit is deemed to be divided equally among them. When children are designated, this includes those conceived and those surviving at the time the insured event occurs.

When heirs are designated, this refers to those who, by law, succeed the insured in the absence of a will; if there is a will, the heirs named therein shall be deemed designated. If no share is specified, the benefit shall be distributed in accordance with the statutory shares of inheritance.

If the insured person does not designate a beneficiary, or if for any reason the designation becomes invalid or is voided, it is understood that the insured person designated the heirs.

Art. 1681.— The designation of a beneficiary shall be made in writing without any specific formalities, even if the policy specifies or requires a special form.

It is valid even if notified to the insurer after the insured event occurs.

Art. 1682.—The insured's bankruptcy or insolvency does not affect the insurance contract. Creditors may only assert their claims against the surrender value exercised by the insolvent party or against the capital that the insured would receive if the insured event occurred.

Art. 1683.—The provisions of this section apply to insurance contracts covering death, survival, mixed coverage, or other types related to human life, to the extent that they are compatible by their nature.

PARAGRAPH III

PERSONAL ACCIDENT INSURANCE

Art. 1684.—In personal accident insurance, the provisions relating to life insurance apply, as appropriate.

Art. 1685.—The insured must, to the extent possible, prevent or mitigate the consequences of the loss and follow the insurer's instructions in this regard, provided they are reasonable.

Art. 1686.—The insurer is relieved of liability if the insured or the beneficiary causes the accident intentionally or through gross negligence, or if the accident occurs in the course of a criminal act.

PARAGRAPH IV

GROUP INSURANCE

Art. 1687.—In the case of group life insurance or personal accident insurance taken out exclusively in the interest of the group members, such members or their beneficiaries have an independent right against the insurer as soon as the insured event occurs.

Art. 1688.—The contract shall set forth the conditions for admission to the insured group, which shall take effect upon fulfillment of such conditions.

If a prior medical examination is required, admission is contingent upon fulfillment of this requirement. The insurer shall conduct this examination within fifteen days of receiving the relevant notice.

Art. 1689.—Those who cease to belong to the insured group are excluded from the insurance as of that moment, unless otherwise agreed.

Art. 1690.— The policyholder of a group insurance policy may be a beneficiary thereof if he or she is a member of the group and in respect of accidents he or she personally suffers.

The policyholder may also be a beneficiary when they have a lawful economic interest in the life or health of the group members, to the extent of the specific loss.

PARAGRAPH V

FINAL PROVISIONS

Art. 1691.— The provisions of this chapter apply to marine and aviation insurance, to the extent that they are not contrary to the nature of such insurance and subject to the provisions of special laws.

Art. 1692.—The rules governing insurance may only be set aside or modified by agreement of the parties in cases where this Code expressly authorizes such action.

CHAPTER XXV

ON REINSURANCE

Art. 1693.— The insurer may in turn insure the risks it has assumed, but remains the sole party liable to the policyholder. Reinsurance contracts shall be governed, as applicable, by the provisions relating to insurance and by those of this Chapter.

Art. 1694.— The insured has no cause of action against the insurer. In the event of the insurer’s voluntary or compulsory liquidation, all insureds shall enjoy a special lien on the credit balance shown in the insurer’s account with the reinsurer.

Art. 1695.—In the event of voluntary or compulsory liquidation of the insurer or the reinsurer, any reciprocal debts and claims arising from the reinsurance contracts shall be set off as a matter of law.

The set-off shall be effected by taking into account, for the calculation of the credit or debit, the date of termination of the insurance and reinsurance, the obligation to refund the premium in proportion to the unexpired portion of the term, and the obligation to return the security deposit held by the insurer.

SECTION I

ON THE ISSUANCE AND FORM OF CHECKS

Art. 1696.— A check must contain:

a) the serial number printed on the checkbook and on the check, and the account number;

b) the date and place of issuance;

c) a simple and unconditional order to pay a specified sum of money;

d) the name of the bank on which the check is drawn;

e) the indication of the place of payment; and

f) the drawer's signature.

Banks shall print sequentially numbered checks on which the aforementioned information can be easily filled in in a uniform manner, both on the check itself and on its stub, and shall deliver them, against receipt, to their customers authorized to issue them.

Art. 1697.—A check that lacks any of the requirements set forth in the preceding article shall not be valid as a bank check, except in the cases provided for in the following paragraphs:

In the absence of a specific indication, the place listed next to the drawee's name is considered the place of payment. If several places are listed next to the drawee's name, the bank check is payable at the place designated first.

In the absence of these or other indications, the bank check is payable at the place where it was issued, and if there is no branch of the drawee at that location, at the place where the drawee has its principal place of business.

A check that does not indicate the place of issuance is deemed to have been drawn at the place indicated next to the drawer's name.

Art. 1698.— A check is drawn on a bank. However, a check issued or payable outside the territory of the Republic is valid as a check, even if drawn on a person other than a bank. A check may not be issued if the drawer does not have funds available on deposit with the drawee, over which the drawer has the right to dispose by check, in accordance with an express or implied agreement.

The instrument is valid as a check even if this requirement has not been met.

Art. 1699.— A check cannot be subject to acceptance. Any acceptance entered on the check is deemed not to have been written.

Certification, confirmation, endorsement, or any other equivalent notation written on the instrument and signed by the drawee serves only to attest to the existence of the funds and to prevent their withdrawal by the drawer before the expiration of the presentation period.

Art. 1700.—A check may be payable:

a) to a specific person, with the clause "to order," or

b) to a specific person, with the clause "not to order" or an equivalent clause; and

c) to the bearer.

A check made out to a specific person, bearing the clause “or to the bearer” or an equivalent clause, is deemed a bearer check.

A check that does not identify the payee is deemed a bearer check.

Art. 1701.— A check may be drawn to the order of the drawer himself or on behalf of a third party.

Art. 1702.—Any promise to pay interest included on the check is deemed to be in writing.

Art. 1703.— A check may be payable at the domicile of a third party, whether in the locality where the drawee has its domicile or in another locality, even if the third party is not a bank.

Art. 1704.—A check may be payable at the domicile of a third party, whether in the locality where the drawee is domiciled or in another locality, even if the third party is not a bank.

A check on which the amount is written more than once, whether in words or in figures, is valid only for the lesser amount in the event of a discrepancy.

Art. 1705.—If a check contains signatures of persons incapable of entering into obligations by check, forged or fictitious signatures, or signatures that, for any other reason, cannot bind the person who signed the check or the person in whose name it was signed, the obligations of the other signatories remain valid, even if the check is invalid as such.

Art. 1706.— Every signature must include the first and last name, or the business name, of the person who is bound by the check.

A signature in which the given name is abbreviated or indicated only by its initial is valid.

Art. 1707.— An emancipated minor authorized by a judge does not assume any obligation unless the judicial authorization to issue checks from a checking account has been certified by a notarized document presented to the drawee.

Art. 1708.—Any person who signs a check on behalf of another but without that person’s power of attorney to bind them is personally liable under the check and, if it has been paid, shall have the same rights as the person whose authority they invoked. The same provision applies to a representative who has exceeded the scope of their authority.

Art. 1709.—The authority to bind oneself in the name and on behalf of another also includes the authority to issue and endorse checks, if the principal is a merchant, unless the power of attorney provides otherwise.

Art. 1710.— The drawer of the check is liable for payment. Any clause by which the drawer exempts himself from such liability shall be deemed null and void.

SECTION II

TRANSFER

Art. 1711.— A check payable to a specific person, whether or not bearing the clause “to order,” is transferable by endorsement.

A check payable to a specific person with the clause “not to order” or an equivalent clause is not transferable except in the manner and with the effects of an ordinary assignment.

An endorsement may also be made to the order of the drawer or any other obligor. These persons may re-endorse the check.

Art. 1712.— The endorsement must be pure and simple. Any condition to which it is subject shall be deemed not to have been written.

A partial endorsement is void. An endorsement to the bearer is equivalent to a blank endorsement.

An endorsement to the drawee is valid only as a receipt, except in cases where the drawee has multiple branches and the endorsement has been made in favor of a branch other than the one on which the check was drawn.

Art. 1713.— The endorsement must be written on the back of the check or on a sheet attached to it and signed by the endorser.

The endorsement need not name the payee or may consist simply of the endorser’s signature.

Art. 1714.—The endorsement transfers all rights inherent in the check. If the endorsement is in blank, the bearer may:

a) fill in the blank, either with his or her own name or that of another person;

b) endorse the check in blank again, or to another person; and

c) transfer the check to another person without filling in the blank or endorsing it.

Art. 1715.—Unless otherwise stipulated, the endorser is liable for payment. The endorser may prohibit further endorsement. In this case, the endorser is not liable for payment to those persons in whose favor the check has been subsequently endorsed.

Art. 1716.— The holder of a check is deemed its legitimate bearer if he or she establishes title through an unbroken chain of endorsements, even if they are in blank. Crossed-out endorsements are considered, for these purposes, as if they had never been written.

When a blank endorsement is followed by another endorsement, the endorser of the latter is deemed to have acquired the check by blank endorsement.

Art. 1717.— The endorsement of a check to bearer makes the endorser liable under the terms of the provisions governing the right of recourse; however, it does not convert the instrument into a check to order.

Art. 1718.—If a person has in any way been dispossessed of a check payable to order, the payee who establishes his or her right is not obligated to surrender it unless he or she acquired it in bad faith or, in acquiring it, committed gross negligence.

Art. 1719.—Persons sued under the check may not raise against the bearer defenses based on their personal relationships with the drawer or with prior bearers, unless they acquired the check fraudulently to the detriment of the debtor.

Art. 1720.—If the endorsement of a check includes the clause “for collection,” “by collection,” “by power of attorney,” or any other clause implying a simple mandate, the bearer may exercise all rights inherent in the check but may endorse it only by way of power of attorney.

In this case, the obligors may raise against the bearer only those defenses that are enforceable against the endorser.

The mandate contained in an endorsement by power of attorney is not extinguished by the death of the principal or by the principal’s subsequent incapacity.

Art. 1721.—An endorsement made after a protest, or an equivalent verification, or after the expiration of the period for presenting the check, has only the effects of an ordinary assignment.

Unless otherwise agreed, an undated endorsement is presumed to have been made prior to protest, or an equivalent verification, or before the expiration of the period specified in the preceding paragraph.

SECTION III

GUARANTEE

Art. 1722.— Full or partial payment of a check may be guaranteed by means of a guarantee.

Art. 1723.— The guarantee is provided on the check or on an extension slip. It is expressed with the words “by guarantee” or any other equivalent phrase and is signed by the guarantor.

The endorsement is deemed to have been given by the endorser’s signature alone on the front of the check, provided that the signature is not that of the drawer. The endorser must specify on whose behalf he or she is acting. In the absence of such a specification, it is understood that the endorser is acting on behalf of the drawer.

Art. 1724.— The endorser is liable in the same manner as the person for whom the endorsement was given. The endorser’s liability remains valid even if the secured obligation is void for any reason other than a defect in form.

A guarantor who pays the check acquires the rights inherent in the check against the payee and against those who are obligated to the payee by virtue of the check.

SECTION IV

PRESENTATION AND PAYMENT

Art. 1725.—A check is payable on demand. Any provision to the contrary is deemed to be in writing.

Art. 1726.— A check must be presented for payment within thirty days of its issuance.

Art. 1727.— If a check payable in the Republic is drawn from a place governed by a calendar other than the Gregorian calendar, the date of issuance shall be replaced by the corresponding date in the Gregorian calendar.

Art. 1728.— The presentation of a check by a bank to a clearinghouse is equivalent to its presentation for payment.

Art. 1729.— In the event of the loss or theft of a check, the holder shall notify the bank in writing not to pay it, and the bank must refuse to pay it provided that the notice was received before the check was presented.

Banks shall also refuse to pay a check when the drawer and the payee have notified the bank in the same manner not to make payment and the notice has been received before the check is presented.

If the bank has paid the check before receiving the notice, it shall be released from liability.

Art. 1730.— The death of the drawer and the drawer's incapacity arising after the issuance of the check do not affect the validity of the check.

Art. 1731.— The bank may retain in its possession the checks it has paid, which shall constitute sufficient proof of payment.

The bearer may reject a partial payment; however, if the available funds are less than the amount of the check, the bearer may demand payment up to the amount of the available funds. In this case, the bank shall return the check to the bearer, noting on the check the amount paid. In all cases, the bank may not require the bearer to sign a receipt.

When a check is rejected due to insufficient funds or another irregularity, the bank shall note this on the back of the check.

In cases of partial payment, the bearer may file a protest for the unpaid balance.

Art. 1732.— A person who pays a check without objection is presumed to be validly discharged.

The drawee who pays a negotiable check is obligated to verify the authenticity of the check, the drawer's signature, and that of the last endorser.

Art. 1733.—Banks shall not pay checks if they appear to be forged, altered, scratched, interlined, or erased in any of their essential statements.

Art. 1734.—A bank that pays a forged check shall bear the consequences:

a) if the drawer's signature or that of the last endorser is visibly forged;

b) if the check contains alterations to any of its essential details; and

c) if the check does not correspond to the checkbook issued to the drawer.

Art. 1735.— The drawer is liable for damages:

a) if the forgery of his signature is not visibly apparent and the check corresponds to his own checkbook; and

b) if the check has been signed by an employee or an authorized person.

SECTION V

CROSSED CHECKS; CHECKS TO BE CREDITED; "NON-TRANSFERABLE"

CHECKS; AND TRAVELER'S CHECKS

Art. 1736.— The drawer or bearer of a check may cross it in accordance with the provisions of the following article.

Crossing is done by drawing two parallel lines on the front of the check. The crossing may be general or special.

It is general if there is no indication between the lines, or only the word "banker" or an equivalent term; and it is special if the name of a specific banker is written between the two lines.

A general cross may be converted into a special cross, but a special cross may not be converted into a general cross.

Any attempt to cross out or scratch out the cross or the name of the bank is deemed null and void.

Art. 1737.— A check with a general cross may not be paid by the drawee except to a bank or to a customer of the drawee.

A check with a special cross may only be paid by the drawee to the designated banker, or, if the designated banker is the drawee, to one of the drawee's customers. However, the designated banker may use another banker to collect payment.

A bank may acquire a crossed check only from one of its own customers or from another bank.

A check bearing multiple special crossings may not be paid by the drawee, unless there are two crossings, one of which is for collection through a clearinghouse.

Art. 1738.— The drawer or bearer of a check may prohibit its payment in cash by writing across the front of the check the words “to be credited” or another equivalent expression.

In this case, the check may not be settled by the drawee but only through an accounting entry that shall be deemed equivalent to payment.

Any attempt to cross out or scratch out the words “to be credited” shall be deemed null and void.

Art. 1739.—In the cases covered by the two preceding articles, the drawee or the bank that fails to comply with the established rules shall be liable for damages up to the amount of the check.

Art. 1740.— A check bearing the clause “not transferable” may be paid only to the payee or, at the payee’s request, credited to the payee’s checking account. The payee may endorse the check only to a bank for collection, and that bank may not endorse it further. Endorsements made in violation of this prohibition are deemed null and void. Any attempt to cross out or scratch out the clause is deemed null and void.

Anyone who pays a non-transferable check to a person other than the payee or the banker to whom it was endorsed for collection has no right to recover the amount paid.

The “non-transferable” clause must also be included by the bank at the customer’s request.

Such a clause may be inserted by an endorser with the same effect.

Art. 1741.— The drawer of a check may make payment contingent upon the presence, at the time of presentation, of a double signature conforming to that of the payee.

SECTION VI

ON THE RECOURSE ACTION FOR NON-PAYMENT UPON PROTEST

Art. 1742.— The bearer may bring a recourse action against the endorsers, the drawer, and other obligors if the check, presented in a timely manner, is not paid, provided that the refusal of payment is established:

a) by protest;

b) by a statement from the drawee, written on the check and indicating the place and date of presentation, or

c) upon a statement from a clearinghouse certifying that the check has not been paid despite having been submitted in a timely manner.

The bearer retains his rights against the drawer even if the check was not presented in a timely manner, or if no protest or equivalent verification was made. If, after the presentation period has expired, the funds are unavailable due to the drawee’s fault, the bearer shall lose his rights in whole or in part, limited to the amount that is unavailable.

Art. 1743.— The protest or equivalent verification must be made before the expiration of the presentation period. If the presentation occurs on the last day of the period, the protest or equivalent verification may be made on the first following business day.

Art. 1744.— The bearer must notify the endorser and the drawer of the nonpayment within four business days following the date of the protest or equivalent declaration, and if the check contains the “return without charges” clause, on the same day of presentation.

Each endorser must, within two business days following the day on which the notice was received, inform the preceding endorser of its receipt and indicate the names and addresses of those who issued the previous notices, and so on, going back to the drawer. The time limits indicated run from the receipt of the preceding notice.

If, in accordance with the preceding paragraph, the notice is given to a signatory of the check, a similar notice must be given within the same period to the endorser’s guarantor.

If an endorser has not provided an address, or has provided one that is illegible, it shall suffice for the notice to have been given to the preceding endorser.

The party obligated to give notice may do so in any manner, including by simply returning the check, and must prove that notice was given within the established time limit. This time limit is deemed to have been met if, within the specified period, a letter containing the notice was sent by certified mail.

A person who fails to give notice within the aforementioned time limit does not lose the right of recourse; however, that person is liable for negligence if it has caused damage, provided that the amount of compensation may not exceed the value of the check.

Art. 1745.— The drawer, the endorser, or a guarantor may, by means of the clause “return without charges,” “without protest,” or another equivalent clause, written and signed on the instrument, exempt the bearer from the obligation to protest or make an equivalent declaration in order to exercise the right of recourse.

This clause does not exempt the bearer from presenting the check within the prescribed time limits or from giving notice. The burden of proof regarding non-compliance with the time limit rests with the party raising the defense against the bearer.

If the clause was written by the drawer, it is effective against all signatories; if it was written by an endorser or a guarantor, it is effective only against them.

If the clause was written by the drawer and the bearer formalizes the protest or equivalent verification, the costs are borne by the bearer. If it was written by an endorser or a guarantor, the costs of the protest or equivalent verification—if such acts were formalized—are recoverable from all signatories.

Art. 1746.—All persons liable under a check are jointly and severally liable to the bearer.

The bearer has the right to bring an action against all signatories, individually or jointly, and is not required to observe the order in which they became liable. The same right applies to any signatory who has paid the check.

An action brought against one of the signatories does not preclude bringing an action against the others, even if they signed after the one against whom the action was first brought.

Art. 1747.— The bearer may claim from the party against whom he or she brings a recourse action:

a) the amount of the unpaid check;

b) interest at the statutory rate as of the date of presentation; and

c) the costs of protest, or equivalent verification, of the notices given, and any other costs incurred.

Art. 1748.—The person who has paid the check may recover from its guarantors:

a) the full amount paid;

b) interest thereon from the date of payment, calculated at the statutory rate;

c) the expenses incurred.

Art. 1749.— The obligor against whom the recourse action is brought may demand, in exchange for payment, the delivery of the check with the protest or equivalent verification, and the return statement with the receipt.

Any endorser who has paid the check may cancel his or her own endorsement and those of subsequent endorsers.

Art. 1750.—When the presentation of the check, the formalization of the protest, or the obtaining of the equivalent proof within the prescribed time limits has been prevented by force majeure, those time limits are extended.

The bearer is obligated to give notice of such circumstances to his endorsers without delay and to note them in a dated and signed written statement on the check or its extension; as for the others, the provisions regarding notices of nonpayment shall apply.

Once the force majeure has ceased, the bearer must present the check for payment without delay and, if necessary, file a protest or obtain equivalent proof. If the force majeure persists for more than thirty days, counted from the date the bearer gave notice of it to the preceding endorser—even if such notice was given before the expiration of the presentation period—the right of recourse may be exercised without the need to file a protest or obtain equivalent proof.

Purely personal circumstances of the bearer or of the person entrusted by the bearer to present the check, to file a protest, or to obtain equivalent proof shall not be considered acts constituting force majeure.

Art. 1751.—Among several obligors who have assumed an equal position on the check, no bill of exchange action may be brought, and their relationship is governed by the rules regarding joint and several liability.

Art. 1752.—A duly protested check is enforceable for the principal amount and its incidental charges.

Art. 1753.—If an action arises from the legal relationship that gave rise to the issuance or transfer of the check, such action subsists notwithstanding the issuance or transfer of the instrument, unless it is proven that novation occurred. The holder may not exercise the underlying claim unless he offers the check for return to the debtor and deposits it with the competent court, provided that he has complied with the necessary formalities to preserve for said debtor any claims for restitution to which he may be entitled.

Art. 1754.—If the bearer has lost the action under the check against all the obligors and does not have a causal action against them, the bearer may bring an action against the drawer who has not made provision or who, in any way, has unjustly enriched himself to the bearer's detriment.

The bearer may also bring the same action, under the same conditions, against the endorsers.

Art. 1755.—The protest must be formalized by a notarial deed at the place of payment and against the drawee or the third party designated for payment, even if they are not present at their domicile. If the drawee cannot be found, the protest may be formalized before the municipal authority of the place of payment.

The incapacity of the drawee or the third party designated for payment does not exempt the obligation to file the protest against them, unless the drawee has gone bankrupt, in which case the judgment declaring bankruptcy shall suffice to authorize the recourse action.

If the drawee or the third party has died, the protest shall likewise be filed in their name, in accordance with the preceding rules.

Art. 1756.— The protest record must contain:

a) the date;

b) the name of the claimant;

c) the place where the protest is made and a statement of the inquiries made;

d) a verbatim transcription of the check and the endorsements;

e) the purpose of the demand, the name of the person against whom the demand is made, the responses received, or the reasons why no response was received; and the signature of that person or their refusal to sign the record; and

f) the signature of the notary public, or that of the justice of the peace, if applicable, the signatures of any other authorized persons, and the signatures of the witnesses to the proceeding, if required.

The creditor may file a protest in a single proceeding for multiple checks that the same person is obligated to pay at the same location.

SECTION VII

DUPLICATES

Art. 1757.—With the exception of bearer checks, any check issued in the Republic and payable abroad may be issued in several identical copies, each of which must be numbered within the text of the respective copy. In the absence of such numbering, they shall be considered as separate checks.

Art. 1758.— Payment of one of the copies discharges the obligation, even if it has not been stated that such payment nullifies the effects of the other copies.

An endorser who has transferred the duplicates to different persons, as well as subsequent endorsers, is liable for all duplicates bearing their signature that have not been returned

TITLE III

ON EVICTION AND REDHIBITION

CHAPTER I

ON EVICTION

SECTION I

EVICTION IN GENERAL

Art. 1759.—Eviction shall occur when a person who acquired property for valuable consideration or divided it with another, whether by virtue of a judicial decision or for an unknown cause prior to or concurrent with the transfer or division, is wholly or partially deprived of the acquired right.

Both the person who transferred or divided the property and the predecessors in title to the property shall be liable.

If the judgment is an arbitral award, it shall take effect only if the transferor had signed the arbitration agreement.

Art. 1760.—The liability referred to in the preceding article shall apply in cases of total or partial impairment of rights regarding ownership, usufruct, or possession. It shall also apply when the acquirer is subject to hidden encumbrances, the existence of which was not disclosed by the transferor and of which the acquirer was unaware. Compensation shall be awarded, in the absence of a judgment declaring eviction, when the purchaser has subsequently obtained the right through a different title.

Art. 1761.—If the right that gave rise to the eviction originated prior to the transfer of the property but was acquired subsequently, the person who transferred or divided the property shall not be liable when the right has been consolidated due to the negligence of the aggrieved party.

The courts shall, however, determine, after assessing the circumstances, whether or not liability should be enforced.

Art. 1762.—The warranty against eviction shall apply whether the eviction occurred against the possessor of the property or with respect to a third-party purchaser. The third-party purchaser may exercise, in his or her own name, the rights conferred by the eviction against the first transferor, even if he or she cannot do so against the party who originally transferred the property.

Art. 1763.—Liability for eviction shall apply even if it is not expressly agreed upon in the deeds of transfer or partition; however, the parties may expand, restrict, or eliminate such liability.

Any agreement that exempts the transferor from liability for bad faith is void. The exclusion or waiver of any liability does not exempt the transferor from liability for eviction. The aggrieved party shall be entitled to recover the purchase price, but not damages.

Art. 1764.— The transferor shall not be liable for eviction:

a) when the transferor has expressly excluded such liability;

b) provided that the transfer is at the purchaser's risk;

c) when the purchaser has expressly waived the warranty; and

d) if, knowing or having a duty to know at the time of the transaction the risk of eviction, the purchaser has consented to the exclusion of the warranty.

Art. 1765.—Notwithstanding any waiver of liability, the transferor shall remain liable for any liability arising from his own act, whether prior or subsequent.

Art. 1766.—When the transferor has disclosed the existence of a mortgage on the real property, the purchaser shall be responsible for paying the amount of the mortgage, even if the warranty against eviction is established. The transferor shall be liable for this sum only if there is an express agreement to that effect. Art. 1767.—If, at the time of the transfer of the property, the purchaser was aware of the risk of eviction, the purchaser shall not be entitled to compensation, nor may the purchaser require the transferor to defend the purchaser in court, unless expressly agreed otherwise.

Art. 1768.— Apparent encumbrances and those that encumber property by operation of law alone do not give rise to a warranty.

Art. 1769.—Whenever a third party asserts a right capable of giving rise to eviction, or the purchaser is disturbed under the terms provided for in this Chapter, the persons mentioned therein shall, if summoned, come to the purchaser's defense.

Art. 1770.—There shall be no liability for eviction:

a) if the party who loses the lawsuit has not served a notice of defense on the transferor, or does so after the deadline set by procedural law;

b) if, while continuing with the lawsuit, the purchaser, through fraud or negligence, fails to raise the appropriate defenses, or fails to appeal an adverse judgment, or fails to pursue the appeal; and

c) when the purchaser, without serving a summons on the transferor to remedy the defect, acknowledges the validity of the claim and is thereby deprived of the right. The transferor shall be liable, however, when it is proven that the summons was futile, because there was no valid defense to raise against the prevailing party's right, or no grounds to file or amend the appeal.

Art. 1771.— Liability for eviction is indivisible, and a claim may be brought against or a defense raised against any of the heirs of the transferor or co-owner; however, the obligation to return what was received at the time of the transfer, as well as the obligation to pay damages, shall be divisible.

Art. 1772.—When the acquirer prevails in the lawsuit that may have resulted from the eviction, the acquirer shall have no claim against the transferor, not even to recover the expenses incurred.

SECTION II

EVICTION IN PARTICULAR

Art. 1773.—In the event of total eviction, the transferor must:

a) return the purchase price without interest, even if the property has diminished in value due to deterioration or loss caused by the purchaser's fault or by unforeseeable circumstances;

b) reimburse the value of the fruits, when the purchaser owes them to the true owner;

c) pay the costs of the contract, as well as damages, which shall be determined by the difference between the sale price and the value of the property on the date of eviction, provided that such increase did not result from extraordinary causes;

d) pay the costs of repairs and useful improvements, provided that the buyer has not received any compensation, or such compensation is incomplete; and

e) return only the price obtained, in the case of forced sales.

Art. 1774.—A seller acting in bad faith who was aware at the time of the sale of the risk of eviction shall, at the buyer's discretion, pay either the higher price of the item or all sums disbursed, even if they were expenses for luxury or mere pleasure.

Art. 1775.—The seller shall be entitled to retain whatever the purchaser received in payment for improvements made prior to the sale, as well as the proceeds from the demolition of the purchased item.

Art. 1776.—If the eviction is partial, the buyer may choose either to be compensated in proportion to the loss suffered or to rescind the contract, provided that the portion that has been taken away, or the resulting encumbrance or easement, is of such significance that, had the buyer known of it, he would not have purchased the house.

The buyer shall have the same right if the contract pertains to several items purchased together and it is shown that one would not have been acquired without the other.

Art. 1777.—In the event of partial eviction, if the contract is not rescinded, compensation shall be determined based on the value, at the time of the eviction, of the portion of which the buyer was deprived. However, if this amount does not cover the portion that would correspond proportionally to the total price of the transaction, it shall be determined with reference to that total price.

Art. 1778.—In transactions, eviction shall have the same effects as between buyer and seller with respect to rights not included in the settled matter; but not with respect to disputed or doubtful rights that one of the parties acknowledges in favor of the other.

Art. 1779.—In a barter transaction, if the eviction is total, the aggrieved party may choose either to rescind the contract, with the corresponding compensation, or to demand the value of the property at the time of the eviction, along with damages.

If the party chooses the former option, the party subject to eviction shall return the property, in its current condition, as a possessor in good faith.

Art. 1780.—If the property was alienated or encumbered for valuable consideration by the party subject to eviction, the other party may not assert a claim against third-party purchasers; but if it was alienated or encumbered without consideration, the other party shall have the right to demand the value of the property or its restitution.

Art. 1781.—In a partnership, in the event of eviction regarding property contributed by any of the partners, the liability of such partner shall be governed by the following provisions:

a) Once the corporation is dissolved, it shall be liable for any resulting damages;

b) if the partnership continues, the rules governing eviction between buyer and seller shall apply;

c) if the transaction involved a specific item, it shall also include damages resulting from eviction to the partnership or to the other partners;

d) if the consideration consisted of a loan, the party shall be liable as if he or she had received the full amount thereof;

e) if the contribution consisted of the usufruct of real property, eviction from such property shall bind him as the seller of fruits, and he must pay the partnership the amount deemed to be the value of that right; and

f) when the contribution consisted of the use of a thing, the contributor shall be liable only if, at the time of entering into the contract, he knew that he had no right to grant such use; however, he shall be deemed a partner who failed to make his contribution.

Art. 1782.—When eviction deprives the partnership of movable or immovable property, and the partner who contributed such property wishes to replace it with identical items, he shall have the right to have the exchange accepted, but shall pay damages. The other partners may not compel him to replace the property subject to eviction with similar items.

Art. 1783.—The provisions governing transactions between sellers and buyers in general shall apply to eviction claims among partners.

Compensation shall be based on the value of the property at the time of eviction, and if there are claims, on their face value as of the date of division. Such liability shall arise only if the debtor is insolvent at the time of division.

Art. 1784.—Whenever co-owners are required to compensate one of their number, if any of them is insolvent, that person's share shall be divided among the other liable parties.

Art. 1785.—If the donated property is subject to eviction, the donee shall have no recourse against the donor, not even for expenses incurred in connection with the donation, except in the following cases:

a) if the donor expressly promised such a guarantee;

b) when the gift was made in bad faith, with the donor knowing that the property did not belong to him;

c) provided that there are encumbrances;

d) when the gift was made in return for consideration; and

e) in the event of eviction caused by the donor's fault.

Art. 1786.—When the gift is made in bad faith, the donor must compensate the donee for the expenses the gift has caused him or her; however, the donee may not make any claim if he or she knew at the time of the gift that the property belonged to another.

In a donation subject to encumbrances, the donor must reimburse the donee for the amounts disbursed to satisfy the encumbrances when the eviction is total. If the eviction is partial, and if what the donee retains is sufficient to cover the amount of the encumbrances, the donee may make no claim; but if it is less than that amount, the donor shall compensate for the excess, in accordance with the rules governing unjust enrichment. If the charges were imposed in the interest of a subdonee, the donee may bring an action only against the subdonee.

Art. 1787.—In the case of a remunerated gift, if the value of the property is equivalent to the services rendered, the rules governing eviction in onerous transactions shall apply. If the value of the services exceeds that of the property, the donor shall be liable for the difference in the event of total eviction. If the eviction is partial, nothing shall be owed when the retained portion is equivalent to the services; if it is less, the difference shall be paid.

In the case of eviction due to the donor's fault, if the cause predated the donation, the donor shall not be liable when the eviction resulted from the donee's negligence.

When the donor undertook to release the mortgage and, having failed to do so, the property was sold to the donee, the donor may recover only the portion of the price used to cover the encumbrance and any incidental liabilities. If the eviction results from an act of the donor occurring after the donation, the donor shall be liable for the value of the property, along with damages.

Art. 1788.— The donor who has been evicted may, as the donor's successor, sue the person from whom the donor acquired the property for valuable consideration, even if the donor had not expressly assigned his or her rights to the donee.

CHAPTER II

REDHIBITORY DEFECTS

Art. 1789.—If ownership, use, or enjoyment of a thing was transferred for valuable consideration, and at the time of the transfer there were latent defects that rendered it unfit for its intended purpose, such defects shall be deemed redhibitory when they diminish the use of the thing to such an extent that the acquirer, had he known of them, would not have had an interest in acquiring it or would have paid a lower price for it.

Art. 1790.—Liability for latent defects in the item shall not apply:

a) when the reduction in value or quality is minor;

a) (b) in the case of apparent defects; (c) if, for any reason, the purchaser knew of them or should have known of them; and

d) when the item was acquired at auction or through judicial adjudication.

Art. 1791.—It is incumbent upon the purchaser to prove that the defect existed at the time of transfer. If this is not proven, it shall be presumed to have arisen thereafter.

Art. 1792.—The parties may waive, limit, or expand their liability for redhibitory defects, provided there is no fraud on the part of the seller. A general waiver shall not exempt the seller from liability for defects of which he was aware but which he did not disclose to the purchaser.

Art. 1793.—The parties may, by contract, create redhibitory defects that would not naturally exist, provided that the seller guarantees the absence of such defects and the quality of the item as assumed by the buyer. This warranty shall apply, even if not expressly stated, when the seller positively affirms at the time of the transaction that the item was free from defects or possessed certain qualities, even if it would have been easy for the buyer to have ascertained such circumstances.

In sales based on a sample or model, it shall be understood that the respective qualities have been guaranteed.

Art. 1794.—Between a purchaser and a transferor who are not a buyer and a seller, a defect in the item that gives rise to a right of rescission shall entitle the purchaser only to the action for rescission, but not to an action seeking a reduction in the price paid equal to the lesser value of the items delivered.

Art. 1795.—If the transfer was by sale, a defect giving rise to a right of rescission shall have the following consequences:

a) as for the seller, he must remedy the hidden defects or flaws in the item, even if he was unaware of them. If, by reason of his profession or trade, he should have known of them and concealed them, he shall also compensate the buyer, upon the buyer's request, for damages, provided that the buyer does not choose to rescind the contract; and

b) as for the buyer, in the case described in the preceding paragraph, the buyer may choose either to rescind the contract or to demand a reduction in the price equal to the diminished value of the item due to the defect affecting it. Once one of these remedies has been exercised, the buyer may not subsequently pursue the other.

Art. 1796.—If two or more items are sold at the same time, whether for a single price or by assigning a value to each one, a defect in only one of them shall give rise to rescission, unless it is proven that the buyer would not have purchased the sound item without the defective one, or if the sale involves a herd and the defect is a contagious disease.

Art. 1797.— If the item perishes due to defects giving rise to redhibition, the seller must refund the price. When the loss is partial, the buyer is obligated to return the item in its current condition so that the amount paid may be refunded.

If the item is lost due to unforeseeable circumstances or through the purchaser's fault, the purchaser may nevertheless claim compensation for the reduction in value caused by the defect giving rise to the right of rescission.

Art. 1798.—The provisions regarding the action for rescission between buyer and seller shall apply to acquisitions arising from the following acts:

a) transfer in lieu of payment;

b) unnamed contracts;

c) auctions or adjudications, provided they do not result from the enforcement of a judgment;

d) exchanges;

e) gifts, when liability for eviction applies; and

f) contributions to corporations, provided that such contribution results in the dissolution of the corporation or that the shareholder who made the contribution may be excluded.

Art. 1799.— The action for rescission is indivisible. None of the purchaser's heirs may bring the action on their own behalf; however, it is permissible to sue each of the seller's heirs for their respective share.

TITLE IV

UNILATERAL PROMISES

Art. 1800.—A unilateral promise to perform an obligation has no binding effect except in the cases provided for by law.

Art. 1801.— A promise of payment or an acknowledgment of a debt relieves the party in whose favor it is made from the burden of proving the underlying relationship. The existence of such a relationship is presumed, unless proven otherwise. For the promise to give rise to an obligation, it must be set forth in writing.

Art. 1802.—A person who, addressing the public, promises a benefit to anyone who is in a certain situation or who performs a certain act is bound by the promise as soon as it is made public, even in favor of a person who acts without any interest in the reward.

Art. 1803.—If no time limit is set for the promise, or if such a limit does not arise from its nature or purpose, the promisor's obligation ceases if, within one year of the promise's publication, the existence of the situation or the performance of the action provided for in the promise has not been communicated.

Art. 1804.— A promise may be revoked before the expiration of the period specified in the preceding article only for just cause, provided that the revocation has been made public in the same manner as the promise or in an equivalent manner.

Under no circumstances may the revocation take effect if the situation provided for in the promise has occurred or if the action has been performed.

Art. 1805.—If the action has been performed by several persons separately, or if the situation is common to several persons, the promised consideration, when it is a single consideration, belongs to the person who was the first to notify the promisor of it.

Art. 1806.— A reward offered as a prize in a contest shall be valid only if a deadline for claiming it is specified.

The question of whether a contestant has met the conditions of the contest or which of the contestants deserves preference shall be decided by the person designated in the promise or announcement.

If all contestants are equally deserving, the prize shall be divided into as many equal parts as there are contestants. If the prize is indivisible, the winner shall be determined by lot.

Art. 1807.—The winning entries in the contests referred to in the preceding article shall remain the property of the promisor if this condition was included in the publication of the promise.

TITLE V

ON THE MANAGEMENT OF ANOTHER'S AFFAIRS

Art. 1808.—A person who, without being obligated to do so, knowingly undertakes the management of another's business must continue and carry it out to completion, in accordance with the presumed interests and will of the owner, as long as the owner is unable to do so on his or her own.

Art. 1809.— The agent must have the capacity to enter into contracts.

Art. 1810.— The agent must notify the owner of the business of the management he has undertaken, awaiting a response before continuing, provided that the delay is not detrimental.

Art. 1811.— The manager is subject to the obligations inherent to an agent. However, the court may, taking into account the circumstances that led the manager to assume such responsibility, moderate the compensation for damages to which the manager would otherwise be liable as a result of his or her fault.

Art. 1812.—When the agency has been successfully carried out, the principal must fulfill the obligations assumed by the agent on his or her behalf and reimburse the agent for any necessary or useful expenses incurred, plus interest, from the date such expenses were incurred.

Art. 1813.—The provisions of the preceding article do not apply when the agency was carried out in violation of a lawful prohibition by the principal; in such a case, the relationship between the agent and the principal shall be governed by the rules governing unjust enrichment.

Art. 1814.—Ratification by the principal produces the same effects as if the mandate had been granted at the time the agency began, even if the agent believed he was conducting his own business.

Art. 1815.—The judge may, for reasons of equity and in light of the special circumstances of the case, set a modest fee for the agent, to be paid by the principal.

Art. 1816.—Funeral expenses commensurate with the deceased's circumstances and in accordance with local customs may be recovered from persons who were obligated to provide support to the deceased, if the deceased leaves insufficient assets.

TITLE VI

UNJUST ENRICHMENT AND REIMBURSEMENT OF UNDUE PAYMENTS

Art. 1817.—A person who is unjustly enriched at the expense of another is obligated, to the extent of such enrichment, to compensate the aggrieved party for the corresponding diminution of their assets. When the enrichment consists of the acquisition of a specific item, restitution in kind shall be required, provided the item exists at the time of the claim.

Art. 1818.— An action for unjust enrichment is not available if the aggrieved party may bring another action to recover for the damage suffered.

A cause is deemed to be lacking when it ceased to exist after the unjust enrichment occurred.

Art. 1819.—A person who pays what is not owed is entitled to recover the amount paid, with accrued earnings and interest from the date of the complaint, if the recipient acted in good faith; if the recipient acted in bad faith, from the date of payment.

Art. 1820.—A claim for the return of a payment made voluntarily in fulfillment of moral or social obligations is not admissible, except in cases where the payer was legally incapacitated. Nor is a claim for the return of a payment made for a purpose contrary to law or public policy admissible.

Art. 1821.—A person who, due to an excusable error, pays another's debt believing it to be their own may recover the amount paid provided that the creditor has not, in good faith, disposed of the title or security for the debt. When recovery is not permitted, the payer is subrogated to the rights of the creditor.

A person lacking legal capacity who received an undue payment remains liable to the extent of the benefit obtained.

Art. 1822.—Restitution of a specific item received unduly must be made in kind. A person who received it in good faith is liable for its loss or destruction only to the extent of the enrichment thereby obtained.

A person who received it in bad faith must pay its value, even in the event of unforeseeable circumstances; and if it has been damaged, the person who delivered it may demand its equivalent or the damaged item plus compensation for the decrease in its value.

Art. 1823.—If the person who received a specific item in good faith disposed of it before becoming aware of the obligation to return it, that person must return the compensation received. If such compensation is still due, the person who made the undue payment is subro ly to the rights of the disposer. If the transfer was made gratuitously, the third-party acquirer is liable to the person who made the undue payment to the extent of the enrichment received.

Art. 1824.—A person who, in bad faith, disposes of a specific item received unduly must return it in kind or pay its value. However, the person who made the undue payment may demand compensation for the disposition and may bring a direct action against the third-party acquirer to obtain it. If the disposition was made gratuitously, the third party shall be liable to the extent of his or her enrichment.

Art. 1825.—The provisions of this Code concerning the restitution of possession apply to the fruits, accessories, expenses, increases, and decreases of the item unduly given in payment.

TITLE VII

THE RIGHT OF RETENTION

Art. 1826.—A person obligated to return a thing may retain it if he or she is entitled to a claim arising from expenses incurred in connection with it or from damage caused by said thing.

This right shall not apply to a person who possesses the thing as a result of a tortious act.

This right may be invoked with respect to movable property that has not been stolen or lost, provided there is good faith.

Art. 1827.—A person who lawfully retains a thing or is sued for its return shall be required to return it only when the plaintiff provides the consideration to which he or she is obligated or provides security for its performance.

In the case of real property, the retention may be ordered on a provisional basis and up to a specified amount, under the same conditions as those governing a preventive attachment, and shall be recorded in the Real Property Registry.

Once the judgment has been rendered, the creditor may proceed with enforcement without making the required consideration if the debtor has been declared in default or liable to pay.

Art. 1828.— The right of retention is indivisible. It may be exercised for the entire amount of the claim against each part of the property that constitutes the subject matter, but it shall be subject to the rule governing the division of a mortgage.

Art. 1829.— The right of retention shall not prevent other creditors from seizing the retained property and conducting a judicial sale thereof; however, the successful bidder must deposit the purchase price with the court in order to obtain delivery of the purchased items.

In the case of real property, the lien may not be asserted against third parties who have acquired real rights in the property that were registered prior to the creation of the opposing party's claim.

As for real property registered subsequently, the lien may not be enforced unless it has been provisionally noted in the relevant registry prior to the creditor's claim and its amount—whether actual or contingent—has been recorded.

Art. 1830.— The right of retention is extinguished by the delivery or voluntary abandonment of the property subject to the re , and does not arise anew even if the same property subsequently comes into the possession of the party who retained it under a different title.

When the party retaining the property has been dispossessed of it against their will by the owner or by a third party, they may claim restitution through the remedies granted in this Code to a dispossessed possessor.

Art. 1831.—When the movable property subject to the right of retention has passed into the possession of a third party acting in good faith, restitution of the property may not be sought unless it has been stolen or lost.

Art. 1832.—Liens may not be enforced against movable property to the detriment of the right of retention.

TITLE VIII

ON CIVIL LIABILITY CHAPTER I

LIABILITY FOR ONE'S OWN ACTS

Art. 1833.—A person who commits a tort is obligated to compensate for the damage.

Even in the absence of fault, compensation is still due in the cases provided for by law, whether directly or indirectly.

Art. 1834.—Voluntary acts shall be considered unlawful only:

a) when they are prohibited by laws, municipal ordinances, or other provisions issued by the competent authority. This subsection includes omissions that cause harm to third parties, when a law or regulation requires the performance of the omitted act;

b) if they have caused damage, or give rise to an external event capable of causing it; and

c) provided that negligence or willful misconduct is attributable to the perpetrators, even if the act constitutes a mere misdemeanor.

Art. 1835.—Damages shall exist whenever harm is caused to another person, to their rights or faculties, or to property under their control or possession. The obligation to provide compensation extends to any material or moral injury caused by the tortious act. The right to seek compensation for moral damages shall belong solely to the directly injured party. If the act results in the injured party's death, only the mandatory heirs shall have the right to bring a claim.

Art. 1836.—An act that does not cause harm to the person suffering it, but rather results from a fault attributable to that person, does not give rise to any liability.

If both the perpetrator and the injured party contributed to the occurrence of the damage, the obligation and the amount of compensation shall depend on the circumstances, and in particular, on whether the damage was primarily caused by one party or the other.

Art. 1837.—The following are not liable for tortious acts:

a) those suffering from general and persistent mental disorders that deprive them of the capacity to discern.

a) If the disturbance of the mental faculties of the person who caused the harm is due to the use of alcoholic beverages or drugs, that person shall be obligated to pay compensation, unless they prove that they were involuntarily placed in this state; and

b) minors under the age of fourteen.

Art. 1838.—A person acting in self-defense is not liable for any harm caused to the aggressor under such circumstances.

Art. 1839.- A person who damages or destroys another's property, or injures or kills another's animal, to avert an imminent danger—to oneself or to another—arising from such property or animal, does not act unlawfully if the damage or destruction was necessary to avert the danger, if the harm is not disproportionate to the danger, and if the intervention of the authorities cannot be obtained in a timely manner. If the perpetrator of the damage caused the danger, they shall be obligated to pay damages.

Art. 1840.—The obligation to compensate for harm caused by a tort applies not only to the person who has been personally harmed but also to all persons directly harmed as a result of the act.

Art. 1841.—If the tortious act is attributable to several persons, they are all jointly and severally liable.

The person who paid the full amount of the damages shall have a right of recourse against each co-tortfeasor to the extent determined by the severity of their respective fault and the resulting harm.

In case of doubt, the individual degrees of fault are presumed to be equal.

A judgment rendered against one of the liable parties shall be enforceable against the others only if they have had the opportunity to present their defense.

CHAPTER II

LIABILITY FOR THE ACTS OF OTHERS

Art. 1842.—A person who commits a tortious act while acting under the direction or with the authorization of another also incurs the liability of that other person.

The principal shall be exempt from liability if he or she proves that the damage was caused by the victim's fault or by unforeseeable circumstances.

Art. 1843.—Parents are liable for damages caused by their minor children when the children reside with them.

Guardians and conservators are liable for damages caused by minors or incapacitated persons in their care who reside with them.

School principals and artisans are liable for damages caused by their students or apprentices who are minors, as long as they remain in their custody.

The liability referred to in this article shall cease if the persons mentioned herein prove that they were unable to prevent the damage using the authority conferred upon them by their position and the care they were duty-bound to exercise. It shall also cease when persons lacking legal capacity have been placed under the supervision and authority of another person, in which case liability shall fall upon that person.

Art. 1844.— A person lacking legal capacity is liable for his or her tortious acts, provided that he or she acted with discernment.

Art. 1845.—Superior authorities, public officials, and employees of the State, municipalities, and public-law entities shall be directly and personally liable for unlawful acts committed in the performance of their duties.

The perpetrators and accomplices shall be jointly and severally liable.

The State, municipalities, and public-law entities shall be vicariously liable for such acts in the event of the perpetrators' insolvency.

CHAPTER III

STRICT LIABILITY

Art. 1846.—Any person who creates a danger through their activity or profession, by virtue of the nature of such activity or profession or the means employed therein, shall be liable for the damage caused, unless they prove force majeure or that the damage was caused by the exclusive fault of the victim or of a third party for whose act they are not liable.

Art. 1847.— The owner or custodian of an inanimate object is liable for damage caused by or with that object, unless they prove that they were not at fault; however, when the damage results from an inherent defect or risk of the object, they shall be fully or partially exempt from liability only by proving the fault of the victim or of a third party for whom they are not liable.

The owner or custodian shall not be liable if the object was used against his or her express or implied will.

Art. 1848.—Any agreement that in advance eliminates or limits the liability established by the preceding articles shall be null and void.

Art. 1849.—The foregoing provisions shall not apply when special laws regulate liability arising from accidents caused by the operation of businesses and establishments, as well as by motor vehicles.

Art. 1850.—In the event of damage caused by a person lacking legal capacity, if the injured party has been unable to obtain compensation from the person responsible for the care of that individual, the courts may, taking into account the circumstances of the parties, order the person who caused the damage to pay equitable compensation.

Art. 1851.—Any person who occupies a house or any part thereof shall be liable for damage caused by objects that fall from it or are thrown from it in an improper manner.

Art. 1852.—The injured parties may bring a direct action in court against those civilly liable for the damage, without being required to summon the perpetrators of the act to court.

Any person who compensates for the damage may seek reimbursement from the person who caused it through willful misconduct or negligence.

Art. 1853.— The owner of an animal, or whoever uses it, is liable for damages caused by the animal during the time it is in their use, whether the animal was under their custody or had escaped or gone astray, unless they can prove unforeseeable circumstances or the fault of the victim or a third party.

Art. 1854.—Damage caused by a ferocious animal shall always be attributable to the owner or guardian, even if it would not have been possible for them to prevent the damage, and even if the animal had escaped through no fault of their own.

CHAPTER IV

ASSESSMENT AND SETTLEMENT OF DAMAGES

Art. 1855.—To assess the negligence or willful misconduct of the party liable for the damage, as well as to determine the amount of compensation, the provisions of this Code regarding breach of obligations arising from legal acts shall apply, to the extent they are relevant.

Art. 1856.—The party obligated to compensate for damage attributable to them shall make good all immediate consequences, as well as foreseeable indirect consequences or those that are normal according to the natural and ordinary course of events, but not consequential damages, unless such damages arise from a crime and were intended by the perpetrator at the time of committing the act.

Art. 1857.—When, due to the nature of the damage, direct restoration is possible, the compensation owed by the party responsible for causing the damage shall be satisfied by restoring, at that party's expense, the state of affairs that would have existed had the circumstances giving rise to the obligation to compensate not occurred.

If direct restoration is impossible, the party liable for compensation shall compensate for the damage by means of a monetary payment sufficient to enable the creditor to obtain such restoration.

The judge may reduce the compensation, or even waive it, if there is a clear disproportion between the act committed intentionally or through negligence and the damage actually suffered.

Art. 1858.—In cases of homicide, the offender must pay the costs of medical care and burial; furthermore, the offender must provide for the support of the deceased's spouse and minor children, as well as compensation for emotional distress, with the judge having the discretion to determine the amount of compensation and the manner in which it is to be paid.

When death did not occur immediately, compensation shall also be awarded for the loss resulting from the inability to work.

The right to reimbursement of expenses belongs to the person who incurred them, even if such expenses were incurred pursuant to a legal obligation.

Art. 1859.—In the event of bodily injury or harm to health, compensation shall consist of the payment of all medical and convalescence expenses incurred by the injured party, as well as all lost earnings until the date of the injured party's full recovery.

If the injured party's ability to work is lost or impaired, or if their needs increase as a result, the compensation shall cover this damage and shall consist of a monetary annuity.

If the injured person is disfigured, he or she shall be fairly compensated for any harm that may result from that circumstance.

Art. 1860.—When it is not possible to establish, at the time of the judgment, with sufficient precision, the future consequences of the damage, the judge shall determine the damages provisionally, at the request of a party, with the obligation to render a final determination within a non-extendable period of two years from that date.

Art. 1861.—In cases of death or injury, those entitled to claim support from the injured party may directly claim compensation for the harm suffered as a result. This rule also applies to a person conceived before the date on which the tortious act was committed.

This right shall not apply to those who participated in the act or failed to prevent it when they were able to do so.

Art. 1862.—In cases of rape, sexual assault, or abduction, compensation shall include the payment of a sum of money to the victim. The same rule shall apply to sexual intercourse obtained through deception, threats, or abuse of family or dependent relationships with a woman of good character, and to the seduction of such a woman if she is under sixteen years of age.

Art. 1863.—In crimes against honor and reputation, compensation shall be awarded for the damage caused by the act to the honor, credit, or interests of the offended party.

Art. 1864.- Anyone who, through an unlawful act, has taken possession of another's property must return it to its rightful owner, along with all its fruits; and shall be liable for its value if unable to return it, as well as for any damage it may have sustained, even if both were caused by unforeseeable circumstances, unless they would have occurred in the same manner had the unlawful act not taken place. In the event of deterioration, compensation shall consist of the difference between the current value and the previous value.

Both in the event of impossibility of restitution and in the event of deterioration, statutory interest shall also be paid on the amount owed, calculated from the time the tortious act was committed.

This provision shall apply in all cases where the unlawful act had as its object a sum of money.

CHAPTER V

THE EXERCISE OF CIVIL ACTIONS AND THEIR RELATIONSHIP TO CRIMINAL ACTIONS

Art. 1865.— A civil action for compensation for damages caused by a tort may be brought independently of a criminal action.

If the civil action has preceded the criminal action, or is brought while the criminal action is pending, no judgment shall be rendered in the civil proceeding until a judgment has been rendered in the criminal proceeding, except in the following cases:

a) if the defendant has died before the criminal judgment is rendered, the civil action may be initiated or continued against his or her heirs;

b) if the criminal proceedings are suspended due to the defendant's absence or mental illness.

A civil action may also be brought or continued against the universal successors of the perpetrators and accomplices of the crime, in accordance with the provisions regarding the acceptance of an inheritance with the benefit of inventory.

A civil action may be brought by the victim or by the victim's mandatory heirs.

Art. 1866.—A civil action shall not be deemed waived merely because the injured parties did not bring it during their lifetime or because they withdrew from the criminal proceedings.

Art. 1867.—A claim for compensation arising from the commission of a tort is extinguished by the waiver of the person directly wronged, without prejudice to the continued existence of any claim that another person harmed by the same tort may bring against the party responsible for the damage.

Art. 1868.—After the defendant has been convicted in criminal proceedings, the existence of the principal act constituting the crime may not be denied in civil proceedings, nor may the guilt of the convicted person be contested.

The judgment rendered in a criminal trial shall not be enforceable against a person held liable for the act of another if that person did not have the opportunity to present a defense.

Art. 1869.—In the event of a dismissal without charges or an acquittal of the defendant, the existence of the principal act on which the dismissal or acquittal was based may not be asserted in a civil proceeding if the judgment had declared that act to be nonexistent.

This provision does not apply when the judgment has determined that the act does not constitute a criminal offense, or when the dismissal without charges or the acquittal was based on the fact that the perpetrator is exempt from criminal liability.

Art. 1870.—If the criminal action depends on preliminary issues whose resolution falls exclusively within the jurisdiction of the civil court, the criminal trial shall not proceed until the civil judgment has become final. Preliminary issues include those concerning the validity or nullity of a marriage and any others declared as such by law.

Art. 1871.—Except as provided in the preceding article, or in other cases expressly exempted, the civil judgment on the facts shall not affect the criminal trial, nor shall it preclude any subsequent criminal action brought on the same facts or on other facts related thereto.

Regardless of the judgment rendered in the criminal action, the prior judgment issued in the civil proceeding, having the force of res judicata, shall retain all its effects.

Book Four

ON REAL RIGHTS OR RIGHTS IN THINGS TITLE I

ON THINGS AND PROPERTY CHAPTER I

ON THINGS CONSIDERED IN THEMSELVES

Art. 1872.—In this Code, “things” refers to tangible objects capable of having value.

Art. 1873.— Intangible objects capable of having value, as well as tangible things, are referred to as “assets.” The totality of a person’s assets, together with the debts or encumbrances weighing upon them, constitutes that person’s estate.

Art. 1874.—Real property by nature consists of things that are inherently immovable, such as the ground and all solid or fluid parts forming its surface and depth, everything organically incorporated into the ground, and everything found beneath the ground without human intervention.

Art. 1875.—Movable property is considered real property by accession when it is effectively immobilized by its physical attachment to the ground, provided that such attachment is permanent in nature.

Art. 1876.— Movable property is also considered real property when it is intentionally placed by the owner as an accessory for the use and operation of a property, even if it is not physically attached.

Art. 1877.—Public instruments evidencing the acquisition of real rights in real property are considered real property by virtue of their representative nature, with the exception of mortgages.

Art. 1878.— Movable property consists of items that can be transported from one place to another, whether by their own movement or solely by an external force, with the exception of those that are appurtenances to real property.

Art. 1879.—Also considered movable property are all solid or fluid parts of the ground that have been separated from it, such as stones, soil, or metals; structures erected on the ground’s surface on a temporary basis; treasures, coins, and other objects found beneath the ground; materials gathered for the construction of buildings, as long as they have not been used; materials resulting from the demolition of buildings, even if the owners intend to rebuild them immediately using the same materials; and all public or private documents evidencing the acquisition of personal rights or credit.

Art. 1880.—Movable property intended to form part of rural or urban real property shall be considered real property only when it is placed there by the owners or their representatives, or by the tenants in performance of the lease agreement.

Art. 1881.—When movable property intended to form part of real property is affixed to it by usufructuaries, it shall be considered real property only for the duration of the usufruct.

Art. 1882.—Movable property, even if affixed to a building, shall retain its status as movable property when it is attached to the real property for the owner’s professional purposes or on a temporary basis.

Art. 1883.—The furnishings of a house shall not include: money, documents and papers, scientific or artistic collections, books and their shelves, medals, weapons, tools of arts and trades, jewelry, any kind of clothing for everyday use, grains, merchandise, or, in general, other items that constitute the household furnishings.

Art. 1884.—Fungible items are those in which one item is equivalent to another of the same kind and which can be substituted for one another in the same quality and in equal quantity.

Art. 1885.—Consumable things are those whose existence ends with their first use, and those that cease to exist for the person who ceases to possess them, as they cannot be distinguished as individual items. Non-consumable things are those that do not cease to exist upon their first use, even if they are susceptible to consumption or deterioration after some time.

Art. 1886.—Divisible things are those that, without being entirely destroyed, can be divided into distinct portions, each of which forms a homogeneous whole analogous both to the other parts and to the thing itself.

Art. 1887.—Principal things are those that can exist on their own.

Art. 1888.—Accessory things are those whose existence and nature are determined by another thing, on which they depend or to which they are attached.

Art. 1889.—Natural fruits and the products of a thing form a whole with it.

Art. 1890.—Accessory things, such as civil fruits, are those that arise from the use or enjoyment of a thing granted to another, as well as those that arise from the deprivation of the use of the thing. Wages or fees for physical or intellectual labor are also civil fruits.

Art. 1891.—Things that are naturally or artificially attached to the ground are accessories to it.

Art. 1892.—Movable property attached to property that is affixed to the ground is accessory to the real property.

Art. 1893.—When things become attached to other movable things without altering their substance, those to which the others have been attached solely for the purpose of use, ornamentation, complement, or preservation shall be considered the principal items.

Art. 1894.—If some items have been attached to others to form a whole, without it being possible to distinguish the accessory from the principal item, the one of greater value shall be deemed the principal item. If the values are equal, the one of greater volume shall be the principal item. If the values and volumes are equal, there shall be neither a principal item nor an accessory item.

Art. 1895.—Paintings, sculptures, and other works of art, as well as written and printed works, shall always be deemed principal when the artistry has greater value and importance than the material used.

Art. 1896.—All items are subject to trade unless their transfer is expressly prohibited or subject to public authorization.

Art. 1897.—Things are excluded from commerce due to their absolute or relative inalienability.

The following are absolutely inalienable:

a) things whose sale or transfer is expressly prohibited by law; and

b) items whose transfer has been prohibited by inter vivos acts or dispositions of last will and testament, to the extent that this Code permits such prohibitions.

Things are relatively inalienable if their alienation requires prior authorization. CHAPTER II

PROPERTY IN RELATION TO THE PERSONS TO WHOM IT BELONGS

Art. 1898.—The following are assets in the public domain of the State:

a) bays, ports, and anchorages;

b) rivers and all waters flowing through their natural channels, as well as these channels themselves;

c) riverbanks, where “riverbanks” are understood to mean the stretches of land that are washed by the waters and recede from them during ordinary floods, not during extraordinary events;

d) navigable lakes and their riverbeds; and

e) roads, canals, bridges, and all public works constructed for the common benefit of the inhabitants.

State public property is inalienable, imprescriptible, and exempt from attachment.

Art. 1899.—Private individuals have the right to use and enjoy the State’s public property, but they shall be subject to the provisions of this Code and to administrative laws or regulations.

Art. 1900.—The following are assets of the State’s private domain:

a) islands formed in any kind of river or lake, when they do not belong to private individuals;

b) land located within the borders of the Republic that has no owner;

c) solid, liquid, and gaseous minerals found in their natural state, with the exception of stony, earthy, or calcareous substances. The exploitation and use of these resources shall be governed by special mining legislation;

d) vacant or abandoned property, and the property of persons who die intestate or without heirs, in accordance with the provisions of this Code; and

e) State property not covered by the preceding article or not allocated to public service.

Art. 1901.—The following are subject to private appropriation:

a) fish in navigable rivers and lakes, in accordance with the provisions of special legislation;

b) swarms of bees that flee the hive, if their owner does not claim them immediately;

c) plants growing on the banks of navigable rivers or lakes, as well as stones, shells, or other substances washed ashore by the waters, provided they show no signs of prior ownership, in accordance with the relevant regulations; and

d) abandoned treasures, coins, jewelry, and precious objects that are found, buried, or hidden, with no indication of an owner, in accordance with the provisions of this Code.

Art. 1902.—Ownership of lakes and lagoons that are not navigable belongs to the riparian owners.

Art. 1903.—Municipal property is either public or private.

Municipal public property consists of those assets that each municipality has designated for the use and enjoyment of all its residents. Municipal private property consists of all other assets over which each municipality exercises ownership, but which are not designated for such use and enjoyment. Such property may be disposed of in the manner and form established by the Organic Municipal Law.

Art. 1904.—Real property under the private domain of the State and property owned by municipalities, whether public or private, cannot be acquired by adverse possession.

Art. 1905.—The following belong to the Catholic Church and its respective parishes: churches, places of worship or religious sites, sacred objects, and movable or immovable temporal property used for religious services. Their disposition is subject to the special laws governing the matter.

Churches and property belonging to non-Catholic religious communities belong to their respective corporations and may be disposed of in accordance with their bylaws.

Art. 1906.—Property that does not belong to the State or to municipalities is private property, regardless of whether it is owned by natural persons or legal entities governed by private law.

Art. 1907.—Bridges, roads, and any other structures built at the expense of private individuals on land belonging to them are the private property of those individuals, even if the owners permit their use or enjoyment by everyone.

Art. 1908.—Springs that arise and flow entirely within the same parcel of land belong, in terms of ownership, use, and enjoyment, to the owner of that parcel.

TITLE II

ON POSSESSION

CHAPTER I

GENERAL PROVISIONS

Art. 1909.— A possessor is one who exercises over a thing the physical control inherent to the owner or to the holder of another real right that confers such control.

Art. 1910.—A person who exercises physical control over a house or industrial establishment belonging to and operated for another person, or who is subject, by virtue of a relationship of subordination, to following that person’s instructions regarding the thing, shall not be considered a possessor.

Art. 1911.—A person who possesses as a usufructuary, a secured creditor, a lessee, a depositary, or by any other analogous title by virtue of which they have the right or obligation to temporarily possess a thing is a possessor of that thing, as is the person from whom their right or obligation derives. The former is an immediate possessor; the latter, a mediate possessor. A person who possesses as an owner has original possession. The others have derived possession that does not nullify the possession from which it derives.

Art. 1912.—Indirect possession may be transferred to a third party through the assignment of the right to the return of the thing.

Art. 1913.—Possession is transmitted with the same characteristics to the universal successors of the possessor.

Art. 1914.—The rights conferred by this Code upon the possessor for the defense and protection of possession may also be invoked by a person who possesses only a part of the thing.

Art. 1915.—If two or more persons hold an undivided thing in common, each may exercise acts of possession over it, provided that such acts do not exclude those of the other co-possessors.

Art. 1916.—When a thing has left the possession of its possessor and enters a property owned by another, the latter must allow the former to retrieve it, unless, in the meantime, the thing has been the subject of a taking of possession. The possessor of the property may demand compensation for damages resulting from the search and recovery. If such damages are to be feared, he may withhold his permission until sufficient guarantees are provided, unless there is danger in delay.

Art. 1917.—All things that are subject to trade are capable of possession. Property that is not a “thing” shall not be subject to possession, except as provided in this Code.

Art. 1918.—The possessor acts in good faith when the power exercised arises from a title and, due to an error of fact or law, the possessor is convinced of its legitimacy. A putative title is equivalent to an existing one when the possessor has reasonable grounds to regard it as such or to extend it to the possessed thing. The possessor acts in bad faith when he knows or ought to know of the illegitimacy of his title.

Art. 1919.—Good faith is presumed, and it suffices that it existed at the time of acquisition. The good faith of a universal successor is judged by that of his predecessor, and that of a particular successor by his personal conviction.

Art. 1920.—Possession in good faith loses this character only if and from the moment circumstances give rise to a presumption that the possessor was not unaware that he was possessing the property improperly.

Art. 1921.—Unless proven otherwise, possession is presumed to retain the same character with which it was acquired. No one may alter, either on their own or through the passage of time, the cause and the qualities or defects of their possession. A person who began to possess the thing on their own behalf and as its owner continues to possess it as such, unless it is proven that they began to possess it on behalf of another. A person who began to possess the thing on behalf of another is presumed to continue possessing it under the same title, unless the contrary is proven.

There shall be no change in title merely by communication to the indirect possessor, unless such communication is accompanied by acts that deprive the latter of his possession or that cannot be performed by him as the immediate possessor of another’s property.

Art. 1922.—In the collection of fruits, good faith must exist in every act. The good or bad faith of the successor to the possessor, whether universal or particular, shall be judged in relation to the successor and not based on that of the predecessor.

Art. 1923.—If there are multiple possessors, the nature of the possession shall be determined with respect to each of them.

In the case of represented persons, the provisions of this Code regarding representation in legal acts shall apply.

CHAPTER II

ON THE ACQUISITION AND LOSS OF POSSESSION

Art. 1924.— Possession may be acquired by acts between living persons and by reason of death.

The former are classified as original and derivative.

Art. 1925.— Possession of a thing is acquired when physical control over it is obtained. Original possession may be acquired by taking possession by anyone who has reached the age of fourteen, as well as by any person capable of discernment. These requirements shall not apply when, by an act of a third party, a thing has been placed under the control of a person, even if that person is legally incapacitated.

Art. 1926.—Possession is acquired by mere apprehension if the thing has no owner and is of the kind whose ownership is acquired by occupation, in accordance with the provisions of this Code.

Art. 1927.—Possession is also acquired by the delivery of the thing. Delivery occurs when one party voluntarily hands over a thing and the other party receives it in the same manner.

Art. 1928.—Delivery shall be deemed to have taken place, even if the person to whom it is made is not present, if the current possessor delivers the thing to a third party designated by the acquirer or places it in a location that is at the acquirer's exclusive disposal.

Art. 1929.- The transfer of movable property shall also be deemed to have taken place through the delivery of bills of lading, invoices, or waybills, in accordance with the terms set forth by the applicable legislation, or when they are shipped on behalf of and at the direction of others, provided that the persons sending them deliver them to the agent responsible for transporting them, and provided that the principal has determined or approved the method of shipment.

Art. 1930.—In the case of movable property that must be separated from real property, such as sand, stones, timber, or unharvested fruit, transfer shall be deemed to have occurred upon the first extraction carried out with the permission of the owner of the real property.

Art. 1931.— The mere declaration by the transferor that he or she is relinquishing possession or transferring possession of the item to the transferee shall not satisfy the formalities authorized by this Code for the transfer of possession.

However, with respect to the transferor and the transferee, the transfer shall produce legal effects.

Art. 1932.—With respect to third parties, the registration in the corresponding Public Registry of deeds of transfer relating to uninhabited real property shall constitute the transfer of possession by delivery.

Art. 1933.— The following constitute acts of possession of real property: its cultivation, surveying and demarcation, the harvesting of its fruits, any construction or repairs made to it, and, in general, its occupation in any manner whatsoever.

Art. 1934.—Physical delivery of the property, whether movable or immovable, is not required to acquire possession when the property is held in the owner's name and the owner, by a legal act, transfers ownership of it to the person who possessed it in the owner's name, or when the person who possessed it in the owner's name begins to possess it in the name of another.

Art. 1935.— Possession based on a title encompasses only the extent of the title, without prejudice to any additions the possessor may have made for other reasons.

Art. 1936.—Possession of the thing is deemed to continue until an event occurs that causes its loss. Such loss shall occur:

a) when the item has been withdrawn from the market;

b) due to abandonment, or, where applicable, due to the cessation of the de facto control exercised over it. An interruption caused by a temporary impediment has no effect;

c) nor does an interruption caused by loss or misplacement, without any possibility of recovering it. Possession is not lost as long as the item remains in the place where it was placed by the possessor or their descendants, even if the possessor does not recall where it was left—whether in their own home or on their own or another's property;

d) by specification, provided that the person making the specification acquires ownership; and

e) by dispossession, whether of the immediate or intermediate possessor, when one year has elapsed without them exercising acts of possession, or without disturbing the usurper's possession.

CHAPTER III

ON THE OBLIGATIONS AND RIGHTS INHERENT IN POSSESSION

Art. 1937.—Obligations inherent in possession are those pertaining to the property itself and which do not impose a burden on one or more specific persons, but rather on the possessor of a specific item of property.

Art. 1938.— The possessor of movable property must produce such property before the judge in the manner prescribed by procedural law when the party claiming a right to the property fails to do so. The costs shall be borne by the party requesting production.

Art. 1939.—Active easements are rights inherent to the possession of real property, and the restrictions and limits on ownership established in this Code are obligations specific to such property.

CHAPTER IV

ON ACTIONS AND DEFENSES RELATING TO POSSESSION

Art. 1940.— A valid title confers only a right to possession of the property, and not possession itself. A person who has only a right to possession cannot, in the event of opposition, take possession of the property; he must seek it through legal channels. No one may arbitrarily disturb another's possession.

Art. 1941.—Possession confers the right to protect one's own possession and to repel force by the use of sufficient force in cases where judicial relief would come too late; and a person who has been dispossessed may recover possession on their own without delay, provided they do not exceed the limits of self-defense.

This right may be exercised by the possessor, or on his behalf, by those who have the thing as his subordinates, or by those who exercise a derivative or mediate possession over the thing.

Art. 1942.—Where there is doubt as to who was the last possessor—between the person claimed to be the possessor and the person seeking to dispossess or disturb him—possession shall be deemed to lie with the person who proves a longer period of possession. If it is not possible to determine which party has the older possession, nor who currently holds possession, nor which of the two is the more established, the judge shall order the parties to present their claims in the complaint.

Art. 1943.—For possession to give rise to possessory actions, it must be public and unequivocal.

Art. 1944.—Anyone who disturbs another's possession or deprives them of it commits a tort, unless they acted with legal authorization.

The person whose possession has been disturbed may demand that the perpetrator and the perpetrator's successors—even if they acted in good faith—cease such acts; and if the possessor fears further disturbances, he or she may also request that such acts be prohibited in the future.

The dispossessed party shall have a cause of action when the claimant acquired possession from the disturber or the disturber's agents within the year immediately preceding the disturbance.

Art. 1945.—The possessory actions set forth in the preceding article do not apply against third-party possessors of personal property who are specific successors acting in good faith, except in cases where such property has been stolen or lost.

Art. 1946.—If the disturbance of possession consists of new construction begun on the possessor's real property or the destruction of existing structures, the action to recover possession shall be adjudicated as an action for dispossession. If new construction is commenced on real property that does not belong to the possessor, regardless of its nature, and the possessor's possession is thereby impaired, there shall be a disturbance of possession.

In both cases, the purpose of the action to recover possession shall be to suspend the construction during the trial and, once the trial is concluded, to demolish or repair what has been built.

The judge may deny the provisional suspension if he or she does not deem it justified.

Art. 1947.—Possessory actions are extinguished if they are not brought before a court within one year following the occurrence of the event that gives rise to them, and when a final judgment, rendered after the act of dispossession or disturbance, determines that the perpetrator of such act had a right in the property that entitled him to demand the restoration of possession.

Art. 1948.—Any of the co-possessors may bring possessory actions against third parties without the participation of the others, and also against the others if they exclude or disturb the co-possessor in the exercise of joint possession. Such actions shall not proceed if the dispute among co-possessors concerns only the greater or lesser share of each.

Art. 1949.—Possessory actions also apply to possessors of material parts of a thing, such as separate residential, commercial, and other premises.

Art. 1950.—Indirect possessors may bring possessory actions based on acts committed against the immediate possessor and may request that the immediate possessor be restored to possession; if the immediate possessor refuses to accept the thing, the indirect possessors shall be entitled to take possession of it directly.

Art. 1951.—Actions for possession shall be adjudicated in the manner prescribed by procedural laws. When the judgment upholds such actions, it may order, as the case may be, the restitution of the property, the cessation of the disturbance, the restoration—at the expense of the losing party—of the physical condition existing at the time of the act giving rise to the claim, and compensation for the damages caused.

Compensation shall not affect bona fide private successors, and they may be exempted from paying the costs of restoration and the trial, depending on the circumstances of the case.

Art. 1952.— The judgment rendered in a possessory action shall be final, without prejudice to the parties' right to bring any real actions to which they are entitled.

TITLE III

THE RIGHT OF PROPERTY

CHAPTER I

GENERAL PROVISIONS

Art. 1953.— Any real right may be created only by law. Contracts or testamentary dispositions intended to create other real rights or to modify those recognized by this Code shall be deemed legal acts constituting personal rights, if they are valid as such.

Real rights include: ownership and co-ownership, usufruct, use and habitation, real property easements, pledges, and mortgages.

Art. 1954.— The law guarantees the owner the full and exclusive right to use, enjoy, and dispose of his or her property, within the limits and in compliance with the obligations established in this Code, in accordance with the social and economic function attributed by the National Constitution to the right to property. The owner also has the legitimate power to repel any usurpation of such property and to recover it from the possession of anyone who holds it unjustly.

The owner has the authority to perform with respect to the property all legal acts to which it is legally subject; to lease it and dispose of it for consideration or free of charge; and, if it is real property, to encumber it with easements or mortgages.

The owner may relinquish ownership and simply abandon the property without transferring it to another person.

Art. 1955.—Ownership is called full or perfect when all its fundamental rights are vested in the owner, and the property is not encumbered by any real right in favor of other persons. It is called less than full or imperfect when it is to be terminated at the end of a certain period or upon the occurrence of a condition, or if the property in question is real property encumbered with respect to third parties by a real right authorized by this Code.

Art. 1956.—Subject to the limitations set forth by law, ownership of real property, in addition to encompassing the surface of the land, extends to all airspace and subsoil within its boundaries that are useful for the exercise of this right.

The owner may not prevent acts carried out at such a height or depth when he has no interest in excluding them.

Art. 1957.—Ownership of a tangible thing is presumed to be exclusive and unlimited, unless proven otherwise and without prejudice to the provisions of the preceding article and the restrictions established by law, whether based on

neighborhood regulations, taxes, municipal prohibitions, expropriation for public utility or social interest, or other legal limitations.

Art. 1958.— The owner may not prohibit another person from using his property if such use is indispensable to avoid a present danger that is far more serious than the harm that might result to the owner. The owner may seek compensation for any harm caused to him.

Art. 1959.—If a property is in imminent danger of being damaged by the collapse of a building, by construction work on a neighboring lot, or by the collapse of a part of such a building or structure, the owner may require the party responsible for the damage to take the necessary measures to avert the danger or to provide security for the imminent damage.

Art. 1960.—No excavation may be carried out on a property in such a way that the soil of the neighboring property loses its necessary support, unless the threatened property is sufficiently reinforced by other means. The person responsible for the dangerous excavation shall be liable for any damage caused to the neighboring property.

Art. 1961.—When the owner of a property, while constructing a building on it, exceeds the boundaries of his or her lot without any attributable intent or gross negligence, the owner of the encroached-upon property must tolerate the encroachment, unless he or she protested against the act at the time the boundaries of his or her lot were crossed or immediately thereafter. In this case, the aggrieved party shall be compensated by payment of the actual value of the unduly occupied portion, plus the estimated value of the direct damage caused by the deprivation of their property, and the occupied portion of land shall pass into the ownership of the party who constructed the building, unless that party agrees to demolish it.

If the portion of the neighboring property that remains outside the structure proves insufficient for normal use or development, or if the existing structure is impaired, its owner may demand full acquisition.

If, in any of the foregoing cases, the price is not paid, the aggrieved party may compel the builder to demolish the structure, and the expropriation shall be void.

Art. 1962.— Ownership of a thing simultaneously includes ownership of the appurtenances found on it, whether attached naturally or artificially.

All structures, plantings, their natural, agricultural, and industrial fruits, products, and works existing on the surface or within a parcel of land—even if separate—belong to the owner, unless, for a specific legal reason, they are to belong to the usufructuary, the lessee, or another party.

Art. 1963.—Ownership is perpetual and subsists independently of any exercise thereof. The owner remains the owner even if he or she does not exercise any acts of ownership or is unable to do so, and even if a third party exercises such acts with the owner’s consent or against his or her will, unless the owner has allowed a third party to acquire the property by prescription.

Art. 1964.—No one may be deprived of ownership or any of its rights except for reasons of public utility or social interest, as defined by law, nor may anyone be dispossessed of their property without just compensation.

Art. 1965.—If the expropriated property is not used for the purpose that justified the expropriation within a reasonable period of time, the former owner may sue for its return in the condition in which it was transferred, upon payment of the price or compensation previously paid.

CHAPTER II

PRIVATE REAL PROPERTY

SECTION I

ON THE ACQUISITION AND LOSS OF PRIVATE OWNERSHIP OF REAL PROPERTY

Art. 1966.— Ownership of real property is acquired by:

a) contract;

b) accession;

c) adverse possession; and

d) inheritance.

Art. 1967.—Ownership of real property is lost:

a) upon its alienation;

b) by judicial transfer or declaration;

c) by enforcement of a judgment;

d) by expropriation; and

e) upon abandonment declared in a public deed, duly registered in the Real Estate Registry, and in the other cases provided for by law.

SECTION II

ON THE TRANSFER OF REAL PROPERTY OWNERSHIP BY CONTRACT AND THE REGISTRATION OF TITLES

Art. 1968.—Ownership of real property is transferred by contract. Deeds transferring ownership are subject to registration in the Real Property Registry in order to be effective against third parties.

Art. 1969.— Unless otherwise stated, the transfer includes the fixtures of the real property existing at the time of the transfer. Objects that, as a result of the transfer, are delivered to the purchaser, or those that pass into the possession of third parties, shall be governed by the general rules regarding possession of personal property.

Art. 1970.—Registration does not preclude actions between the transferor and the transferee to recover the property, nor does it preclude actions against third parties in cases of preventive annotation, with respect to rights established after such annotation.

Art. 1971.— The following shall also be registered:

a) judgments terminating the undivided co-ownership of a condominium;

b) judgments that, in inventories and partition accounts, award real property in payment of inheritance debts; and

c) awards made at public auction; and, in general, all legal acts between living persons that declare or modify ownership of real property.

Art. 1972.—To determine priority between two or more registrations on the same date relating to the same property, the time of filing of the respective titles with the Registry shall be taken into account.

The date of the entry recording the filing—which must be stated in the registration itself—shall be considered the date of registration for all purposes to which it may give rise.

Art. 1973.—Abandoned real property belongs to the State. If the abandoned property is a share in a condominium, that share shall accrue proportionally to the other co-owners.

In this case, the declaration must also be made by public deed.

The sole owner of a property may not abandon only an undivided portion thereof.

SECTION III

ACQUISITION BY ACCESSION

Art. 1974.—Accession may result from:

a) the formation of islands;

b) alluvial deposition;

c) avulsion;

d) abandonment of the riverbed; and

e) the construction of structures and plantings.

SECTION I ON

ISLANDS

Art. 1975.—Islands located in navigable rivers belong to the riparian owners, in accordance with the following rules:

a) those formed in the middle of the river are considered accretion to the riparian lands bordering both banks, in proportion to their frontages, up to the line dividing the riverbed into two equal parts;

b) those formed between that line and one of the banks shall be considered accretion of the riparian lands bordering that same side; and

c) those that emerge from the branching off of a new river channel shall continue to belong to the owners of the lands along which they were formed.

PARAGRAPH II ON

ALLUVIAL

DEPOSITS

Art. 1976.—Land accretions formed gradually and imperceptibly by natural causes belong to the owners of the riparian lands.

This provision applies to lakes and lagoons.

Art. 1977.— Alluvial land becomes part of the riparian properties within their respective boundary lines, extended directly to the water's edge, subject to the provisions concerning navigation.

Art. 1978.—An increase in land area shall not be considered a natural effect of the waters when it results from works carried out by riparian owners. Such owners have the right to request that the waters be restored to their natural course; and if this cannot be achieved, they may demand the removal of such works.

If the works constructed by one of the riparian owners are not merely defensive in nature and encroach upon the watercourse, the owner of the opposite bank shall have the right to demand the removal of such works.

PARAGRAPH III

ON AVULSION

Art. 1979.—When the flow of water separates a portion of land from one bank and transports it to another inland property or to the opposite bank, its owner may remove it as long as natural adhesion has not yet occurred, but is not obligated to do so.

If the avulsion involves items not susceptible to natural adhesion, the provisions regarding lost property shall apply.

Art. 1980.—If no one claims the portion of land referred to in the preceding article within one year, it shall be considered definitively incorporated into the property where it is located, and the former owner shall lose the right to reclaim it or to be compensated.

PARAGRAPH IV

ABANDONED RIVERBED

Art. 1981.— The abandoned riverbed or channel of a river in the public or private domain belongs to the riparian owners on both banks, and the owners of the properties through which the river has carved a new channel shall have no right to any compensation. It is understood that the properties on both banks shall extend to the middle of the riverbed or channel. If the riverbed separated properties belonging to different owners, the new boundary line shall run equidistant from both.

PARAGRAPH V

ON BUILDINGS AND PLANTINGS

Art. 1982.— Any structure or planting existing on a parcel of land is presumed to have been constructed or planted by the owner and at the owner's expense, unless proven otherwise.

Art. 1983.—Anyone who sows, plants, or builds on their own property using seeds, plants, or materials belonging to another acquires ownership of such seeds, plants, and materials but is obligated to pay their value; and if they acted in bad faith, they shall also be ordered to pay compensation for damages. The owner of the seeds, plants, or materials may reclaim them if it suits them, should they subsequently be separated.

Art. 1984.—When, in good faith and without authorization, a person has sown, built, or planted on another's land, the owner is obligated to pay the increased value that the property has acquired as a result of the work or construction at the time of restitution. The owner may prevent the demolition or deterioration of the work.

The person is not obligated to pay for non-essential improvements. The person who made the improvements may remove them, provided that doing so does not cause damage to the property. If the person acted in bad faith, they shall be obligated to demolish or restore the property to its original condition, at their own expense. If the owner wishes to retain what has been done, the improvements may not be destroyed, and the owner must pay the increased value that the property has acquired as a result of the work.

Art. 1985.—If there is bad faith not only on the part of the person who builds, sows, or plants on another's land, but also on the part of the owner, the rights of both parties shall be governed by the provisions applicable to a builder acting in good faith. Bad faith on the part of the owner is presumed whenever the building, sowing, or planting was carried out in the owner's full view and knowledge and without the owner's objection.

Art. 1986.—The owner is under no obligation, under any circumstances, to pay for expenses and useful improvements made after notification of the lawsuit. The owner is liable only for those that are necessary.

Art. 1987.—The provisions applicable to a person who sows, plants, or builds on their own property using materials belonging to another shall also apply to a person who, in good faith, used seeds, plants, or materials belonging to another on another's land.

The owner of such seeds, plants, or materials may demand compensation from the landowner if he or she is unable to collect it from the planter or builder.

Art. 1988.— A possessor who has sown, built, or planted in good faith on another's land has a right of retention until compensated. If the possessor acted in bad faith, he or she shall have that right only if the owner wishes to retain the improvements made.

SECTION IV

ON ADVERSE POSSESSION

Art. 1989.— Anyone who possesses real property uninterrupted for twenty years without opposition and without distinction between those present and those absent acquires ownership of it without the need for a title or good faith, which is presumed in this case. The judge may be asked to declare this by judgment, which shall serve as a title of ownership for registration in the Real Property Registry.

Art. 1990.—Any person who has acquired real property in good faith and with a valid title shall obtain ownership thereof through continuous possession for ten years.

Under the same conditions, a person who possesses an inheritance may acquire the property, provided there is a declaration in their favor by virtue of the actual or presumed death of the owner.

This provision shall apply to the legatee of a specific item.

Art. 1991.— A bona fide successor in title may combine his or her possession with that of the predecessor, even if the predecessor acted in bad faith, and benefit from the period established for usucapion. The cause, nature, and defects of the predecessor's possession shall not be taken into account with respect to the acquirer for the purposes of the statute of limitations.

Art. 1992.—The grounds that prevent, suspend, or interrupt the statute of limitations also apply to adverse possession; furthermore, the provisions regarding the debtor extend to the possessor.

Art. 1993.—Land belonging to the private domain of the State and of autonomous entities governed by public law cannot be acquired by adverse possession.

Art. 1994.—The good faith required by this Code is the possessor's belief, without any doubt, that he or she is the legitimate holder of the right.

Art. 1995.—A title shall be deemed valid for adverse possession if, being intended to transfer ownership or a real right, it meets the formalities required by law for its validity.

Art. 1996.— The title must be genuine and correspond to the real property in possession. A putative title is not sufficient, regardless of the possessor's grounds for believing that he or she had a valid title.

Art. 1997.—Even if the nullity of the title is merely relative to the acquirer of the property, the acquirer may not acquire title by adverse possession against third parties or against those from whom the title originates.

Art. 1998.— A title subject to a suspensive condition is not effective for acquisitive prescription until such condition is fulfilled. A title subject to a resolutory condition is effective for acquisitive prescription from the outset, unless the resolutory condition has already occurred.

Art. 1999.—The rules of this Section apply to usufruct, use and habitation, and real property easements, in the cases provided for in this Code.

SECTION V

ON RESTRICTIONS AND LIMITS ON OWNERSHIP OR NEIGHBORHOOD RIGHTS

PARAGRAPH I

HARMFUL USE OF PROPERTY

Art. 2000.— The owner is obligated, in the exercise of his or her rights—particularly in the course of industrial operations—to refrain from any excessive conduct that is detrimental to the property of neighbors. In particular, the following are prohibited: emissions of smoke or soot; harmful and offensive fumes; noise; and vibrations that are harmful and exceed the limits of tolerance that neighbors owe one another, taking into account local customs, the location, and the nature of the properties. The owner, tenant, or usufructuary of a property has the right to prevent the misuse of a neighboring property from endangering the safety, peace, and health of those residing there.

Depending on the circumstances of the case, the judge may order the cessation of such nuisances and the payment of damages, even if administrative authorization has been granted.

PARAGRAPH II

TREES AND SHRUBS

Art. 2001.— The owner of a property may not have trees on it unless they are at least three meters from the boundary line with the neighbor, whether the neighbor's property is rural or urban, whether it is fenced or not, or even if both properties are forested. Shrubs may not be kept unless they are at least one meter away.

Art. 2002.— The owner may cut down on his property and retain the roots of trees or shrubs originating from the neighboring property. The same shall apply to branches that fall onto his property, provided the owner has given the occupant of the neighboring property a reasonable period of time to have them cut down and the occupant has failed to do so within that period.

The owner shall not enjoy this right if the roots or branches do not interfere with the use of his or her property.

PARAGRAPH III

MANDATORY RIGHT OF WAY

Art. 2003.—If there is a lack of the necessary access between a property and a public road for its normal use, the owner of the landlocked property may require the neighbors to permit, for as long as necessary, the use of their land to establish such access. The route of the right of way and the extent of such use shall be determined by a court if the parties do not agree on them.

The neighbor upon whom the right of way is imposed shall be compensated.

SECTION IV:

WATER

Art. 2004.—Rainwater belongs to the owners of the properties where it falls or enters, and they may freely dispose of it or divert it to the detriment of lower-lying lands, unless there is an acquired right to the contrary.

Art. 2005.—The owners of land on which springs arise may freely use them and alter their natural course, without the fact that the water flows over lower-lying properties conferring any right upon their owners.

When waters flow naturally, they belong to the public domain, and the owner of the land over which they flow may not alter their course. The owner is, however, permitted to use such waters for the needs of his or her property.

Art. 2006.—Lower-lying lands are subject to receiving waters that naturally flow down from higher-lying lands, without any human intervention. Such waters may not be used in a manner that harms the lower-lying properties. The owner of the higher-lying land may not take any action that aggravates the burden on the lower-lying property.

Art. 2007.—The provisions of the first paragraph of the preceding article do not apply to groundwater brought to the surface by human intervention, nor to rainwater flowing from roofs or from tanks in which it has been collected, nor to wastewater used for domestic cleaning or factory operations. The owner of the lower property may demand that such waters be diverted or that he be compensated for any damage he may suffer.

Art. 2008.—Owners of lower-lying land are likewise obligated to accept the sand and stones carried by rainwater in its course, and owners of higher-lying land may not claim them.

Art. 2009.—The owner of the lower-lying land may not construct any embankment that contains or causes the water, sand, or stones that naturally flow down to it to back up onto the upper-lying land; and even if the work has been seen and known by the owner of the upper-lying land, the latter may demand that the embankment be destroyed if he had not realized the damage he would suffer and if the work has not been in existence for twenty years.

Art. 2010.—A person who constructs works to prevent the entry of water that the person is not obligated to receive on their land shall not be liable for any damage such works may cause.

Art. 2011.—The banks of navigable rivers or lakes, even if they belong to private properties, shall be subject to a restriction on ownership in the public interest of navigation, extending ten meters from the bank, in accordance with the provisions of special laws.

Art. 2012.—Riparian owners are prohibited from altering the natural current or course of a waterway, or from creating diversions without permission from the competent authority. On navigable rivers, any use of the waters that hinders or impairs river traffic is prohibited.

Art. 2013.—If the waters become stagnant, flow more slowly or more rapidly, or deviate from their natural course, riparian owners who are harmed by such alterations may remove obstacles, construct defensive works, or repair those that have been destroyed, in order to restore the course of the waters to their previous state.

If such alterations are caused by unforeseeable circumstances or force majeure, the State shall bear the necessary expenses to restore the waters to their previous state. If they are caused by the fault of any riparian who carries out harmful work or destroys the defensive structures, the expenses shall be paid by that person, in addition to compensation for the damage.

Art. 2014.—Even with a license from the State, riparian owners may not extend their dams beyond the middle of the river or stream. Nor shall they be permitted, without the consent of the other riparian owners, to dam the waters of rivers or streams in such a way as to raise the water level beyond the limits of their property, deepen the riverbed upstream, flood lower-lying lands, or deprive neighbors of the use of such waters.

PARAGRAPH V

ON THE RIGHT TO BUILD

Art. 2015.— Every property owner must maintain their buildings in such a way that their collapse or any materials falling from them cannot cause harm to neighbors or passersby, under penalty of paying for the damages and losses caused by their negligence.

If there is a risk of harm to a neighboring property, its owner may demand that the necessary safety measures be taken.

Art. 2016.—No one may construct structures near a party wall or dividing wall, or carry out work that causes moisture, such as stables, storage facilities for salt or corrosive materials, steam-powered machinery, or other factories or enterprises that are hazardous to the safety, structural integrity, and healthiness of buildings, or harmful to neighbors, without maintaining the distances prescribed by municipal regulations and local customs.

If, despite compliance with the regulations, the work proves harmful to any neighbor, that neighbor may demand its demolition and the appropriate compensation.

Art. 2017.— Anyone wishing to build a chimney, stove, or hearth against a party wall must have an insulating partition wall constructed.

To build an oven or forge against a party wall, a gap of no less than fifteen centimeters must be left between the wall and the oven or forge.

To dig wells, for any purpose whatsoever, against a party wall or a non-party wall, a retaining wall thirty centimeters thick must be constructed.

Art. 2018.— The owner of a property adjacent to a non-dividing wall may not lean structures or constructions against it, nor use it in any way.

Art. 2019.—If, for any construction project, it is essential to erect scaffolding or install other temporary structures on a neighbor’s property, or to pass workers or materials through it, the owner of that property shall have no right to prevent such actions, and the party carrying out the construction shall be liable for compensation for any damage caused.

Art. 2020.—No owner or co-owner of a shared wall may open windows or openings in the shared wall without the consent of the other co-owner.

Art. 2021.— The owner of a non-dividing wall adjacent to another person’s property may open windows in it to admit light, in accordance with municipal ordinances.

In such a case, the owner has no right to prevent the construction of a wall on the neighboring property that would block the windows and deprive the owner of natural light.

Art. 2022.—Views of a neighboring property, whether enclosed or open, may only be obtained through windows, balconies, or other projections, provided that the distances required by municipal regulations are maintained.

PARAGRAPH VI

DEMARCATION BETWEEN PROPERTIES

Art. 2023.— The owner of a property may compel the owner of an adjacent property to jointly demarcate the two properties and to replace destroyed or missing boundary markers, with the costs to be shared proportionally among the adjacent owners.

Art. 2024.—An action for boundary demarcation requires, as an indispensable prerequisite, that two properties be contiguous and not separated by buildings, walls, fences, or other permanent structures, unless the fences have been removed by one of the neighbors, without the consent of the adjacent owner, along boundaries or boundary markers unilaterally established.

The action for boundary determination is available only to holders of real rights in the land and is brought against the owners of the adjacent property. Both the plaintiff and the defendant may request that other possessors be summoned, so that the judgment rendered in the proceedings may have the force of res judicata with respect to them.

Art. 2025.—If there is confusion regarding boundaries or a dispute over them, the judge shall establish them in accordance with the respective boundaries, and in the absence of sufficient evidence, in accordance with possession. If they cannot be determined by these means, the judge shall decide the matter, taking into consideration the proven facts.

If actions in rem or possessory actions are brought, the decision shall be rendered in accordance with the provisions governing them.

Art. 2026.—Whether the boundary demarcation is judicial or by agreement, it must be carried out by professionals authorized by law. A boundary demarcation made by agreement shall be signed by the parties and, with the survey duly conducted, submitted to the competent judge for approval. Without such approval, the agreement shall be null and void. The judge's approval of the agreement, or the judgment of approval issued by the judge in the case of a judicial boundary demarcation, shall constitute a title of ownership between the parties and their successors, provided that it has been registered in the Real Estate Registry.

PARAGRAPH VII

THE RIGHT TO FENCE

Art. 2027.— Every owner or holder of a real right has the authority to enclose his or her property, or the parcel of land encumbered by a real right, whether urban or rural.

Art. 2028.— The rights and obligations arising from the fencing of private properties shall be governed by special legislation.

CHAPTER III

ON THE ACQUISITION AND LOSS OF OWNERSHIP OF PERSONAL PROPERTY

SECTION I

ON APPROPRIATION

Art. 2029.—Ownership of movable property that has never had an owner, and of property whose possession has been abandoned with the intent to renounce ownership, is acquired by taking possession, provided that such taking is not prohibited by law and is done with the intent to acquire ownership.

If the abandonment of the item is made with an indication of the person for whose benefit it is done, only that person may take possession of it. If another person takes possession of it, the item reverts to the ownership of the person who relinquished it, and that person may reclaim it or demand its value.

Items that are clearly lost are not considered abandoned; nor are those that, without the owners' intent, fall into a lake or river, or are thrown overboard to lighten a vessel; nor are ships and aircraft found as wreckage from an accident.

In case of doubt, the item shall be deemed to have been lost.

Art. 2030.—The following are ownerless items subject to appropriation:

a) wild animals at large, which belong to whoever has hunted them. As long as the hunter is pursuing the animal he has wounded, he has a right to it, even if another person captures it; and

b) tame or domesticated animals lacking any mark or distinguishing feature shall belong to the owner of the property where they have taken up residence, provided that the owner has not used any tricks to attract them. If the owner has used such tricks, he or she shall be liable as for a tort.

Domestic and domesticated animals may not be appropriated, even if they have fled and taken refuge on another's property.

One may not enter enclosed or cultivated properties belonging to others in pursuit of swarms or domesticated or domestic animals without the permission of the owner of such properties.

Art. 2031.—When a movable property, the transfer of which requires registration in a public registry, has been stolen or lost, its possessor may acquire title by adverse possession within a period of two years calculated from the date it was registered in his or her name. The period shall be extended to three years for those movable properties that, under the same circumstances, do not require registration.

In both cases, possession must be in good faith, continuous, and in the capacity of an owner.

Art. 2032.—Fruit that has fallen from trees belongs to the owner of the land on which it fell.

Art. 2033.—Animals hunted on another person's enclosed, planted, or cultivated property without the owner's permission belong to the owner, and the hunter is obligated to pay for any damage caused.

SECTION I

ON APPROPRIATION.

PARAGRAPH I

ON FISHING

Art. 2034.—Fishing is free in navigable rivers and lakes. In non-navigable rivers and streams, riparian landowners have the right to fish on their side, up to the middle of the river or stream.

In all cases, fishing shall be subject to the regulations issued by the competent authority.

PARAGRAPH II

FINDING LOST PROPERTY

Art. 2035.—Anyone who finds an item presumed to be lost shall, upon taking possession of it, assume the responsibility of a custodian and, as such, be obligated to return it to its owner or rightful possessor. They are also obligated to notify the owner; if unable to do so, they shall notify the local police authority or take the measures deemed appropriate under the circumstances.

Art. 2036.—A person who returns the found property shall be entitled to a reward and compensation for any expenses incurred in preserving and transporting the property, unless the owner prefers to abandon it. The reward and compensation shall be determined by the judge.

If the owner has offered a reward for the find, the finder may choose between the offered reward and the reward and compensation established by the court.

Art. 2037.—The person who found and took possession of the item shall be liable for damages caused to the owner or lawful possessor when acting with intent to cause harm. Such liability shall arise from intentional damage caused to the item, improper use of the item, or failure to fulfill the obligations imposed by law.

Art. 2038.—If the found property is at risk of deterioration and the owner cannot be located, it shall be sold at a public auction ordered by the judge. The costs of seizure and preservation shall be deducted from the proceeds, and a reward shall be granted to the finder. The remaining balance shall be deposited with the local municipality to be returned to the owner if the owner comes forward within one year.

Art. 2039.—The appropriation of another person’s lost personal property that does not comply with the preceding provisions shall be unlawful.

Art. 2040.—Any object of value with no known owner that is hidden or buried on a property shall be considered a treasure. This shall not apply to objects found in graves or in public places designated for that purpose.

Whoever finds a treasure on their own property acquires ownership of it; however, if the discovery is made on another’s property, the finder shall share it equally with the owner of that property.

Art. 2041.— The first person to make the treasure visible—even if only partially, even if they do not seize it or recognize it as treasure, and even if others are working alongside them—is deemed the discoverer of the treasure.

If there is another treasure at the same site or immediately adjacent to it, the discoverer shall be the first person to make it visible.

Art. 2042.—It is prohibited to search for treasure on another person’s property without the express permission of the owners or their representatives.

A co-owner of the property or its immediate possessor may search for treasure, provided that the property is restored to its original condition.

Art. 2043.—The discoverer's right may not be invoked by a worker whom the property owner has commissioned to conduct excavations in search of treasure, nor by others who do so without the owner's authorization. In such cases, the treasure found belongs to the owner.

Art. 2044.—A worker who, while working on another person's property, discovers a treasure is entitled to half of it, even if the owner had previously informed him of the possibility of finding it.

Art. 2045.—The found object ceases to be considered treasure if someone proves that it belongs to them. This proof may be established by any means of evidence.

It is presumed that objects of recent origin belong to the owner of the place where they were found if the owner had died in the house that was part of the property.

Art. 2046.— A treasure found on mortgaged real property is not included in the mortgage.

SECTION II

ON SPECIFICATION AND INCORPORATION

Art. 2047.—Anyone who, through labor—whether in good or bad faith—transforms another's material into a new thing shall acquire ownership of it, even if it is possible to restore it to its previous form.

In both cases, the person who transforms the material must pay its value; however, if he acted in bad faith, the owner of the material shall be entitled to compensation for all damages, unless he prefers to take possession of the new thing, in which case he must pay the transformer the increase in value that the new thing has acquired.

Art. 2048.—When two movable things, belonging to different owners, are joined in such a way that they form integral parts of a single thing, the owner of the principal thing acquires the accessory thing, even if separation is possible, and is obligated to pay the owner of the accessory thing its value. If it cannot be determined which of the two items is the principal one, the respective owners shall be co-owners in proportion to the value of the items at the time of their union.

Art. 2049.—The same principle set forth in the preceding article shall apply whenever, by accident or intentionally, two movable items belonging to different owners are mixed or combined, rendering them physically inseparable, or when separation can only be achieved at disproportionate expense.

If it is possible to separate them, this shall be done at joint expense when the mixing was accidental, or at the expense of the person responsible if it was intentional.

Art. 2050.—When ownership is extinguished in accordance with the preceding articles, the other real rights affecting the thing are also extinguished. Once a co-ownership is established, the rights shall continue to apply to the undivided share; but if the owner of an object acquires the entire new species, the rights shall extend to it.

Art. 2051.—Any person who, as a result of the application of the preceding provisions, suffers the loss of a right may sue the person who benefits from such loss for monetary compensation, in accordance with the rules governing unjust enrichment and, where applicable, tort. Such a person may not seek to restore the situation to its previous state.

The aggrieved party shall have a lien on the amount owed to them.

SECTION III

ON THE ACQUISITION OF PRODUCTS

AND OTHER CONSTITUENT PARTS OF A THING

Art. 2052.— The products and constituent parts of a thing belong to its owner, even after their separation, subject to the rights of third parties to the use of the thing and of possessors in good faith.

Art. 2053.—A person who, by virtue of a real right, is authorized to appropriate the products and constituent parts of another's thing acquires ownership of them upon separation.

Civil fruits belong to the owner, even if not yet received, to the extent they correspond to the period during which the owner's right existed.

Art. 2054.—Those who, without title but in good faith, possess real property as owners or by virtue of another real right, shall acquire the natural and industrial fruits once they are separated, and the civil fruits only upon actually receiving them, even if such fruits correspond to the period of their possession. If, at the beginning of such possession, crops or crops in progress exist, the products that have been separated shall also belong to them; however, they shall owe the owner—and, where applicable, the usufructuary—the amounts received from any sale of such products.

Upon termination of possession, any outstanding fruits shall belong to the owner or usufructuary; however, the possessor in good faith shall be compensated for the expenses incurred in producing them. The possessor shall also be reimbursed for any taxes paid in connection with the property during the period and time of preparation and cultivation of such fruits.

Art. 2055.—If the possessor acts in bad faith, all existing or produced fruits and products shall belong to the owner or, where applicable, the usufructuary, and must be returned to them, net of the costs of cultivation and harvest and any applicable taxes, as provided in the preceding article. The possessor must also pay the value of any constituent parts of the property that he or she has disposed of, even if the price obtained for them was lower. The heir of a possessor acting in bad faith shall take ownership of the fruits and products received in good faith.

Art. 2056.—The two preceding articles shall apply to a possessor who, as the owner of the property or the holder of the right of use and enjoyment thereof, has granted a real right to a third party to use and enjoy that property.

Art. 2057.—When the owner authorizes a third party to appropriate the products or other components of a real property and has conferred possession of the property upon that third party, the third party may acquire them by separating them; otherwise, acquisition occurs solely by taking possession. If the authority granted by the owner arises from an outstanding obligation, the owner may not revoke it as long as the third party possesses the thing. The same rule shall apply to authorization granted by a person who is not the owner but to whom the products and constituent parts of the things belong once they have been separated. This rule shall also apply when the person granting the authorization lacks the right to do so, provided that the acquirer acted in good faith at the time of taking possession and at the time the products and other constituent parts were separated.

SECTION IV

ON THE ACQUISITION OF PERSONAL PROPERTY THROUGH POSSESSION

Art. 2058.— Ownership of movable property is acquired through possession in good faith, provided the property has not been stolen or lost. Good faith must exist at the time of acquisition.

The acquirer is not acting in good faith when he knows that the item does not belong to the transferor, or when his ignorance stems from gross negligence.

This provision shall not apply to universal rights or to property that must be registered by law.

Art. 2059.—Items taken by force or secretly shall be considered stolen, but not those that leave the owner's possession due to a breach of trust, a breach of a deposit, or another act of deception or fraud.

Art. 2060.—The acquisition of ownership of negotiable instruments shall be governed by the provisions of this Code relating to the assignment of rights.

SECTION V

ON THE ACQUISITION OF PERSONAL PROPERTY BY CONTRACT

Art. 2061.—Movable property may be acquired through contracts transferring ownership, in accordance with the provisions of this Code.

Art. 2062.—Delivery made by the owner of a movable thing transfers ownership to the acquirer when there is an agreement between them to transfer ownership.

If the acquirer is already in possession of the item, ownership is transferred by the agreement. If the owner possesses the item, transfer of ownership occurs through the agreement to make the acquirer a mediate possessor.

Art. 2063.—Possession confers ownership upon a purchaser in good faith, even if the item does not belong to the transferor, except in the case where it was stolen or lost.

Any rights in rem that may exist in the property are extinguished.

Any actions for nullity, rescission, or termination to which the transferor was subject cannot be enforced against the current possessor.

Art. 2064.—The purchaser's good faith must exist at the time of delivery. It is excluded if the purchaser's belief in the transferor's right is attributable to the purchaser's negligence or fault.

Art. 2065.—The immediate possessor does not acquire ownership against the intermediate possessor from whom he received the thing.

Art. 2066.—When the thing is possessed by a third party, the assignment by the owner to the acquirer of the owner's right to demand restitution of the thing is equivalent to delivery.

Art. 2067.—A person who, in good faith, acquires ownership of a movable thing encumbered by the rights of a third party, believing it to be free of all encumbrances, causes the extinction of those rights.

The third party's rights shall not be extinguished if, at the time when such rights should have been taken into consideration, the acquirer was not acting in good faith.

Art. 2068.—If the owner successively transfers the same item to several persons, ownership vests in the purchaser in good faith who took possession of the movable property, even if their title is dated later, provided the property is not subject to registration.

SECTION VI

OWNERSHIP OF LIVESTOCK, MACHINERY, AND MOTOR VEHICLES

Art. 2069.—Without prejudice to the provisions of this Code regarding the ownership of movable property and to the provisions of the Rural Code regarding the ownership of livestock, any brand or mark on large livestock or small s that bears such a mark constitutes title to ownership in favor of the person or entity that has it duly registered in the Registry of Brands and Marks.

Art. 2070.— The transfer of livestock shall be evidenced in the manner established by special legislation.

Art. 2071.—Ownership of all types of machinery or motor vehicles must be registered in the Registry maintained by the General Directorate of Registries, and their transfer may only be effected by public deed, subject to a prior certificate of no encumbrances from the aforementioned Registry.

TITLE IV

FAMILY PROPERTY

Art. 2072.—The following may benefit from the institution of family property: the owner establishing the property, his or her spouse, minor descendants, or adopted children, until they reach the age of majority.

If an unmarried owner has a family living under the same roof—a family that is publicly and widely known—he or she may also establish family property for the benefit of the mother and the child or children they have in common, until such time as the children reach the age of majority.

No one may designate more than one urban or rural property as a family property.

Art. 2073.— The property to be designated as a family home shall not exceed, in its assessed value, the amount of (5,000) five thousand times the minimum legal daily wage established for workers in various unspecified occupations in the Capital.

Any higher value attributed to the property by legal provisions not based on improvements made to it shall not cause it to lose its status as a family property. The designation shall be formalized and shall be enforceable against third parties once the property is registered as such in the Real Estate Registry. For personal property, registration in the Registry is not required.

Also constitute family property the bed of the beneficiary, his or her spouse, and children; household furnishings essential for daily use, including stoves, refrigerators, fans, radios, televisions, and family musical instruments, sewing machines and washing machines; and the tools necessary for the profession, art, or trade practiced by the owner of such property. Such property shall not be subject to execution or attachment, unless the sale price is claimed.

Art. 2074.—Any person wishing to designate a property as a family property must file a request with the Civil Judge of First Instance of their place of residence, providing proof of ownership and meeting the other requirements established by this Code.

Art. 2075.—The registration of real property designated as a family property in the Real Property Registry shall consist of a marginal note on the entry for said property, and a special index shall be maintained separately for this purpose. Any person may request a report from the Registry regarding whether a specific property is registered as a family property.

Art. 2076.—Real property registered as a family asset may not be sold or be subject to attachment or foreclosure for debts incurred by the owner after the property was designated as a family asset, except in the following cases:

a) when payment is required for obligations incurred prior to the establishment of the family property;

b) when taxes and fees on the property are owed; and

c) when payment is claimed for improvements made to the property that increase its value.

Art. 2077.—Family property may not be leased or mortgaged without the consent of all persons benefiting from it or their legal representatives, subject to prior judicial authorization, which shall be granted if the judge deems it in the best interest of the family.

Art. 2078.—The family property regime shall continue after the death of the grantor for the benefit of the surviving spouse and descendants, or adopted children, and, where applicable, the mother and her minor children born out of wedlock.

Art. 2079.—When the family estate is transferred upon the decedent’s death to his or her successors, in accordance with the provisions of this Code, it shall be exempt from inheritance tax.

Art. 2080.—The beneficiaries of the family estate shall be represented in their dealings with third parties in all matters pertaining thereto by the person who established the estate; in the absence of such person, by the other spouse; and in the absence of the latter, by the person appointed by the majority.

The representative shall also be responsible for the administration of the property designated as a family estate, with the responsibilities established by law.

Art. 2081.—The designation of the real property as a family estate shall cease in the following cases:

a) upon the express request of the person who established the family property. If the family property is community property, the consent of the other spouse—or, where applicable, of the mother of the children born out of wedlock—shall be required; if there are minor children, the intervention of the Guardianship and Custody Office shall be required;

b) by judicial sale in the cases established in this Code;

c) upon expropriation for reasons of public utility or social interest;

d) upon claim of ownership, when improvements are made to the property that cause its value to exceed the maximum amount established by this Code;

e) upon the marriage of the surviving spouse, or the dissolution of a common-law marriage and the man's subsequent marriage to another woman; provided that the children have reached the age of majority; and

f) upon the death of the surviving spouse and once the children have reached the age of majority.

Art. 2082.—To request the termination of the family property status, the same procedure shall be followed as for its establishment. In the event of divorce, the judge shall decide in the judgment the disposition of the family property, taking into account the innocence or fault of each spouse and the welfare of the children.

In the event of the dissolution and liquidation of the marital partnership, if the real property is part of the marital estate, it shall be awarded in joint ownership to both spouses, subject to the rules governing joint ownership established by this Code, and the state of undivided co-ownership shall be maintained for at least five years.

TITLE V

JOINT OWNERSHIP

CHAPTER I

GENERAL PROVISIONS

Art. 2083.—Joint ownership exists when two or more persons share ownership of the same movable or immovable property by contract, testamentary disposition, or provision of law, without any of them being able to exclude the other from exercising the proportional real right inherent in their ideal share of the property, nor in any manner other than that provided for by this Code. A community of property consisting of items other than tangible property does not constitute co-ownership.

Art. 2084.—No co-owner may, without the consent of the others, perform any physical or legal acts on the common property—or on even the smallest physically defined part thereof—that entail the actual and immediate exercise of the right of ownership. The objection of just one co-owner is sufficient to prevent the others from carrying out such acts.

Art. 2085.—No co-owner may make physical alterations to the common property or change its intended use without the consent of the others; nor may they dispose of it, create easements, or establish mortgages to the detriment of the co-owners' rights. Any lease or rental agreement entered into by one of them is null and void.

Art. 2086.—The sale, creation of an easement or mortgage, and the lease entered into by one of the co-owners shall become partially or fully effective if, as a result of the division, all or part of the common property falls within that co-owner's share.

Art. 2087.—Co-owners may not waive their right to request division for an indefinite period; however, they may agree to suspend the division for a term not exceeding five years and renew this agreement as often as they deem appropriate. A testator or donor may impose the same condition. Agreements or clauses regarding joint ownership take effect with respect to specific successors if, in the case of real property, they are registered in the Registry.

Art. 2088.— Each co-owner has the right to request the division of the common property at any time, provided it is not subject to mandatory undivided ownership.

Art. 2089.—Each co-owner may exercise, without the consent of the others, the rights inherent in their ideal share of the property to the extent that such exercise is compatible with the equal rights of the others. They may sell, mortgage, or transfer their undivided share without the others being able to prevent it, and their creditors may attach it and have it sold prior to partition. They may also dispose of or encumber a specific part of the property, but the validity of such disposition or encumbrance is contingent upon that part being allocated to them upon partition.

Art. 2090.—Any co-owner may require the other co-owners, in proportion to their respective shares, to pay the expenses for the maintenance or repair of the common property, together with interest on any sums the co-owner has paid for that purpose. The co-owners so required may discharge themselves from the obligation to contribute by waiving their right.

Art. 2091.—Any co-owner has the right to claim their share against the other co-owners and to assert the resulting rights against third parties; delivery shall be made by deposit or seizure on behalf of all co-owners, in accordance with the principles governing indivisible obligations.

Art. 2092.—Only the co-owner who incurred debts on behalf of the community is obligated to pay them, without prejudice to his or her right to seek reimbursement from the others for any amounts he or she has paid.

If the debt was incurred jointly by all co-owners, without specifying shares and without stipulating joint and several liability, they are liable to the creditor in equal shares, without prejudice to each co-owner's right against the others to be reimbursed for any excess amount paid beyond their respective share.

Art. 2093.—A co-owner who is a creditor due to disbursements for maintenance charges, preservation expenses, or repair costs shall have the right to demand preferential payment of such amounts upon the division of the community property. This right may be enforced even against individual successors, provided that a preliminary injunction regarding the debt has been registered. If it is necessary to sell the property to obtain payment, the procedure shall be the same as that for terminating joint ownership.

Art. 2094.—The preceding article shall apply when one co-owner owes another a debt arising from the undivided ownership, and the debtor's share shall be encumbered to secure performance of the obligation. If the debtor becomes insolvent, the debt shall be divided among the others in proportion to their shares.

Art. 2095.— A lien on an undivided property in favor of one of the co-owners is valid.

Art. 2096.—The rules governing partition in succession—including the manner in which it is carried out and the effects it produces—apply to the partition of individual assets.

A partition, a public auction, and all acts for valuable consideration by which one of the co-owners acquires exclusive ownership of the common property have the same legal effects as a partition.

CHAPTER II

ON THE ADMINISTRATION OF THE COMMON PROPERTY

Art. 2097.—If, due to the nature of the property or the opposition of some of the co-owners, common use, enjoyment, or possession is impossible, the majority shall decide whether to lease it out or administer it for the common benefit, shall establish the conditions, and shall appoint or remove administrators.

If it is decided to lease the property, the co-owner offering the same advantages shall be given preference over a third party as the lessee; and among co-owners with equal offers, the decision shall be made by lot.

Art. 2098.—Decisions regarding administration shall be adopted after summoning all co-owners, by an absolute majority of votes calculated based on the value of the undivided shares, even if such majority corresponds to only one of the co-owners.

In the event of a tie, the matter shall be decided by lot. Any dispute regarding administrative matters shall be summarily decided by a judge, at the request of any co-owner and after hearing the others.

In case of doubt, the shares are presumed to be equal. The proceeds shall be divided in proportion to their values.

Art. 2099.—The administration by a co-owner who has been appointed by a majority shall be governed by the rules of agency.

If the administrator acts without a mandate, he or she shall be considered a business agent.

CHAPTER III

COMPULSORY JOINT OWNERSHIP

Art. 2100.—Compulsory joint ownership shall exist when the co-ownership pertains to property deemed indispensable for the common use of two or more estates belonging to different owners. None of the co-owners may request partition without the unanimous consent of the others, or as long as even one of them has an interest in the joint ownership.

The rights that accrue to the co-owners in such cases do not arise from easements but from co-ownership.

The co-owners may use the common property only for the needs of the estates in whose interest the property has been left undivided.

Art. 2101.—Each co-owner may use the entire common property and its various parts as if they were his or her own, provided that he or she does not use them for purposes other than those for which they are intended and does not interfere with the equal rights of the other co-owners.

In the absence of an agreement, the intended use of the common property is determined by its very nature and by the use to which it has been put.

Art. 2102.—Compulsory joint ownership shall also exist when the law prohibits the division of a common property, or when such division is prohibited by a valid and temporary stipulation of the co-owners, or by a will—also temporary—that does not exceed, in either case, a period of five years, or when the division would be harmful for any reason, in which case it must be postponed as necessary to prevent harm to the co-owners.

Art. 2103.—Joint ownership of walls, ditches, and fences that serve as boundaries between two properties is subject to compulsory undivided ownership.

A wall is a party wall and is common to the owners of the adjacent properties who have had it built at their own expense, on the boundary separating the two properties.

Art. 2104.—The following are presumed to be party walls, unless proven otherwise by public or private documents or by physical evidence:

a) dividing walls between adjacent buildings up to the common point of elevation;

b) dividing walls of courtyards, gardens, country estates, or other open spaces; and

c) fences, hedges, ditches, and irrigation channels that divide rural properties, unless only one of the properties is enclosed. The presumption stands if neither of the two properties is enclosed.

The fact that the soil excavated to dig or clean ditches and irrigation channels is located on a single property is considered evidence contrary to the presumption of joint ownership; in such a case, the ditches and irrigation channels are presumed to belong to the owner of that property.

Art. 2105.—The presumption of joint ownership does not exist when the wall or partition rests exclusively on the land of one of the properties, and not on both of the adjoining properties.

Art. 2106.—In the event of a conflict between a title establishing joint ownership and indications to the contrary, the title takes precedence over the indications.

Art. 2107.— The co-owners of a wall or other dividing partition are liable, in proportion to their respective rights, for the costs of repairs or reconstruction of the wall or partition.

Each co-owner of a wall may be released from contributing to the costs of its maintenance by renouncing joint ownership, provided that the wall is not part of a building belonging to that co-owner, or that the repair or construction has not become necessary due to an act on the co-owner’s part.

Art. 2108.—The right to renounce joint ownership lies with each of the neighbors, even in areas where the enclosure is mandatory; and once the renunciation is made, it has the effect of conferring on the other party exclusive ownership of the wall and the land on which it stands.

A party who has renounced joint ownership of a party wall to be released from the obligation to contribute to its repairs or construction retains the right to reacquire it at any time, as provided in this Code.

Art. 2109.— The relinquishment shall be subject to the resolutory condition that the wall be repaired or rebuilt by the acquiring owner, when necessary.

Art. 2110.—In populated areas, the first person to build on a lot that is not separated from a neighbor’s lot by walls may claim ownership of half of the portion of the wall built on the neighbor’s lot, provided that the wall is made of stone or brick up to a height of two meters and its thickness does not exceed forty-five centimeters.

Art. 2111.— Any owner may require their neighbor to construct and repair walls of the material and thickness specified in the preceding article, which separate adjacent properties. In the absence of municipal regulations specifying the height, it shall be two meters.

The neighbor so required cannot be released from this obligation by abandoning the land or the existing boundary wall.

Art. 2112.—A person who has constructed, on their own land and at their own expense, a boundary wall in a location where such a wall is required may not claim reimbursement from their neighbor for half of its value and the land on which it stands, unless the neighbor wishes to make use of the dividing wall.

Art. 2113.—Joint ownership of a party wall entitles each co-owner to use the party wall for all purposes for which it is intended according to its nature, provided that no damage is caused to the wall, its structural integrity is not compromised, and the neighbor's exercise of equal rights is not impeded.

A co-owner may attach any type of structure to the partition wall and install braces across its entire thickness, without prejudice to the other co-owner's right to have them removed up to the middle of the wall if that co-owner also wishes to install braces on it or to install a chimney flue.

Art. 2114.—Each co-owner may raise the party wall at their own expense, without compensating the neighbor for the increased weight it bears, but they shall be responsible for any increase in maintenance costs resulting from such action.

If the wall cannot support the increase in height, the co-owner who wishes to raise it shall rebuild it at his or her sole expense and take the excess thickness from his or her own property. In both cases, the owner shall compensate the neighbor for any damage caused by the work, except for damages resulting from inconveniences that have not prevented or significantly reduced the neighbor's use of their property, provided that due diligence was exercised to avoid such inconveniences.

Art. 2115.—In the case described in the preceding article, the new wall, even if built by one of the owners, is a common wall up to the height of the old one and throughout its entire thickness, without prejudice to the right of the owner who provided the excess land to reclaim it if the wall is ever demolished.

Art. 2116.—A neighbor who has not contributed to the expenses of raising the height of the wall may always acquire joint ownership of the raised portion by reimbursing half of those expenses and the portion of the excess land by which the wall's thickness was increased.

Art. 2117.— The owner whose property borders a wall that is not a dividing wall has the right to acquire joint ownership of the entire wall, or only up to the height that the property he owns has at the dividing wall, by reimbursing half the value of the wall or the portion for which he acquires joint ownership, as well as half the value of the land on which it is built. If the owner wishes to acquire only the portion of the height that the dividing walls must have, he is obligated to pay the value of the wall, including its foundations.

Art. 2118.—The acquisition of joint ownership of a dividing wall has the effect of placing the neighbors on a footing of perfect equality and grants the acquirer the right to request the removal of any structures, openings, or windows in the dividing wall that are incompatible with the rights conferred by joint ownership. The acquirer may not invoke these rights to interfere with the easements encumbering his or her property.

Art. 2119.—On rural properties, partition walls must be constructed with shared costs if both properties are fenced. When one of the properties has no fence whatsoever, its owner is not obligated to contribute to the partition walls, ditches, or fences.

Art. 2120.—The provisions of the preceding articles regarding party walls or fences, insofar as they pertain to the rights and obligations of co-owners toward one another, apply, to the extent applicable, to ditches, fences, or other land boundaries under the same circumstances.

Art. 2121.— Trees growing on partition fences or ditches are presumed to be joint property as well, and each co-owner may demand that they be removed if they cause damage. If they fall due to an accident, they may not be replanted without the consent of the other neighbor. The same shall apply to trees that are considered joint property because their trunks straddle the boundary between properties owned by different owners.

Art. 2122.—These provisions shall not apply to property belonging to the public domain of the State or the municipalities. Administrative regulations shall apply to such property.

Art. 2123.—The acquisition of joint ownership is subject to its registration in the Real Estate Registry and to payment of its value, if the debt is recorded in the registration. The abandonment and waiver of joint ownership must also be registered in order to have legal effect.

CHAPTER IV

JOINT OWNERSHIP DUE TO CONFUSED BOUNDARIES

Art. 2124.— The owner of land whose boundaries are indistinct from those of an adjacent property is deemed a co-owner with the owner of that property and has the right to request that the indistinct boundaries be investigated and demarcated.

Art. 2125.—An action for boundary demarcation requires, as an indispensable prerequisite, the contiguity and confusion of two rural parcels. It does not apply to the division of urban parcels.

Art. 2126.—This action may be brought only by those who hold real rights in the land, against the owner of the adjacent property.

Art. 2127.—It may be brought against the State with respect to land in the private domain. The demarcation of public domain properties falls under administrative jurisdiction.

TITLE VI

PROPERTY BY FLOORS AND APARTMENTS

CHAPTER I

GENERAL PROVISIONS

Art. 2128.—The various floors of a building and the apartments into which each floor is divided, as well as the apartments in a single-story house, when they are independent and have direct access to a public thoroughfare or through a common passageway, may belong to different owners, in accordance with the provisions of this Code.

Art. 2129.— Each apartment shall be identified by a numerical designation recorded in the Real Estate Registry for identification purposes.

Art. 2130.— Each owner shall hold exclusive ownership of his or her floor or apartment, or shall be a co-owner of the common areas and of those elements necessary for its safety.

The following are considered common areas:

a) the land on which the building stands, the foundations, walls, load-bearing walls, roofs, courtyards, porticos, common galleries and lobbies, staircases, and entrance doors;

b) central service facilities, such as elevators, freight elevators, heating and cooling systems, running water, gas, furnaces, waste incinerators, and the telephone exchange;

c) the concierge's and management's offices; and

d) the partition walls separating the various apartments.

This list is not exhaustive; in each case, the common nature of an item must be determined by agreement among the parties.

Art. 2131.—Each owner's right to the common areas shall be proportional to the value of their apartment or unit, which shall be determined by agreement of the parties or, failing that, by the official value set by the Real Estate Tax Administration for the purposes of paying the corresponding tax.

A co-owner may not waive their right to the common property, nor may they exempt themselves from the obligation to contribute to the maintenance expenses of such property.

Art. 2132.—The common areas of the building shall be subject to compulsory joint ownership, in accordance with the provisions of this Code, unless the division can be made by unanimous agreement of the co-owners, provided that such division does not render the use of the property more inconvenient for any of them.

Art. 2133.—In addition, those elements intended to serve a certain number of units, to the exclusion of the others—such as hallways, stairwells, and special elevators, as well as restrooms shared by the units on the same floor—shall be considered common elements, but on a limited basis, provided that all co-owners so agree.

Art. 2134.— Each owner has the right to use the common property in accordance with its intended purpose, without infringing upon the rights of others.

Art. 2135.—The rights of each owner in the common property are inseparable from the ownership, use, and enjoyment of their respective floor or apartment.

In the transfer, conveyance, encumbrance, or attachment of a floor or apartment, such rights shall be deemed to be included, and these same acts may not be performed with respect to them separately from the floor or apartment to which they pertain.

Art. 2136.— Each owner may dispose of the apartment or unit that belongs to him or her and create real or personal rights thereon, without the need to obtain the consent of the others.

In the transfer, encumbrance, or attachment of a flat or apartment, the rights to the use and enjoyment of the common property shall be deemed to be included.