

Translation of the Civil Code Law No. 131 of 1948

ترجمة القانون المدني رقم
١٣١ لسنة ١٩٤٨

20 July 2025

Law No. 131 of 1948 Concerning the Issuance of the Civil Code

In the name of the people President of the republic

Preamble

The Senate and the House of Representatives have enacted the following law, which we have ratified and promulgated

Promulgation Articles

Article (1):

The Civil Code in force before the national courts dated October 28, 1883, and the Civil Code in force before the mixed courts dated June 28, 1875, are hereby repealed. They are replaced by the Civil Code attached to this law.

Article (2):

The Minister of Justice shall implement this law, which shall come into force as of October 15, 1949.

We order that this law be sealed with the State Seal, published in the Official Gazette, and enforced as one of the laws of the State.



The Civil Code

Preliminary Part: General Provisions

Chapter One: The Law and Its Application

Section 1: The Law and the Right

Article (1):

Legislative provisions shall apply to all matters they address, whether explicitly or implicitly.

In the absence of an applicable legislative provision, the judge shall rule according to custom.

In the absence of custom, according to the principles of Islamic Shari'a.

In the absence of these, according to the principles of natural law and the rules of equity.

Article (2):

A legislative provision may not be repealed except by a subsequent law that expressly states such repeal.

Or includes provisions inconsistent with the prior law.

Or re-regulates the subject matter previously governed by that law.

Article (3):

Time limits shall be calculated according to the Gregorian calendar, unless the law provides otherwise.



Article (4):

Whoever exercises his right lawfully shall not be liable for any harm arising therefrom.

Article (5):

The exercise of a right shall be deemed unlawful in the following circumstances

- If the sole purpose thereof is to harm others.
 - If the benefit sought is disproportionate to the harm caused to others.
 - If the benefit sought is unlawful.
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Section 2: Application of the Law

Conflict of Laws in Time

Article (6):

Provisions relating to capacity shall apply to all persons who meet the conditions stipulated therein. If a person previously enjoyed legal capacity under former provisions but is rendered lacking in capacity under new provisions, this shall not affect his prior transactions.

Article (7):

New provisions on prescription shall apply from their effective date to any prescription period not yet completed. However, former provisions shall govern matters relating to the commencement, suspension, and interruption of prescription for the period prior to the new provisions' entry into force.



Article (8):

If a new provision prescribes a shorter prescription period than the former provision, the new period shall run from the date of the new provision's entry into force, even if the former period had already commenced. However, if the remaining time under the old law is shorter than the period prescribed by the new law, prescription shall occur upon expiry of that remaining period.

Article (9):

As to evidence prepared in advance, the applicable law shall be that in force at the time the evidence was prepared or was supposed to be prepared.

Section 2: Application of the Law

Conflict of Laws in Place

Article (10):

Egyptian law shall govern the characterization of legal relationships when determining their nature in conflicts of laws to identify the applicable law.

Article (11):

A person's civil status and legal capacity shall be governed by the law of their nationality. However, for financial transactions concluded in Egypt and producing effects therein, if one party is a foreigner lacking capacity due to a concealed reason not easily known to the other party, this shall not affect his capacity. The legal status of foreign legal persons, such as companies, associations, and foundations, shall be governed by the law of the State in which their actual principal place of administration is located. Nevertheless, if their principal activity is conducted in Egypt, Egyptian law shall apply.



Article (12):

The substantive conditions for the validity of marriage shall be governed by the law of each spouse.

Article (13):

The law of the husband's nationality at the time of marriage shall govern the effects of the marriage contract, including financial effects. Divorce shall be governed by the law of the husband's nationality at the time of divorce. Separation shall be governed by the law of the husband's nationality at the time the action is brought.

Article (14):

In the cases referred to in the two preceding articles, if one spouse is Egyptian at the time of marriage, Egyptian law alone shall apply, except regarding capacity to marry.

Article (15):

Obligations of maintenance between relatives shall be governed by the law of the debtor.

Article (16):

Substantive matters concerning guardianship, trusteeship, conservatorship, and similar measures for protecting the incapacitated or the absent shall be governed by the law of the person requiring protection.

Article (17):

Inheritance, wills, and all dispositions taking effect after death shall be governed by the law of the deceased or the disposer at the time of death. However, the form of a will shall be governed by the law of the testator at the time of making the will or the law of the country where the will was made. The same applies to the form of other post-mortem dispositions.



Article (18):

Possession, ownership, and other real rights in immovables shall be governed by the law of the place where the immovable is situated. For movables, the law of the place where the movable is located at the time the cause for acquiring or losing such rights arises shall apply.

Article (19):

Contractual obligations shall be governed by the law of the State where the parties have a common domicile. If they have no common domicile, by the law of the State where the contract was concluded. Unless the parties agree or circumstances indicate the application of another law. The law of the place where immovable property is located shall govern contracts relating to such property.

Article (20):

Inter vivos contracts shall comply in form with the law of the place of their conclusion. They may also comply with the law governing their substance or the law of the parties' domicile or common nationality.

Article (21):

Non-contractual obligations shall be governed by the law of the place where the act giving rise to the obligation occurred. However, with respect to obligations arising from tort, the preceding rule shall not apply to acts occurring abroad which are lawful in Egypt even if deemed unlawful in the place where they occurred.

Article (22):

Jurisdictional rules and procedural matters shall be governed by the law of the country where the action is brought or the proceedings conducted.

Article (23):

The provisions of the preceding articles shall apply unless otherwise provided by a special law or an international treaty in force in Egypt.



Article (24):

In matters not expressly addressed in the preceding articles concerning conflicts of laws, the principles of private international law shall apply.

Article (25):

The judge shall determine the applicable law for persons whose nationality is unknown or who hold multiple nationalities simultaneously. Persons who simultaneously hold Egyptian nationality and the nationality of one or more foreign States shall be governed by Egyptian law.

Article (26):

Where the provisions above indicate that the law of a country with multiple legal systems applies, the internal law of that country shall determine which of its laws governs.

Article (27):

Where a foreign law is applicable, only its domestic provisions shall apply, excluding its rules on private international law.

Article (28):

Provisions of a foreign law designated by the above rules shall not apply if they contravene Egyptian public order or morality.



Chapter Two: Persons: 1- Natural Person

Article (29):

The legal personality of a human being begins at birth alive and ends at death. Nevertheless, the rights of the unborn child shall be determined by law.

Article (30):

Birth and death shall be proved by the official records prepared for this purpose. If such proof does not exist, or the record entries are proven false, proof may be established by any other means.

Article (31):

Registers of births, deaths, and related notifications shall be regulated by special legislation.

Article (32):

Matters concerning missing or absent persons shall be governed by special laws. In the absence thereof, the provisions of Islamic Shari'a shall apply.

Article (33):

Egyptian nationality shall be regulated by a special law.

Article (34):

A person's family consists of their relatives.

Relatives are those connected by a common ancestor.



Article (35):

Direct lineage is the connection between ascendants and descendants.

Collateral kinship is the connection between persons sharing a common ancestor without one being a descendant of the other.

Article (36):

In calculating degrees of direct kinship, each generation is counted as a degree in ascending to the ancestor, excluding the ancestor himself. In collateral kinship, degrees are counted by ascending from one relative to the common ancestor and descending to the other relative. Each generation, apart from the common ancestor, counts as one degree.

Article (37):

The relatives of one spouse shall be considered in the same degree of kinship to the other spouse.

Article (38):

Every person shall have a name and surname.

A person's surname shall extend to his children.

Article (39):

The acquisition and change of surnames shall be regulated by special legislation.

Article (40):

Domicile is the place where a person habitually resides.

A person may have more than one domicile at the same time or may have no domicile at all.



Article (41):

The place where a person conducts business or practices a profession shall be deemed his domicile for matters related to the administration of such business or profession.

Article (42):

The domicile of minors, persons under guardianship, missing, or absent persons is the domicile of their legal representative. Nevertheless, a minor who has reached the age of eighteen and persons of similar status shall have a separate domicile for matters in which the law considers them capable of acting independently.

Article (43):

A chosen domicile may be designated for the performance of a specific legal act. Proof of a chosen domicile shall be in writing. The chosen domicile for the performance of a legal act shall be considered the domicile regarding all matters relating to that act, including enforcement procedures, unless expressly limited to certain matters only.

Article (44):

Any person who has reached the age of majority, is of sound mind, and has not been placed under guardianship, shall have full legal capacity to exercise his civil rights. The age of majority is twenty-one full Gregorian years.

Article (45):

Persons lacking discernment due to infancy, idiocy, or insanity shall not have capacity to exercise civil rights. Anyone under the age of seven shall be deemed lacking discernment.

Article (46):

Anyone who has attained the age of discernment but not the age of majority, and anyone of full age who is a prodigal or of weak understanding, shall have diminished capacity as determined by law.



Article (47):

Persons lacking or having diminished capacity shall be subject, as appropriate, to the provisions relating to guardianship, trusteeship, or curatorship under the conditions and in accordance with the rules established by law.

Article (48):

No person may waive his legal capacity or alter its provisions.

Article (49):

No person may renounce his personal freedom.

Article (50):

Anyone who has been unlawfully assaulted in any of the rights inherent to his person may demand that such assault be ceased and may claim compensation for any damage suffered.

Article (51):

Anyone who is unjustifiably disputed by another in the use of his name, or whose name has been unlawfully used by another, may demand cessation of such infringement and claim compensation for any damage suffered.



Chapter Two: Persons: 2- Juridical Person: Definition of Juridical Person

Article (52):

Legal persons are:

- The State, as well as governorates, cities, and villages under the conditions prescribed by law, and administrative authorities, departments, and other public establishments granted legal personality by law.
 - Religious bodies and groups recognized by the State as having legal personality.
 - Endowments (Awqaf).
 - Commercial and civil companies.
 - Associations and foundations established according to the provisions hereafter.
 - Any group of persons or property granted legal personality by law.
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Chapter Two: Persons: 2- Legal Person: Rights of the Legal Person

Article (53):

A legal person enjoys all rights except those inherently linked to natural human capacity, within the limits prescribed by law.

Accordingly, it shall have:

- An independent financial liability.
- Legal capacity within the scope determined by its constitutive act or by law.
- The right to litigate.



- An independent domicile. Its domicile shall be the place of its administrative headquarters. Companies with their principal place of business abroad and operating in Egypt shall have their administrative headquarters in Egypt considered as their domicile for the purposes of domestic law.

It shall have a representative to express its will.

Chapter Two: Persons: 2- Legal Person: Associations

Article (54):

(Repealed by Law No. 384 of 1956)

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Article (56):

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Article (57):

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Article (58):

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Article (59):

(Repealed by Law No. 384 of 1956)

Article (60):

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Article (61):

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Article (62):

(Repealed by Law No. 384 of 1956)

Article (63):

(Repealed by Law No. 384 of 1956)

Article (64):

(Repealed by Law No. 384 of 1956)

Article (65):

(Repealed by Law No. 384 of 1956)



Article (66):

(Repealed by Law No. 384 of 1956)

Article (67):

(Repealed by Law No. 384 of 1956)

Article (68):

(Repealed by Law No. 384 of 1956)

Chapter Two: Persons: 2- Legal Person: Corporations / Institutions

Article (69):

(Repealed by Law No. 384 of 1956)

Article (70):

(Repealed by Law No. 384 of 1956)

Article (71):

(Repealed by Law No. 384 of 1956)



Article (72):

(Repealed by Law No. 384 of 1956)

Article (73):

(Repealed by Law No. 384 of 1956)

Article (74):

(Repealed by Law No. 384 of 1956)

Article (75):

(Repealed by Law No. 384 of 1956)

Article (76):

(Repealed by Law No. 384 of 1956)

Article (77):

(Repealed by Law No. 384 of 1956)

Article (78):

(Repealed by Law No. 384 of 1956)



Chapter Two: Persons: 2- Legal Person: Common Provisions for Associations and Institutions

Article (79):

Associations established for the public benefit and foundations may, upon their request, be considered bodies serving the public interest, by virtue of a decree approving their statutes.

This decree may provide for exemptions from the restrictions on legal capacity stipulated in Article 57.

The decree may also impose special supervisory measures, such as appointing one or more directors from the government or taking any other necessary measures.

Article (80):

Charitable associations, cooperatives, social institutions, and trade unions shall be regulated by law.

Chapter Three: Classification of Things and Property

Article (81):

Anything not excluded from legal transactions by its nature or by law may be the subject of financial rights.

Things excluded from transactions by their nature are those which no person can possess exclusively, and those excluded by law are those which the law prohibits from being the subject of financial rights.



Article (82):

Anything fixed in place and immovable without damage is real property; all other things are movable property.

Nevertheless, a movable placed by its owner in real property owned by him for the service or exploitation of that property shall be deemed immovable by destination.

Article (83):

A real right over immovable property, including ownership, and any claim concerning a real right over immovable property, shall be regarded as immovable property.

All other financial rights shall be considered movable property.

Article (84):

Consumable things are those whose use consists in their consumption or expenditure according to their intended purpose.

Goods held for sale in commerce shall be considered consumables.

Article (85):

Generic things are those which can replace one another in performance and are usually assessed in transactions by number, measure, volume, or weight.

Article (86):

Rights relating to intangible things are governed by special laws.



Article (87):

Public property consists of immovable and movable assets belonging to the State or public legal persons and designated for public use either in fact or by law, decree, or decision of the competent minister.

Such property cannot be disposed of, seized, or acquired by prescription.

Article (88):

Property loses its public character when it ceases to be designated for public use, whether by law, decree, decision of the competent minister, by fact, or by the cessation of the purpose for which it was designated.

Part One: Obligations or Personal Rights Book One: Obligations in General

Chapter One: Sources of Obligation Section One: Contract

Article (89):

A contract is concluded once two parties exchange expressions of consent that are in agreement, subject to any legal formalities required for the formation of the contract.

Article (90):

Expression of intent may be made orally, in writing, by customary gesture, or by conduct which, in the circumstances, leaves no doubt as to the intended meaning.

Expression of intent may be implied unless the law or the parties stipulate that it must be express.



Article (91):

An expression of intent takes effect when it comes to the knowledge of the addressee. The arrival of the expression shall be presumed to constitute knowledge unless proven otherwise.

Article (92):

If the person expressing intent dies or loses capacity before the expression takes effect, this does not prevent the effect from occurring upon receipt by the addressee, unless otherwise indicated by the expression or the nature of the transaction.

Article (93):

If a time limit is fixed for acceptance, the offeror is bound by his offer until the expiry of that period.

The period may be inferred from the circumstances or the nature of the transaction.

Article (94):

If an offer is made during a meeting without fixing a period for acceptance, the offer lapses unless acceptance is immediate. The same applies to offers made by telephone or similar means.

Nevertheless, the contract is concluded even if acceptance is not immediate, provided there is no indication that the offeror has withdrawn the offer in the interval between offer and acceptance, and acceptance occurs before the meeting ends.

Article (95):

If the parties agree on all essential terms of the contract but reserve agreement on detailed matters for later, without stipulating that the contract shall not be concluded without such agreement, the contract is deemed concluded. Disputes over unresolved details shall be settled by the court according to the nature of the transaction, the law, custom, and equity.



Article (96):

If acceptance includes modifications or additions to the offer, it shall be deemed a rejection and a new offer.

Article (97):

A contract between absent parties is deemed concluded at the place and time the offeror becomes aware of the acceptance, unless otherwise agreed or provided by law.

The offeror is presumed to have become aware at the time and place the acceptance reached him.

Article (98):

If the nature of the transaction, commercial practice, or other circumstances suggest the offeror did not require express acceptance, the contract shall be deemed concluded unless the offer is rejected within a reasonable time.

Silence shall be deemed acceptance if there is prior dealing between the parties related to the offer, or if the offer is solely for the benefit of the addressee.

Article (99):

A contract in an auction is not concluded until the bid is accepted; a higher bid cancels a previous one, even if the higher bid is invalid.

Article (100):

In adhesion contracts, acceptance is limited to agreement to the terms unilaterally set by the offeror and not open to negotiation.



Article (101):

An agreement in which the parties or one of them undertakes to conclude a specific contract in the future shall not be binding unless all essential terms and the time period are specified.

Where the law requires formalities for a contract's validity, such formalities shall apply to the preliminary agreement as well.

Article (102):

If one party promises to conclude a contract but then refuses, the other party may seek enforcement through the courts. If the necessary conditions for the contract, especially formalities, are met, the judgment with res judicata effect shall have the same force as the contract itself.

Article (103):

Payment of earnest money at contract conclusion entitles either party to withdraw, unless otherwise agreed.

The payer forfeits the earnest money upon withdrawal; the recipient must return double if he withdraws, even absent any resulting harm.

Article (104):

In contracts concluded through representation, it is the representative's knowledge, not the principals, that matters regarding defects of consent or knowledge of circumstances.

However, if the representative acts under specific instructions from the principal, the principal may not invoke the representative's ignorance of circumstances known or presumed known to the principal.

Article (105):

Where a representative concludes a contract within the scope of his authority on behalf of the principal, rights and obligations arising from the contract accrue directly to the principal.



Article (106):

If the representative does not disclose his capacity, the contract does not bind the principal unless the counterparty knew of the representation or was indifferent to dealing with either the principal or the representative.

Article (107):

If both the representative and the other party were unaware at the time of contracting that the authority had expired, the contract's effects accrue to the principal or his successors.

Article (108):

A person may not contract with himself in his capacity as representative, whether on his own behalf or for a third party, without the principal's authorization. The principal may, however, ratify the contract. All this is subject to contrary legal or commercial provisions.

Article (109):

Every person is capable of contracting unless such capacity is removed or restricted by law.

Article (110):

A minor lacking discernment has no right to dispose of his property, and all his acts of disposal shall be void.

Article (111):

If the minor has discernment, his legal transactions shall be valid if they are purely beneficial and void if they are purely prejudicial.

As for transactions that may be either beneficial or prejudicial, they are voidable in favor of the minor. The right to void the contract lapses if the minor ratifies it after reaching the age of majority, or if ratification is granted by his guardian or the court, as the case may be, in accordance with the law.



Article (112):

If a discerning minor reaches the age of eighteen and is authorized to manage his property, or takes possession of it by law, his acts of management shall be valid within the limits prescribed by law.

Article (113):

Persons of unsound mind, feeble-minded persons, prodigals, and those lacking prudence shall be placed under guardianship or released from it by the court in accordance with the rules and procedures prescribed by law.

Article (114):

The acts of a person of unsound mind or feeble-minded person are void if performed after the registration of the guardianship order.

If performed before such registration, they are void only if the person's condition was notorious at the time of contracting, or if the other party was aware of it.

Article (115):

Transactions carried out by a prodigal or imprudent person after registration of the guardianship order shall be governed by the provisions applicable to transactions of discerning minors.

Acts performed before such registration shall not be void or voidable unless they result from exploitation or collusion.



Article (116):

Dispositions made by a person placed under guardianship for prodigality or imprudence by way of endowment or will shall be valid if authorized by the court.

Acts of management performed by a prodigal who has been authorized to take possession of his property shall be valid within the limits prescribed by law.

Article (117):

If a person is deaf and mute, or blind and deaf, or blind and mute, and is thereby unable to express his will, the court may appoint a judicial assistant to assist him in transactions requiring such assistance for his interest.

Any act performed by the person under judicial assistance without the assistant's cooperation after registration of the assistance decision shall be voidable.

Article (118):

Acts performed by guardians, curators, or custodians shall be valid within the limits prescribed by law.

Article (119):

A person of diminished capacity may seek annulment of a contract. This shall not preclude his liability to pay compensation if he resorted to fraudulent means to conceal his lack of capacity.

Article (120):

If a contracting party makes a fundamental mistake, he may seek annulment of the contract if the other party made the same mistake, knew of it, or could easily have recognized it.



Article (121):

A mistake is fundamental if it is so grave that the party would not have entered into the contract had he not been mistaken.

A mistake is especially considered fundamental if:

- It relates to a quality of the subject matter considered essential by the parties, or which ought to be considered essential given the circumstances of the contract and the requirements of good faith.
 - It concerns the person of the contracting party or one of his attributes when that person or attribute was the main reason for contracting.
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Article (122):

A contract shall be voidable for mistake of law if the conditions for mistake of fact under the previous articles are met, unless otherwise provided by law.

Article (123):

A mere mistake in calculation or clerical errors shall not affect the validity of the contract but must be corrected.

Article (124):

A party who made a mistake may not rely on it in a manner contrary to good faith.

In particular, he remains bound by the contract he intended to conclude if the other party expresses readiness to perform it.

Article (125):

A contract may be annulled for fraud if the deceit practiced by one of the contracting parties or his representative was such that the other party would not have entered into the contract but for it.



Fraud also includes deliberate concealment of a fact or circumstance if it is proven that the deceived party would not have contracted had he known of it.

Article (126):

If the fraud was committed by a person other than the contracting parties, the deceived party cannot seek annulment unless he proves that the other contracting party knew or ought necessarily to have known of the fraud.

Article (127):

A contract may be annulled for duress if a party contracted under the influence of fear unlawfully instilled by the other party, provided it was justified.

Fear shall be deemed justified if the circumstances portray to the claimant a serious imminent danger threatening him or another person regarding life, body, honor, or property.

In assessing duress, consideration shall be given to the gender, age, social and health condition, and any other circumstance affecting the gravity of the duress.

Article (128):

If the duress was exerted by a third party, the coerced party cannot seek annulment unless he proves that the other contracting party knew or necessarily ought to have known of it.

Article (129):

If one party's obligations are manifestly disproportionate to the benefit he receives under the contract, or to the obligations of the other party, and it is proven that the disadvantaged party only contracted because the other party exploited his evident recklessness or excessive passion, the court may, at the request of the disadvantaged party, annul the contract or reduce his obligations.

The action must be brought within one year from the date of the contract, otherwise it shall not be admissible.



In contracts for consideration, the other party may avert annulment by offering what the court considers sufficient to remove the disadvantage.

Article (130):

In applying the preceding article, account shall be taken of any special provisions concerning disparity in particular contracts or concerning interest rates.

Chapter One: Sources of Obligation

Section One: Contract

1- Essential Elements of the Contract: Subject Matter

Article (131):

The subject matter of an obligation may be a future thing.

However, dealings concerning the inheritance of a living person are void, even with his consent, except in cases provided for by law.

Article (132):

If the subject matter of the obligation is inherently impossible, the contract shall be void.

Article (133):

If the subject matter of the obligation is not specifically identified, it must at least be determined by its type and quantity; otherwise, the contract shall be void.

It suffices for the subject matter to be determined by its type if the contract contains a provision enabling the determination of its quantity. If the parties do not agree on the quality grade, and this cannot be inferred from custom or other circumstances, the debtor must deliver an item of average quality.



Article (134):

If the subject matter of the obligation is money, the debtor shall be bound by the amount specified in the contract, regardless of any rise or fall in its value at the time of performance.

Article (135):

If the subject matter of the obligation contravenes public policy or morals, the contract shall be void.

Chapter One: Sources of Obligation

Section One: Contract

1- Essential Elements of the Contract: Cause

Article (136):

If the obligation lacks a cause, or if its cause contravenes public policy or morals, the contract shall be void.

Article (137):

Any obligation not expressly stating its cause shall be presumed to have a lawful cause, unless proven otherwise.

The cause mentioned in the contract is presumed to be the true cause until the contrary is proven. If the cause is shown to be fictitious, the party claiming a different lawful cause must prove it.



Chapter One: Sources of Obligation

Section One: Contract

1- Essential Elements of the Contract: Nullity

Article (138):

If the law grants one party the right to annul the contract, the other party cannot invoke this right.

Article (139):

The right to annul a contract is extinguished by express or implied ratification.

Ratification shall be deemed to take effect from the date of the contract, without prejudice to the rights of third parties.

Article (140):

The right to annul the contract shall lapse if not invoked within three years.

This period shall commence, in the case of incapacity, from the day on which the cause of incapacity ceases; in the case of mistake or fraud, from the day of its discovery; and in the case of duress, from the day it ends. In all cases, no right to annul for mistake, fraud, or duress may be exercised if fifteen years have passed since the contract was concluded.

Article (141):

If the contract is void, any interested party may invoke its nullity, and the court may declare it void on its own motion. Nullity cannot be remedied by ratification.

The action for nullity shall lapse after fifteen years from the date of the contract.



Article (142):

In cases of annulment or nullity, the parties shall be restored to the position they were in before the contract. If this is impossible, equivalent compensation may be awarded.

However, a person lacking capacity shall not be required to return anything except what he actually benefited from as a result of the contract if the annulment was due to his incapacity.

Article (143):

If part of a contract is void or voidable, only that part shall be deemed void, unless it appears that the contract would not have been concluded without the void or voidable part, in which case the entire contract shall be void.

Article (144):

If a contract is void or voidable but satisfies the elements of another type of contract, it shall be valid as the contract whose elements are fulfilled if it is established that this was the parties' true intention.

Chapter One: Sources of Obligation

Section One: Contract

2- Effects of the Contract

Article (145):

The effects of the contract shall apply to the contracting parties and their general successors, without prejudice to the rules relating to inheritance, unless the contract, the nature of the transaction, or the law indicates otherwise.



Article (146):

If the contract creates personal rights and obligations related to a thing that subsequently passes to a specific successor, such rights and obligations shall transfer to that successor at the time of transfer if they are inherent to the thing and the successor knew of them at the time of transfer.

Article (147):

The contract constitutes the law between the parties and cannot be rescinded or amended except by mutual agreement or for reasons provided by law.

However, if exceptional general circumstances, which could not have been foreseen, occur making the performance of the contractual obligation excessively burdensome, though not impossible, and threatening the debtor with severe loss, the court may, after weighing the interests of both parties, reduce the obligation to a reasonable extent. Any agreement to the contrary shall be void.

Article (148):

The contract must be performed in accordance with its terms and in a manner consistent with good faith.

The contract shall not be limited to the obligations expressly stipulated therein but shall also include what is implied by law, custom, and equity according to the nature of the obligation.

Article (149):

If the contract was concluded by adhesion and includes unfair terms, the court may modify such terms or exempt the adhering party from them in accordance with the requirements of justice. Any agreement to the contrary shall be void.

Article (150):

If the terms of the contract are clear, they shall not be deviated from under the pretext of interpreting them to ascertain the parties' intention.



If there is room for interpretation, the common intention of the parties shall be sought without adhering to the literal meaning of the words, guided by the nature of the transaction and the duty of honesty and trust between the parties, according to prevailing customs.

Article (151):

Any ambiguity shall be interpreted in favor of the debtor.

However, ambiguous terms in adhesion contracts may not be interpreted to the detriment of the adhering party.

Article (152):

A contract does not create obligations upon third parties, but it may confer rights upon them.

Article (153):

If a person undertakes to secure an obligation by a third party, such third party is not bound by this undertaking. If the third-party refuses, the promisor shall compensate the promise but may be discharged from compensation by fulfilling the obligation himself.

If the third party accepts the undertaking, such acceptance shall have effect only from the time it is given unless it appears that the intention was for it to have retroactive effect to the time of the original undertaking.

Article (154):

A person may contract in his own name for obligations stipulated in favor of a third party if he has a material or moral interest in the performance of such obligations.

This stipulation shall grant the third party a direct right against the obligor unless otherwise agreed. The obligor may raise against the beneficiary any defenses arising from the contract.

The stipulator may also demand performance for the benefit of the beneficiary unless it is clear from the contract that only the beneficiary has this right.



Article (155):

The stipulator may revoke the stipulation for the benefit of a third party before the beneficiary declares to the obligor or stipulator his desire to benefit therefrom, unless this is contrary to the contract.

Revocation of the stipulation does not discharge the obligor from his obligation to the stipulator unless explicitly or implicitly agreed otherwise. The stipulator may substitute another beneficiary for the first or reserve the benefit for himself.

Article (156):

In stipulations for the benefit of third parties, the beneficiary may be a future person or entity or one not designated at the time of the contract, provided such designation is possible when the contract takes effect.

Chapter One: Sources of Obligation

Section One: Contract

3- Dissolution of the Contract

Article (157):

In reciprocal contracts, if one party fails to perform his obligation, the other party may, after giving notice, demand either performance or dissolution of the contract, with damages in either case if warranted.

The court may grant the debtor an extension if circumstances so require and may refuse dissolution if the breach is of minor importance relative to the contract as a whole.

Article (158):

The parties may agree that the contract shall be deemed automatically dissolved without judicial intervention upon non-performance of its obligations. Such agreement does not exempt from notice unless expressly stated.



Article (159):

In reciprocal contracts, if an obligation is extinguished due to impossibility of performance, the corresponding obligations shall also be extinguished and the contract shall be automatically dissolved.

Article (160):

If the contract is dissolved, the parties shall be restored to the position they were in before the contract. If this is impossible, compensation may be awarded.

Article (161):

In reciprocal contracts where obligations are due simultaneously, either party may withhold performance if the other fails to perform his obligation.

Chapter One: Sources of Obligation

Section Two: Unilateral Will

Article (162):

Whoever offers a reward to the public for performing a certain act shall be bound to give the reward to whoever performs the act, even if performed without knowledge of the offer.

If no time limit is set for the act, the offeror may revoke his offer by public notice, provided this does not affect the rights of anyone who completed the act before the revocation.

The claim for the reward shall lapse unless brought within six months from the date of public revocation.



Chapter One: Sources of Obligation

Section Three: Tort (Unlawful Act)

1- Liability for Personal Acts

Article (163):

Every wrongful act that causes harm to another obliges the person who committed it to compensate the harm.

Article (164):

A person is liable for his wrongful acts if committed with discernment.

However, if the harm was caused by a person lacking discernment and there is no person responsible for him, or compensation cannot be obtained from the responsible party, the court may, considering the circumstances, require the wrongdoer to pay fair compensation.

Article (165):

If the person proves that the harm resulted from a foreign cause beyond his control, such as a sudden accident, force majeure, the fault of the injured party, or the fault of a third party, he shall not be liable for compensation unless otherwise provided by law or agreement.

Article (166):

Whoever causes harm while in lawful self-defense of himself, his property, or that of others shall not be liable, provided he does not exceed the necessary limits of defense; otherwise, compensation shall be due as required by justice.



Article (167):

A public employee is not liable for damage caused to others if acting under an order from a superior, provided that obedience was obligatory or he believed it to be, and he can prove his belief was reasonable and that he acted with caution.

Article (168):

One who causes harm to avoid a greater imminent danger to himself or others shall only be liable for compensation as the court deems appropriate.

Article (169):

If multiple persons are responsible for causing harm, they shall be jointly liable for compensation, with liability apportioned equally unless the court determines otherwise.

Article (170):

The court shall assess compensation for the harm caused in accordance with Articles 221 and 222, taking into account the relevant circumstances. If final determination of compensation is not possible at the time of judgment, the court may reserve the right for the injured party to request reassessment within a specified period.

Article (171):

The court shall determine the form of compensation according to the circumstances. Compensation may be paid in installments or as a periodic annuity, with the debtor possibly required to provide security.

Compensation shall be determined in money; however, the court may, depending on the circumstances and at the request of the injured party, order restoration to the former state or prescribe specific performance connected to the unlawful act as compensation.



Article (172):

The claim for compensation arising from an unlawful act shall lapse after three years from the date on which the injured party became aware of the damage and the person responsible for it. In any case, such claim shall lapse after fifteen years from the date the unlawful act occurred.

However, if this claim arises from a criminal offence and the criminal proceedings have not yet lapsed upon the expiry of the periods mentioned in the preceding paragraph, the compensation claim shall not lapse until the criminal proceedings do.

Chapter One: Sources of Obligation

Section Three: Tort (Unlawful Act)

2- Liability for the Acts of Others

Article (173):

Whoever is legally or contractually responsible for supervising a person in need of supervision, due to minority or mental or physical condition, shall be liable for any harm caused by that person through an unlawful act, even if the person causing the harm lacked discernment.

A minor is deemed in need of supervision if under fifteen years of age or, if over fifteen, still under the care of a guardian. Supervision shifts to the schoolteacher or craft supervisor while the minor is under their supervision. Supervision of a minor wife transfers to her husband or to whoever supervises the husband.

The person responsible for supervision may be relieved from liability if he proves he fulfilled his duty of supervision, or that the harm would have occurred even with proper care.

Article (174):

An employer shall be liable for damage caused by his employee through an unlawful act committed in the course or by reason of employment.

The relationship of subordination exists even if the employer did not freely choose the employee, provided the employer had actual authority over supervision and direction.



Article (175):

The person liable for the act of another has the right of recourse against that other person to the extent of the latter's liability for the damage.

Chapter One: Sources of Obligation

Section Three: Tort (Unlawful Act)

3- Liability Arising from Things

Article (176):

The keeper of an animal, even if not its owner, shall be liable for any harm caused by the animal, even if it strays or escapes, unless he proves that the harm resulted from a foreign cause beyond his control.

Article (177):

The keeper of a building, even if not its owner, shall be liable for any harm caused by the collapse of the building, even if partial, unless he proves that the collapse was not due to lack of maintenance, age, or defect.

Anyone threatened with harm from a building may require the owner to take necessary preventive measures. If the owner fails to do so, permission may be obtained from the court to take such measures at the owner's expense.

Article (178):

Anyone responsible for things requiring special care or for mechanical equipment shall be liable for any harm caused by such things, unless he proves that the harm resulted from a foreign cause beyond his control, without prejudice to any special provisions applicable.



Chapter One: Sources of Obligation

Section Four: Unjust Enrichment

General Provisions

Article (179):

Any person, even one lacking discernment, who is unjustly enriched at the expense of another shall be liable to compensate the other to the extent of the enrichment, even if the enrichment ceases subsequently.

Article (180):

The claim for compensation for unjust enrichment shall lapse after three years from the date on which the person who suffered the loss became aware of his right to compensation. In any case, the claim shall lapse after fifteen years from the date on which this right arose.

Chapter One: Sources of Obligation

Section Four: Unjust Enrichment

1- Payment Not Due

Article (181):

Whoever receives something in payment that he is not entitled to shall return it.

However, no restitution shall be made if the payer knew he was not obligated to pay, unless he lacked capacity or was coerced into payment.



Article (182):

Restitution of the undue shall also be permissible where the payment was made in discharge of an obligation whose cause did not arise, or whose cause ceased after arising.

Article (183):

Restitution of the undue shall also be permissible if the payment was made in discharge of an obligation that was not yet due and the payer was unaware of the delay.

However, the creditor may be required only to return what he benefited from by reason of early payment, limited to the harm suffered by the debtor. If the obligation was monetary, the creditor must return the legal or agreed interest on the sum for the period remaining until maturity.

Article (184):

No restitution shall be made if the payment was made by a third party, and the creditor in good faith relinquished his claim or security against the true debtor, or if the claim against the true debtor became time-barred. In such cases, the true debtor shall compensate the person who made the payment.

Article (185):

If the recipient of the undue was in good faith, he shall only be required to return what he actually received.

If in bad faith, he shall also return any profits or interests earned or negligently failed to earn from the thing wrongfully received, from the date of receipt or from the date he became in bad faith.

In all cases, the recipient shall return interests or profits from the date the claim was brought.

Article (186):

If the recipient of the undue lacked contractual capacity, he shall only be liable to the extent of his actual enrichment.



Article (187):

The claim for restitution of what was unduly paid shall lapse after three years from the date on which the payer became aware of his right to restitution. In any case, the claim shall lapse after fifteen years from the date the right arose.

Chapter One: Sources of Obligation

Section Four: Unjust Enrichment

2- Management of Affairs Without Mandate (Negotiorum Gestio)

Article (188):

Negotiorum gestio is when a person voluntarily undertakes to manage an urgent matter on behalf of another without being obliged to do so.

Article (189):

Negotiorum gestio is established even if the manager, while acting for himself, also acted on behalf of another, when the matters are so interconnected that they cannot be separated.

Article (190):

The rules of agency shall apply if the principal ratifies the acts of the gestor.

Article (191):

The gestor must continue the work he has begun until the principal is able to take over, and must notify the principal of his intervention whenever possible.



Article (192):

The gestor must exercise the care of a reasonable person and shall be liable for his fault. However, the court may reduce compensation for such fault if circumstances justify.

If the gestor delegates all or part of the work to another, he shall be liable for the actions of his substitute, without prejudice to the principal's right to claim directly against the substitute.

If several gestores undertake the same matter, they shall be jointly liable.

Article (193):

The gestor shall be subject to the same obligations as an agent to return what he received through the management and to render an account of his actions.

Article (194):

If the gestor dies, his heirs shall be bound by the same obligations as those of an agent's heirs under Article 717 paragraph 2.

If the principal dies, the gestor shall remain bound towards the heirs as he was towards the deceased.

Article (195):

The gestor shall be deemed the principal's representative if he managed the matter with the care of a reasonable person, even if the desired result was not achieved. In this case, the principal shall be bound to fulfill obligations contracted on his behalf, indemnify the gestor for obligations assumed, reimburse necessary and beneficial expenses justified by circumstances with interest from the date of payment, and compensate for any harm suffered in the course of management. The gestor shall not be entitled to remuneration unless the work falls within his profession.



Article (196):

If the gestor lacks contractual capacity, he shall only be liable to the extent of his actual enrichment, unless liability arises from an unlawful act.

The principal's liability remains full, even if he lacks contractual capacity.

Article (197):

The claim arising from negotiorum gestio shall lapse after three years from the date each party became aware of his right. In any case, the claim shall lapse after fifteen years from the date the right arose.

Chapter One: Sources of Obligation

Section Five: The Law

Article (198):

Obligations arising directly from the law alone shall be governed by the provisions of the law that created them.

Chapter Two: Effects of Obligations

Article (199):

An obligation shall be enforced by compulsion upon the debtor.

However, if the obligation is natural, compulsion shall not apply.



Article (200):

In the absence of a provision, the court shall determine whether there is a natural obligation. In any case, a natural obligation cannot contravene public order.

Article (201):

A debtor may not recover what he voluntarily paid with the intention of discharging a natural obligation.

Article (202):

A natural obligation may constitute the cause for a civil obligation.

Chapter Two: Effects of Obligations

Section One: Specific Performance

Article (203):

The debtor shall, after formal notice in accordance with Articles 219 and 220, be compelled to perform his obligation in kind, whenever such performance is possible.

However, if specific performance would cause the debtor undue hardship, he may be allowed to satisfy the obligation by payment of monetary compensation, provided this does not cause the creditor serious harm.

Article (204):

An obligation to transfer ownership or any other real right shall, by its very nature, effect the transfer of that right if the object of the obligation is a specific thing owned by the obligor, without prejudice to the provisions relating to registration.



Article (205):

If the obligation relates to the transfer of a real right over a thing not specified except by its kind, the right shall not pass until such thing has been individualized.

If the debtor fails to perform his obligation, the creditor may, after obtaining leave from the court or without such leave in cases of urgency, procure an item of the same kind at the debtor's expense. The creditor may also claim the value of the thing, without prejudice in either case to his right to damages.

Article (206):

An obligation to transfer a real right includes the obligation to deliver the thing and to preserve it until delivery.

Article (207):

Where the debtor is obliged to transfer a real right or to perform an act, and such obligation includes the delivery of a thing, the loss of the thing, after the debtor has been formally notified to deliver it, shall be at his risk, even if such loss would otherwise have been borne by the creditor prior to the notice.

However, the loss shall not be borne by the debtor, even after formal notice, if he proves that the thing would have perished likewise in the creditor's possession had it been delivered to him, unless the debtor had agreed to bear the risk of unforeseen events.

Nevertheless, if the thing is stolen and perishes or is lost in any manner whatsoever, the risk of loss shall fall upon the thief.

Article (208):

In obligations to perform an act, where the agreement or the nature of the obligation requires the debtor to personally fulfill the obligation, the creditor may refuse performance by any person other than the debtor.



Article (209):

In obligations to perform an act, if the debtor fails to fulfill his obligation, the creditor may seek judicial authorization to have the obligation performed at the debtor's expense if performance is possible.

In cases of urgency, the creditor may have the obligation performed at the debtor's expense without prior judicial authorization.

Article (210):

In obligations to perform an act, the judgment of the court shall take the place of performance where the nature of the obligation so permits.

Article (211):

In obligations to perform an act, where the debtor is required to preserve a thing, to manage it, or to exercise due care in the performance of the obligation, the debtor shall be deemed to have fulfilled his obligation if he has exercised in its performance the care of a reasonable person, even if the intended result has not been achieved, unless otherwise provided by law or agreement.

In any case, the debtor remains liable for fraud or gross negligence.

Article (212):

If the debtor is bound to abstain from an act and breaches this obligation, the creditor may request the removal of what has been done in contravention of the obligation and may seek judicial authorization to carry out such removal at the debtor's expense.

Article (213):

If the specific performance of the obligation cannot be carried out, or is impractical except by the debtor himself, the creditor may obtain a court judgment compelling the debtor to perform it and imposing a coercive fine upon him in case of refusal.



If the court considers that the amount of the fine is insufficient to compel the debtor, it may increase the fine whenever it sees fit.

Article (214):

If specific performance has been carried out or the debtor persists in refusing performance, the court shall fix the amount of compensation due from the debtor, taking into account the harm suffered by the creditor and the debtor's obstinacy.

Chapter Two: Effects of Obligations

Section Two: Performance by Way of Compensation (Damages)

Article (215):

If specific performance becomes impossible for the debtor, he shall be ordered to pay compensation for non-performance unless he proves that impossibility was due to a foreign cause beyond his control. The same applies in case of delay in performance.

Article (216):

The court may reduce the amount of compensation or refuse to award any compensation if the creditor contributed by his own fault to the occurrence or aggravation of the damage.

Article (217):

It is permissible to agree that the debtor shall bear the consequences of unforeseen events and force majeure.

It is also permissible to agree on exemption of the debtor from any liability arising from non-performance of his contractual obligation, except in cases of fraud or gross negligence.



Nevertheless, the debtor may stipulate exemption from liability for fraud or gross negligence committed by persons employed by him to perform his obligation.

Any clause exempting liability for unlawful acts is void.

Article (218):

Compensation shall not be due unless the debtor has been served with notice, unless otherwise provided.

Article (219):

Notice to the debtor shall be served by a formal warning or by any act serving as a warning.

Notice may be sent by post as per the provisions of the Civil Procedure Law or may arise from an agreement providing that the debtor is deemed notified merely upon the lapse of the due date without any other formalities.

Article (220):

Notice to the debtor is not required in the following cases:

- If performance has become impossible or futile through the act of the debtor.
 - If the obligation consists of compensation for an unlawful act.
 - If the obligation consists of returning something the debtor knows to be stolen or something he received without right and with knowledge thereof.
 - If the debtor has expressly declared in writing his refusal to perform the obligation.
-



Article (221):

If the compensation is not determined in the contract or by law, the court shall assess it.

Compensation includes loss suffered by the creditor and gain missed, provided this is a natural consequence of non-performance or delay. Damage is considered a natural consequence if the creditor could not reasonably have avoided it.

However, if the obligation arises from a contract, the debtor who has committed neither fraud nor gross negligence shall only compensate for the damages which could normally have been foreseen at the time of contracting.

Article (222):

Compensation includes moral damage, but in this case it may not be transferred to others unless it has been determined by agreement or claimed before the court.

Nonetheless, compensation shall only be awarded to spouses and relatives up to the second degree for the pain caused by the death of the injured person.

Article (223):

The contracting parties may determine in advance the amount of compensation by stipulating it in the contract or in a subsequent agreement. In this case, Articles (215) to (220) shall apply.

Article (224):

Agreed compensation shall not be due if the debtor proves that the creditor suffered no damage.

The court may reduce such compensation if the debtor proves that it is grossly exaggerated or that the original obligation has been partially performed.

Any agreement contrary to the two preceding paragraphs shall be void.



Article (225):

If the damage exceeds the agreed compensation, the creditor may not claim more than this amount unless he proves that the debtor committed fraud or gross negligence.

Article (226):

If the subject of the obligation is a sum of money known in amount at the time of demand, and the debtor delays payment, he shall be liable to pay the creditor compensation for the delay at the rate of 4% in civil matters and 5% in commercial matters. Such interest accrues from the date of judicial demand unless the agreement or commercial custom provides otherwise, all unless the law stipulates differently.

Article (227):

The contracting parties may agree on a different rate of interest, whether for delay or for any other case where interest is stipulated, provided it does not exceed 7%. Any agreement on interest exceeding this rate shall be reduced to 7%, and any excess paid shall be refunded.

Any commission or benefit, whatever its nature, stipulated by the creditor and which, together with the agreed interest, exceeds the aforementioned maximum, shall be deemed disguised interest and subject to reduction if it is proven that such commission or benefit is not in return for a genuine service provided by the creditor or a legitimate benefit.

Article (228):

Entitlement to delay interest, whether legal or contractual, does not require proof that the creditor has suffered damage from the delay.

Article (229):

If the creditor, in bad faith, prolongs the dispute while claiming his right, the court may reduce or refuse to award interest, whether legal or contractual, for the period during which the dispute was unjustifiably prolonged.



Article (230):

In the distribution of the proceeds of a forced sale, the creditors admitted to participate shall not be entitled, after the adjudication, to delay interest on the shares allocated to them unless the adjudicatee is bound to pay such interest, or unless the court's treasury is bound to pay such interest by reason of deposit, without prejudice to the creditors' rights to interest prior to the adjudication or deposit. Such interest shall be shared among creditors proportionately.

Article (231):

The creditor may claim additional compensation besides interest if he proves that the damage exceeding the interest was caused by the debtor's bad faith.

Article (232):

Interest may not accrue on accrued interest, and under no circumstances shall the total interest exceed the principal amount, all without prejudice to trade customs and practices.

Article (233):

Commercial interest applicable to current accounts varies according to regions. The method for calculating compound interest in current accounts shall be governed by commercial custom.



Chapter Two: Effects of Obligations

Section Three: Means of Securing Creditors' Rights — Means of Enforcement and Means of Security

Article (234):

All the debtor's assets are considered as security for the payment of his debts.

All creditors share equally in this security, unless one of them has a legal right of priority.

Chapter Two: Effects of Obligations

Section Three: Means of Securing Creditors' Rights — Means of Enforcement and Means of Security

1- Means of Enforcement

Article (235):

Any creditor, even if his debt is not yet due, may exercise on behalf of his debtor all the rights of the debtor, except those that are strictly personal to the debtor or that cannot be seized.

The creditor's exercise of the debtor's rights shall not be valid unless it is proved that the debtor has failed to exercise these rights and that such failure would cause or increase the debtor's insolvency. No prior notice to the debtor is required for exercising this right, but the debtor must be included as a defendant in the proceedings.

Article (236):

When exercising the debtor's rights, the creditor is deemed to act as the debtor's representative, and any benefits resulting from the exercise of these rights shall be included in the debtor's assets and serve as security for all creditors.



Article (237):

Any creditor whose debt is due may request that any transaction conducted by his debtor to his detriment be declared unenforceable against him if the transaction has reduced the debtor's assets or increased his liabilities and has led to or aggravated the debtor's insolvency, provided the conditions in the following article are met.

Article (238):

If the debtor's transaction was for consideration, it shall not be enforceable against the creditor unless it was made with fraudulent intent by the debtor and the person who benefited from the transaction knew of this fraud. Fraud will be presumed if the debtor was aware of his insolvency at the time of the transaction. The beneficiary shall be presumed to have known of the debtor's fraud if he knew the debtor was insolvent.

If the transaction was gratuitous, it shall not be enforceable against the creditor even if the beneficiary acted in good faith, and even if there is no proof of fraud.

If the transferee of the property has transferred it for consideration to a further transferee, the creditor may only challenge the transaction against this second transferee if the latter knew of the debtor's fraud and the first transferee did too, if the debtor's transfer was for consideration, or if the second transferee knew of the debtor's insolvency at the time of the first transfer if the debtor's transfer was gratuitous.

Article (239):

If the creditor claims the debtor's insolvency, he is only required to prove the amount of debt owed to him. The debtor must prove that his assets are sufficient to meet or exceed his liabilities.

Article (240):

If a transaction is declared unenforceable, all creditors harmed by the transaction shall benefit from this ruling.



Article (241):

If a person who acquired a right from an insolvent debtor has not yet paid its price, he may discharge himself from the claim by paying the price, provided it is equivalent to the fair market value, into the court treasury.

Article (242):

If fraud was intended solely to favor one creditor over others without right, this shall only result in depriving that creditor of such preferential treatment.

If an insolvent debtor satisfies a creditor before the debt becomes due, this payment shall not be valid against the other creditors. Likewise, if the debtor pays after the due date but in collusion with the creditor, the payment shall not be valid against the others.

Article (243):

The action to declare a transaction unenforceable shall be time-barred three years from the day the creditor became aware of the cause for unenforceability. In any case, it shall lapse fifteen years from the date of the contested transaction.

Article (244):

In cases of sham contracts, creditors of the contracting parties and bona fide third parties may rely on the apparent contract, as well as on the concealed contract, and may prove the sham nature of the apparent contract by any means.

If the interests of the parties conflict, some relying on the apparent contract and others on the concealed one, priority shall be given to those relying on the apparent contract.

Article (245):

If two parties have concealed a genuine contract beneath an apparent one, the effective contract between them and their general successors shall be the genuine one.



Chapter Two: Effects of Obligations

Section Three: Means of Securing Creditors' Rights — Means of Enforcement and Means of Security

2- One of the Means of Security: The Right of Retention

Article (246):

Anyone obliged to deliver something may withhold performance as long as the creditor has not offered performance of an obligation arising from and connected with the debtor's obligation, or has not provided sufficient security for such performance.

This shall particularly apply to the holder or possessor of a thing who has incurred necessary or useful expenses on it; such person may retain it until he receives what is due to him, unless the obligation to return arises from an unlawful act.

Article (247):

The mere right of retention does not create a right of preference.

The holder must preserve the retained property in accordance with the rules governing pledge by possession and must account for its fruits.

If the retained property is in danger of perishing or deteriorating, the holder may seek judicial permission to sell it pursuant to Article (1119), and the right of retention shall transfer to the sale proceeds.

Article (248):

The right of retention ends when the holder relinquishes possession of the thing.

Nevertheless, the holder may reclaim the thing if it has been removed secretly or against his will, provided he makes this claim within thirty days from the date he learned of its removal and within one year from the date of removal.



Chapter Two: Effects of Obligations

Section Three: Means of Securing Creditors' Rights — Means of Enforcement and Means of Security

3- Insolvency

Article (249):

A debtor may be declared insolvent if his assets are insufficient to meet his debts as they fall due.

Article (250):

The declaration of insolvency shall be made by a judgment of the court of first instance in whose jurisdiction the debtor's domicile is located, upon the request of the debtor himself or one of his creditors. The case shall be dealt with urgently.

Article (251):

Before declaring a debtor insolvent, the court must consider all surrounding circumstances, whether general or specific, including the debtor's future resources, personal capacity, responsibility for the causes of insolvency, the legitimate interests of his creditors, and any other circumstance that may affect his financial condition.

Article (252):

The time limit for filing an objection against insolvency judgments is eight days, and the time limit for appeal is fifteen days, starting from the date of notification of such judgments.

Article (253):

On the day the insolvency claim is registered, the court clerk shall record the claim in a special register arranged according to the names of insolvent persons. He shall note in the margin of this register any judgment rendered in the case and any ruling confirming or annulling it, on the date of issuance.



The clerk must also send to the Cairo Court Registry copies of these registrations and marginal notes for entry into a general register established by a decree from the Minister of Justice.

Article (254):

If the debtor changes his domicile, he must notify the clerk of the court of his former domicile. Upon learning of the change, whether from the debtor's notice or any other source, the clerk must forward, at the debtor's expense, a copy of the insolvency judgment and related marginal entries to the court of the new domicile for registration.

Article (255):

A judgment declaring a debtor's insolvency shall render all deferred debts immediately due. From such debts shall be deducted the contractual or statutory interest for the period affected by the loss of the term.

Nevertheless, the court may, upon the debtor's request and after hearing the concerned creditors, order the continuation or extension of the term in respect of deferred debts. The court may also grant the debtor a grace period regarding debts already due, if it considers such measure justified by the circumstances and serving the interests of both debtor and creditors alike.

Article (256):

A declaration of insolvency shall not preclude creditors from taking individual enforcement measures against the debtor.

However, any registration of a mortgage or similar right over the debtor's real estate, occurring after the filing of the insolvency claim, shall not be enforceable against creditors whose rights predate such filing.



Article (257):

Upon registration of the insolvency claim, any disposal by the debtor of his property which diminishes his assets or increases his liabilities shall not be enforceable against creditors, nor shall any payments made by the debtor.

Article (258):

The debtor may dispose of his assets, even without the creditors' consent, provided such disposal is for fair market value, and the purchaser deposits the price with the court treasury for distribution in accordance with applicable procedures.

If the property is sold for less than fair market value, the disposal shall not be enforceable against the creditors unless the purchaser deposits the difference between the purchase price and fair market value.

Article (259):

Where the creditors have seized the debtor's income, the presiding judge of the competent insolvency court may, upon a petition filed by the debtor, allocate a subsistence allowance to be paid to the debtor from the seized income. An objection against such order may be filed within three days of its issuance by the debtor, or within three days from notification of the order to the creditors, if the objection is filed by them.

Article (260):

The debtor shall be criminally liable for dissipation in the following cases:

- Where, during a debt claim brought against him, he deliberately caused his insolvency in order to harm his creditors, and the claim resulted in a judgment against him for the debt and a declaration of insolvency.
 - Where, after the declaration of insolvency, he concealed part of his assets to prevent enforcement against them, or fabricated fictitious or exaggerated debts, all with the intent of harming his creditors.
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Article (261):

The state of insolvency shall be terminated by a judgment of the court of first instance within whose jurisdiction the debtor's domicile is located, upon the request of any interested party in the following cases:

- If it is proven that the debtor's debts no longer exceed his assets.
- If the debtor has settled his due debts which became due irrespective of the insolvency declaration. In this case, the terms of the debts that became due solely by virtue of the insolvency shall revert to their original dates pursuant to Article 263.

The court clerk shall, on his own initiative, annotate the judgment terminating insolvency on the margin of the insolvency registration referred to in Article 253 on the day of its issuance, and shall send a copy to the Cairo Court Clerk for similar annotation.

Article (262):

The state of insolvency shall terminate by operation of law upon the lapse of five years from the date of annotation of the insolvency judgment.

Article (263):

After the termination of the state of insolvency, the debtor may request the reinstatement of the original terms of debts which became due solely as a result of the insolvency declaration and were not paid, provided he has settled the debts which became due irrespective of the insolvency.

Article (264):

The termination of the state of insolvency, whether by judgment or by operation of law, shall not prevent creditors from challenging the debtor's transactions, nor from exercising their rights in accordance with Articles 235 to 243.



Chapter Three: Modifications Affecting the Effects of Obligations

Section One: Condition and Term

1- Condition

Article (265):

An obligation is considered conditional if its existence or extinction depends upon a future and uncertain event.

Article (266):

An obligation shall not be deemed to exist if it is subject to a suspensive condition that is impossible, immoral, or contrary to public order. If the condition is resolutive, the obligation is likewise considered non-existent.

Nevertheless, if the obligation is subject to a resolutive condition that is immoral or contrary to public order and such condition was the main cause of the obligation, then the obligation shall not exist.

Article (267):

An obligation shall not be deemed to exist if it is subject to a suspensive condition whose fulfillment depends solely on the will of the obligor.

Article (268):

Where an obligation is subject to a suspensive condition, it shall not be enforceable unless and until the condition is fulfilled. Before the condition is fulfilled, the obligation cannot be enforced either judicially or voluntarily, although the creditor may take precautionary measures to safeguard his rights.



Article (269):

Fulfillment of a resolutive condition results in the termination of the obligation, and the creditor shall be required to return what he has received. If such restitution is impossible due to a cause attributable to him, compensation shall be due.

Acts of administration carried out by the creditor shall remain valid despite the fulfillment of the resolutive condition.

Article (270):

Upon fulfillment of a condition, its effect shall relate back to the date on which the obligation was created, unless it appears from the will of the parties or from the nature of the contract that the existence or extinction of the obligation is to occur at the time the condition is fulfilled.

However, the condition shall not have retroactive effect if performance of the obligation before the condition was fulfilled becomes impossible due to a cause not attributable to the debtor.

Chapter Three: Modifications Affecting the Effects of Obligations

Section One: Condition and Term

2- Term

Article (271):

An obligation is deemed subject to a term if its enforcement or expiration is dependent upon a future but certain event.

An event shall be deemed certain to occur if its occurrence is inevitable, even if the time of its occurrence is unknown.



Article (272):

If it appears that the debtor shall not perform his obligation except when able or at ease, the court shall fix a suitable date for the term to mature, taking into account the debtor's current and future resources and requiring of him the diligence of a prudent person in fulfilling his obligations.

Article (273):

The debtor shall forfeit the benefit of the term in the following cases:

- If he is declared bankrupt or insolvent in accordance with the provisions of the law.
 - If, through his own actions, he substantially diminishes the value of the specific security provided to the creditor, even if such security was given by a subsequent contract or by law—unless the creditor prefers to require supplementation of the security. However, if the reduction in security results from a cause beyond the debtor's control, the term shall be forfeited unless the debtor offers adequate alternative security.
 - If he fails to provide the security he had promised in the contract.
-

Article (274):

If an obligation is subject to a suspensive term, it shall not become effective until the term has expired. Nevertheless, the creditor may, prior to the expiry of the term, take precautionary measures to safeguard his rights, including requesting security if he fears the debtor's bankruptcy or insolvency, based on reasonable grounds.

Expiration of a resolutive term results in the termination of the obligation, without retroactive effect.



Chapter Three: Modifications Affecting the Effects of Obligations

Section Two: Plurality of the Object of the Obligation

1- Alternative Obligation

Article (275):

An obligation shall be considered alternative if its subject consists of multiple items, and the debtor is fully discharged by performing any one of them. The right of choice lies with the debtor, unless otherwise stipulated by law or agreed by the parties.

Article (276):

If the right of choice belongs to the debtor and he refuses to choose, or if there are multiple debtors and they fail to agree, the creditor may request the court to fix a time limit for the debtor to make the choice or for the debtors to agree; otherwise, the court shall determine the object of performance.

If the right of choice belongs to the creditor and he abstains from choosing, or if there are multiple creditors and they fail to agree, the court shall, upon the debtor's request, set a time limit. If this period lapses without a decision, the right of choice passes to the debtor.

Article (277):

If the right of choice belongs to the debtor and it becomes impossible to perform all of the alternative items comprising the subject of the obligation, and the debtor is responsible for the impossibility of any one of them, then he shall be liable to pay the value of the last item that became impossible to perform.



Chapter Three: Modifications Affecting the Effects of Obligations

Section Two: Plurality of the Object of the Obligation

2- Facultative Obligation

Article (278):

An obligation is considered facultative if its subject consists of a single item, but the debtor may discharge his obligation by delivering a substitute item.

The item forming the subject of the obligation—rather than the substitute that discharges the debtor—is the sole object of the obligation and determines its nature.

Chapter Three: Modifications Affecting the Effects of Obligations

Section Three: Plurality of Parties to the Obligation

1- Solidarity

Article (279):

Solidarity between creditors or between debtors shall not be presumed. It shall arise only by virtue of an agreement or a provision of law.

Article (280):

If the creditors are jointly and severally entitled, the debtor may discharge the obligation by paying any one of them, unless one of the creditors objects.

However, solidarity shall not prevent the division of the debt among the heirs of a deceased solidary creditor, unless the obligation is indivisible.



Article (281):

The jointly and severally entitled creditors may, individually or collectively, demand payment from the debtor, taking into account any particular qualifications affecting the claim of each creditor.

If one of the creditors demands payment, the debtor may not raise defenses specific to other creditors, but he may assert defenses relating to the claiming creditor or common to all creditors.

Article (282):

If the debtor is discharged toward one of the solidary creditors by any cause other than performance, he shall remain liable to the other creditors only to the extent of their shares, excluding that of the discharged creditor.

No solidary creditor may take any action that would prejudice the rights of the other creditors.

Article (283):

Any payment received by one of the solidary creditors shall belong to all the creditors and shall be shared among them.

The distribution shall be made equally, unless otherwise agreed or provided by law.

Article (284):

In the case of solidarity among debtors, payment by one of them shall discharge the others.

Article (285):

The creditor may demand full payment from any one or more of the solidary debtors, either jointly or separately, taking into account any particular characteristics of each debtor's relationship to the obligation.



The debtor from whom payment is demanded may not raise defenses that are specific to other debtors, but he may invoke defenses that are personal to him or common to all debtors.

Article (286):

Renewal of the debt between the creditor and one of the joint debtors releases the other debtors, unless the creditor expressly reserves his right against them.

Article (287):

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

Article (288):

If the creditor and one of the joint debtors become united in the same person, the obligation does not cease with respect to the other debtors except to the extent of the share of the debtor whose liability has merged with the creditor.

Article (289):

If the creditor releases one of the joint debtors, the liability of the others is not discharged unless the creditor expressly declares so.

In the absence of such a declaration, the creditor may claim from the other joint debtors only the remainder of the debt after deducting the share of the released debtor, unless the creditor expressly reserved his right to claim the entire debt. In this case, the other debtors shall have recourse against the released debtor for his share.



Article (290):

If the creditor releases one of the joint debtors from joint liability, his right to claim the full debt from the remaining debtors shall remain intact unless otherwise agreed.

Article (291):

In all cases where the creditor releases one of the joint debtors, whether from the debt itself or from joint liability, the remaining debtors may, where necessary, have recourse against the released debtor for his share in the insolvent debtor's portion, pursuant to Article (298).

However, if the creditor has released the debtor from all liability for the debt, the creditor shall bear the released debtor's share in the portion of the insolvent debtor.

Article (292):

If the debt becomes time-barred against one of the joint debtors, the other debtors benefit from this only to the extent of that debtor's share.

If prescription is interrupted or suspended with respect to one of the joint debtors, the creditor may not rely on this against the others.

Article (293):

A joint debtor is liable only for his own actions in fulfilling the obligation.

Notice of default or legal proceedings against one joint debtor shall not affect the others. However, if one joint debtor serves notice on the creditor, the other debtors may benefit from it.

Article (294):

If the creditor settles with one of the joint debtors and the settlement includes release from the debt or from liability by any means, the other debtors benefit from it. However, if the settlement imposes additional obligations on the others or increases their liability, it shall not bind them unless they accept it.



Article (295):

An acknowledgment of debt by one of the joint debtors shall not bind the others.

If one joint debtor refuses to take an oath or tenders an oath to the creditor, the others shall not be prejudiced thereby.

If the creditor confines the oath to one debtor who takes it, the other debtors benefit from it.

Article (296):

A judgment against one joint debtor does not bind the others.

However, if a judgment is issued in favor of one of them, the others may benefit from it unless the judgment is based on a reason specific to the debtor favored by the judgment.

Article (297):

If one joint debtor pays the entire debt, he may only seek recourse against the others for their respective shares, even if by subrogation he has exercised the creditor's rights.

The debt shall be divided into equal shares among all unless otherwise agreed or provided by law.

Article (298):

If one of the joint debtors becomes insolvent, the debtor who paid the debt and the remaining solvent debtors shall bear the burden of the insolvency in proportion to their shares.

Article (299):

If one of the joint debtors alone has an interest in the debt, he shall bear the entire debt in relation to the others.



Chapter Three: Modifications Affecting the Effects of Obligations

Section Three: Plurality of Parties to the Obligation

2- Indivisibility

Article (300):

An obligation shall be considered indivisible:

- If it pertains to a subject matter that is by its nature indivisible.
 - If the purpose intended by the contracting parties requires indivisible performance, or if the parties' intention was clearly to this effect.
-

Article (301):

Where there are multiple debtors in an indivisible obligation, each is bound to perform the entire obligation.

A debtor who fulfills the obligation has the right of recourse against the others in proportion to their shares, unless circumstances suggest otherwise.

Article (302):

If there are multiple creditors in an indivisible obligation, or multiple heirs of the creditor, each creditor or heir may demand full performance of the obligation. If any of the creditors or heirs objects, the debtor must perform the obligation jointly to all or deposit the object of the obligation.

Creditors shall have recourse among themselves in proportion to their respective shares.



Chapter Four: Transfer of Obligations

Section One: Assignment of Rights

Article (303):

The creditor may assign his right to another person unless prohibited by law, agreement between the parties, or by the nature of the obligation. The assignment shall be valid without the debtor's consent.

Article (304):

The assignment of rights may only extend to that part of the right which is subject to attachment.

Article (305):

The assignment of rights shall not be effective against the debtor or third parties unless the debtor accepts or is notified of it. However, for it to be effective against third parties by the debtor's acceptance, such acceptance must be of a certified date.

Article (306):

Before the notification of the assignment or its acceptance, the assignee may take any measures necessary to preserve the right assigned to him.

Article (307):

The assignment of rights includes its securities such as guarantees, privileges, and mortgages, and shall cover any matured interests and installments.



Article (308):

In an assignment for consideration, the assignor guarantees only the existence of the assigned right at the time of the assignment, unless otherwise agreed.

In a gratuitous assignment, the assignor does not guarantee even the existence of the right.

Article (309):

The assignor does not guarantee the debtor's solvency unless expressly agreed.

If the assignor guarantees solvency, such guarantee applies only to the debtor's financial state at the time of assignment unless otherwise agreed.

Article (310):

If the assignee seeks recourse against the assignor pursuant to the preceding two Articles, the assignor is only liable to return what he received with interests and expenses, even if otherwise agreed.

Article (311):

The assignor shall remain liable for his own acts, even if the assignment is gratuitous or a disclaimer of liability is stipulated.

Article (312):

The debtor may raise against the assignee any defenses he had against the assignor at the time the assignment became effective against him. He may also raise defenses arising from the contract of assignment.



Article (313):

If multiple assignments have been made of the same right, priority shall be given to the assignment first effective against third parties.

Article (314):

If the assigned debtor is subject to attachment before the assignment becomes effective against third parties, the assignment is deemed a subsequent attachment by the creditor making the garnishment.

In this case, if another attachment is made after the assignment becomes effective against third parties, the debt shall be divided among the prior garnishing creditor, the assignee, and the subsequent garnishing creditor in proportion, with the assignee's share completed from the share of the subsequent creditor.

Chapter Four: Transfer of Obligations

Section Two: Assignment of Debt

Article (315):

Assignment of debt is effected by agreement between the debtor and another person who assumes the debt.

Article (316):

The assignment is not effective against the creditor unless approved by him.

If the new debtor or the original debtor notifies the creditor of the assignment and grants him a reasonable period to approve it, and such period lapses without approval, the creditor's silence shall be deemed a refusal.



Article (317):

Until the creditor decides whether to approve or reject the assignment, the new debtor remains obligated to the creditor on behalf of the original debtor unless otherwise agreed, even if the creditor ultimately rejects the assignment.

However, the original debtor may not require the new debtor to perform to the creditor until he has fulfilled his obligations towards the new debtor under the assignment.

Article (318):

The securities of the assigned debt remain in place.

Nevertheless, a guarantor, whether personal or in rem, is not bound towards the creditor unless he consents to the assignment.

Article (319):

The original debtor guarantees the solvency of the new debtor at the time of the creditor's approval of the assignment unless otherwise agreed.

Article (320):

The new debtor may raise against the creditor any defenses the original debtor could have raised. He may also invoke defenses arising from the assignment contract.

Article (321):

The assignment of debt may also be effected by agreement between the creditor and the new debtor whereby the latter replaces the original debtor in the obligation.

In this case, the provisions of Articles (318) and (320) shall apply.



Article (322):

The sale of mortgaged property does not entail the transfer of the secured debt to the purchaser unless agreed otherwise.

If the seller and purchaser agree on the assignment of the debt and the sale contract is registered, the creditor, upon official notification of the assignment, must approve or reject it within a period not exceeding six months. If no response is given within this period, silence shall be deemed approval.

Chapter Five: Extinction of Obligations

Section One: Performance (Payment)

1- The Parties to Performance (Payment)

Article (323):

Performance may be made by the debtor, his representative, or any other person who has an interest in the performance, subject to the provisions of Article (208).

Performance may also be made, with prior reservation, by a person who has no interest in such performance, even without the knowledge or against the will of the debtor; however, the creditor may refuse performance by a third party if the debtor objects and notifies the creditor of such objection.

Article (324):

If a third party performs the obligation, he shall have the right to recover from the debtor the amount he has paid.

However, the debtor who has not consented to such performance may prevent the performing party from recovering all or part of the amount if he proves that he had any interest in objecting to the performance.



Article (325):

For performance to be valid, the performing party must own the thing with which performance is made and must have the legal capacity to dispose of it.

Nevertheless, performance by a person lacking legal capacity shall discharge the obligation if such performance does not cause harm to the performing party.

Article (326):

If performance is made by a person other than the debtor, the performing party shall subrogate the creditor who has received payment in the following cases:

- If the performing party was bound together with the debtor or was obliged to perform on his behalf.
 - If the performing party was a creditor who performed to another creditor who had priority in security, even if the performing creditor had no security himself.
 - If the performing party purchased an immovable property and paid its price in discharge of debts secured upon it.
 - If there is a specific legal provision granting the performing party a right of subrogation.
-

Article (327):

The creditor who has received payment from a person other than the debtor may agree with such person to subrogate him, even without the debtor's consent. Such agreement must not be delayed beyond the time of performance.

Article (328):

The debtor may also subrogate the lender in place of the creditor if he borrows money to perform the obligation, even without the creditor's consent, provided it is stated in the loan agreement that the funds were allocated for performance, and the receipt specifies that payment was made from such funds.



Article (329):

The person subrogated by law or agreement to the creditor's rights shall acquire those rights with all their characteristics, accessories, securities, and defenses. Such subrogation shall extend only to the extent the subrogated party has paid.

Article (330):

If a third party pays part of the debt and is subrogated to that part, the creditor shall not be prejudiced by such partial payment and shall retain priority in collecting the balance of his right, unless otherwise agreed.

If another person is subrogated in respect of the balance, recovery shall be shared between successive subrogees in proportion to their respective entitlements, according to the rules governing collective creditors.

Article (331):

If the holder of mortgaged property discharges the whole debt and is subrogated to the creditors, he may not, by virtue of such subrogation, recover from the holder of another property similarly mortgaged for the same debt except for the proportion corresponding to the value of the property held.

Article (332):

Performance shall be made to the creditor or his representative. A person presenting a receipt issued by the creditor shall be deemed authorized to receive payment unless otherwise agreed that performance must be made personally to the creditor.

Article (333):

If performance is made to a person other than the creditor or his representative, the debtor's obligation shall not be discharged unless the creditor approves such performance, derives benefit from it to the extent of such benefit, or if payment is made in good faith to a person in possession of the debt.



Article (334):

If the creditor unjustifiably refuses to accept proper performance offered to him, or refuses to carry out the necessary acts to complete the performance, or declares his refusal to accept performance, he shall be deemed in default from the time the debtor formally notifies him of such refusal.

Article (335):

Once the creditor is in default, he shall bear the risk of the loss or deterioration of the thing, interest shall cease to accrue, and the debtor shall be entitled to deposit the thing at the creditor's expense and claim compensation for any damage suffered.

Article (336):

If the object of performance is specifically determined and must be delivered at the place where it is located, the debtor may, after giving notice to the creditor, seek judicial authorization to deposit it. If the object is immovable property or is intended to remain where it is, the debtor may request that it be placed under judicial custody.

Article (337):

The debtor may, after obtaining judicial authorization, sell at public auction items liable to rapid deterioration or which incur excessive storage or custody costs, and deposit the proceeds with the court treasury.

However, if the item has a known market price or is commonly traded on stock exchanges, it may not be sold by auction unless sale at the known price proves impossible.

Article (338):

Deposit or other equivalent measures shall also be permissible if the debtor is unaware of the creditor's identity or domicile, or if the creditor lacks or has incomplete capacity and has no representative to accept performance on his behalf, or if the debt is disputed among multiple claimants, or if other serious reasons justify such measures.



Article (339):

A valid tender shall be deemed equivalent to performance if followed by deposit in accordance with the provisions of the Code of Civil Procedure, or any similar measure, provided the creditor accepts the tender or a final judgment confirms its validity.

Article (340):

If the debtor tenders the debt and follows the tender with deposit or a similar measure, he may withdraw such tender provided the creditor has not accepted it or a final judgment has not confirmed its validity. If withdrawn, the debtor's co-obligors and guarantors shall not be discharged.

If the debtor withdraws the tender after the creditor has accepted it or after a judgment has confirmed its validity, and the creditor accepts the withdrawal, the creditor may no longer claim the securities securing his right, and the debtor's co-obligors and guarantors shall be discharged.

Title Five: Extinction of Obligations

Chapter One: Performance (Payment)

2- Object of Performance (Payment)

Article (341):

The object originally owed is the one by which performance must be made. The creditor shall not be compelled to accept any substitute, even if it is of equal or greater value.

Article (342):

The debtor may not compel the creditor to accept partial performance of his right, unless otherwise agreed or stipulated by law.

If the debt is disputed in part and the creditor accepts to receive the undisputed part, the debtor may not refuse to perform that part.



Article (343):

If the debtor is obliged to pay, in addition to the principal debt, costs and interest, and what he pays is insufficient to cover all, the amount paid shall be appropriated first to costs, then to interest, and finally to the principal debt, unless otherwise agreed.

Article (344):

If the debtor owes multiple debts of the same kind to the same creditor and his payment does not cover all such debts, the debtor may, at the time of payment, designate the debt he intends to discharge, unless a legal or contractual bar prevents such designation.

Article (345):

If the debtor does not designate the debt in the manner provided for in the preceding Article, appropriation shall be made to the debt which has fallen due. If there are multiple due debts, appropriation shall be made to the one most burdensome to the debtor; if they are equal in burden, appropriation shall be made to the debt designated by the creditor.

Article (346):

Performance must be made immediately upon the debt becoming definitively due, unless otherwise agreed or stipulated by law.

However, in exceptional circumstances and provided there is no legal prohibition, the court may grant the debtor a reasonable grace period or periods to perform if his situation so requires and the creditor would not suffer serious harm from such delay.

Article (347):

If the subject of the obligation is a specifically designated thing, it must be delivered at the place where it was located at the time the obligation arose, unless otherwise agreed or stipulated by law.

For other obligations, performance shall be made at the debtor's domicile at the time of performance, or at his place of business if the obligation relates to such business.



Article (348):

The costs of performance shall be borne by the debtor unless otherwise agreed or stipulated by law.

Article (349):

A person who has performed part of the debt may request a receipt for the amount paid, with an endorsement on the debt instrument acknowledging such payment. If the entire debt is paid, he may request the return or cancellation of the debt instrument. If the instrument has been lost, he may request the creditor to acknowledge its loss in writing.

If the creditor refuses to comply with the foregoing, the debtor may deposit the owed amount with the court.

Chapter Five: Extinction of Obligations

Section Two: Extinction of Obligations by Means Equivalent to Performance

1- Performance in Lieu of Payment (Dation in Payment)

Article (350):

If the creditor accepts, in satisfaction of his right, a substitute for the thing originally owed, such substitute shall be deemed equivalent to performance.

Article (351):

Where performance in lieu involves the transfer of ownership of a thing given in substitution of the debt, the rules of sale shall apply, particularly those concerning the capacity of the parties and guarantees against eviction and hidden defects. However, insofar as the performance extinguishes the debt, the provisions governing performance shall apply, especially regarding designation of the party to whom payment is made and the extinguishment of securities.



Chapter Five: Extinction of Obligations

Section Two: Extinction of Obligations by Means Equivalent to Performance

2- Novation and Delegation

Article (352):

An obligation shall be novated:

- By changing the debt where the parties agree to replace the original obligation with a new one differing in its object or source.
 - By changing the debtor where the creditor agrees with a third party that the latter shall assume the debt in place of the original debtor, releasing the original debtor without the latter's consent; or where the debtor obtains the creditor's consent for a third party to assume the debt.
 - By changing the creditor where the creditor, debtor, and a third party agree that such third party shall become the new creditor.
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Article (353):

Novation shall not be valid unless both the old and new obligations are free from causes of nullity.

However, if the original obligation arose from a voidable contract, novation shall only be valid if the new obligation is intended to confirm and replace the former contract.

Article (354):

Novation is not presumed; it must be expressly agreed upon or clearly inferred from the circumstances.



In particular, novation shall not be inferred from merely recording a pre-existing debt in a new instrument, nor from changes affecting only the time, place, or manner of performance, nor from alterations relating solely to securities or the rate of interest, unless otherwise agreed.

Article (355):

A mere entry of an obligation in a current account does not constitute novation.

However, novation occurs if the account balance is closed and acknowledged. If the obligation was secured by special collateral, such security shall remain unless otherwise agreed.

Article (356):

Novation results in the extinguishment of the original obligation with all its accessories and the creation of a new obligation in its place.

Securities guaranteeing the original obligation do not transfer to the new obligation unless provided by law or unless it is evident from the agreement or circumstances that the parties intended such transfer.

Article (357):

Where real securities provided by the debtor guarantee the original obligation, the transfer of such securities to the new obligation shall observe the following:

- If the novation changes the debt, the creditor and debtor may agree to transfer the securities to the new obligation insofar as it does not harm third parties.
- If the novation changes the debtor, the creditor and new debtor may agree to maintain the securities without the old debtor's consent.
- If the novation changes the creditor, the three parties may agree to maintain the securities.

Such agreement shall not be effective against third parties unless concluded concurrently with the novation, subject to applicable registration provisions.



Article (358):

Suretyship, whether personal or real, and joint liability shall not transfer to the new obligation unless the sureties and co-debtors expressly consent thereto.

Article (359):

Delegation occurs when the debtor obtains the creditor's consent to have a third party assume responsibility for fulfilling the debt.

Delegation does not require a prior debt between the original debtor and the third party.

Article (360):

If the parties in delegation agree to replace a previous obligation with a new one, such delegation constitutes novation through change of debtor, thereby releasing the delegating debtor vis-à-vis the delegatee, provided that the new obligation accepted by the delegatee is valid and that the delegatee was not insolvent at the time of delegation.

However, novation is not presumed in delegation. If no agreement for novation exists, the new obligation shall exist alongside the original obligation.

Article (361):

The delegatee's obligation towards the creditor is valid even if his obligation towards the delegating debtor is void or subject to defences. In such cases, the delegatee retains only recourse against the delegating debtor, unless otherwise agreed.



Chapter Five: Extinction of Obligations

Section Two: Extinction of Obligations by Means Equivalent to Performance

3- Set-Off (Compensation)

Article (362):

A debtor may set off his debt against his claim against the creditor, even if the causes of the two debts differ, provided both obligations consist of money or fungible goods of the same kind and quality, are certain, due, and enforceable through legal proceedings.

The granting of a grace period by the court or voluntarily by the creditor does not prevent set-off.

Article (363):

A debtor may invoke set-off even if the places of performance differ, but in such case, he must compensate the creditor for any damage caused by the creditor's inability, due to set-off, to receive payment or to make payment at the designated place.

Article (364):

Set-off applies regardless of the source of the debts, except in the following cases:

- If one of the debts concerns property wrongfully taken from its rightful owner and is claimed for restitution.
 - If one of the debts concerns property deposited or lent for use and is claimed for restitution.
 - If one of the debts is non-seizable by law.
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Article (365):

Set-off may only be invoked by the party with an interest therein and may not be waived prior to its accrual.

Set-off extinguishes both obligations up to the lesser amount, from the time they became eligible for set-off. The designation of the party to whom performance is made in set-off is treated as in performance.

Article (366):

If a debt was time-barred at the time set-off was invoked, this shall not prevent set-off if the limitation period had not expired when set-off became possible.

Article (367):

Set-off may not be invoked to prejudice the rights of third parties.

If a third party has attached the debtor's assets, and thereafter the debtor becomes a creditor of his own creditor, the debtor may not invoke set-off to the detriment of the attaching party.

Article (368):

If a creditor has assigned his right to a third party and the debtor has accepted the assignment without reservation, the debtor may not invoke against the assignee any set-off he could have invoked against the assignor prior to acceptance, but retains recourse against the assignor.

If the debtor did not accept but was merely notified of the assignment, such assignment does not preclude him from invoking set-off.



Article (369):

If a debtor has performed an obligation despite being entitled to set-off, he may not, to the detriment of third parties, invoke securities attached to his right unless he was unaware of its existence.

Chapter Five: Extinction of Obligations

Section Two: Extinction of Obligations by Means Equivalent to Performance

4- Merger of Rights and Obligations (Confusion)

Article (370):

If the capacities of debtor and creditor are united in the same person in respect of the same debt, the debt shall be extinguished to the extent of such merger.

If the cause of the merger ceases to exist with retroactive effect, the debt and its accessories shall revive for all interested parties as if the merger had never occurred.



Chapter Five: Extinction of Obligations

Section Three: Extinction of Obligations Without Performance

1- Release (Discharge by Waiver)

Article (371):

An obligation is extinguished if the creditor voluntarily releases the debtor. Release takes effect upon the debtor's knowledge thereof but may be revoked if refused.

Article (372):

The substantive rules applicable to gifts apply to release.

No specific form is required for release, even if the obligation itself required a particular form for its validity.

Chapter Five: Extinction of Obligations

Section Three: Extinction of Obligations Without Performance

2- Impossibility of Performance

Article (373):

An obligation is extinguished if the debtor proves that performance has become impossible due to a cause beyond his control.



Chapter Five: Extinction of Obligations

Section Three: Extinction of Obligations Without Performance

3- Extinctive Prescription (Limitation Period)

Article (374):

An obligation is extinguished after fifteen years, except where a specific provision in the law stipulates a different period or in the following exceptions.

Article (375):

A five-year limitation applies to all recurring periodic rights, even if acknowledged by the debtor, such as rent for buildings and agricultural land, ground rents, interest, annuities, wages, and pensions.

Rents owed by a bad faith possessor or by a trustee for beneficiaries shall only be extinguished after fifteen years.

Article (376):

A five-year limitation applies to the rights of doctors, pharmacists, lawyers, engineers, experts, trustees in bankruptcy, brokers, teachers, and instructors, provided these rights arise from professional services rendered or expenses incurred.

Article (377):

A five-year limitation applies to taxes and duties owed to the State or any public legal entity, unless the law prescribes a longer period. For annual taxes and duties, the period commences at the end of the year for which they are due. For duties on judicial documents, the period commences from the conclusion of proceedings or from the date of the documents if no proceedings occurred.

A five-year limitation applies to claims for reimbursement of taxes and duties paid in error, starting from the date of payment.

These provisions shall not prejudice any other provisions in special laws.



Article (378):

A one-year limitation applies to the following rights:

- The rights of traders and manufacturers for goods supplied to persons not trading in such goods, and the rights of hotel and restaurant owners for accommodation, meals, and expenses incurred for clients.
- The rights of workers, servants, and employees for daily and non-daily wages and for the price of goods supplied.

A party relying on this one-year limitation must swear an oath that the debt has indeed been paid. The court shall direct this oath ex officio and it may be directed to the debtor's heirs or guardians (if minors) to affirm their lack of knowledge of the debt or its payment.

Article (379):

The limitation period for the rights mentioned in Articles (376) and (378) shall commence from the time when the creditors make their advances, even if they continue to make further advances thereafter.

If an instrument is drawn up in respect of any such rights, the right shall only be time-barred upon the lapse of fifteen years.

Article (380):

The limitation period shall be calculated in days, not in hours. The first day shall not be counted, and the period shall be completed upon the expiry of its last day.

Article (381):

The limitation period shall not commence, unless otherwise provided by a specific provision, except from the day on which the debt becomes due.

In particular, limitation shall not run in respect of a debt subject to a suspensive condition except from the time the condition is fulfilled, nor in respect of a guarantee against eviction except from the time the eviction is established, nor in respect of a deferred debt except from the time the term lapses.



If the date of performance depends upon the creditor's discretion, the limitation period shall commence from the time the creditor becomes able to declare his intention.

Article (382):

Limitation shall not run whenever there is an impediment which prevents the creditor from claiming his right, even if such impediment is of a moral nature. Limitation shall also not run between the principal and his agent.

The limitation period exceeding five years shall not run against a person lacking legal capacity, or against an absentee, or against a person sentenced to a felony if he has no legal representative.

Article (383):

The limitation period shall be interrupted by judicial claim, even if the lawsuit is brought before an incompetent court, as well as by formal notification, attachment, or by the creditor's application to prove his right in bankruptcy or distribution proceedings, or by any action taken by the creditor to assert his right in the course of any proceedings.

Article (384):

The limitation period shall be interrupted if the debtor acknowledges the creditor's right, whether expressly or impliedly.

An implied acknowledgment shall be deemed to exist if the debtor leaves property pledged in the creditor's possession as security for the debt.

Article (385):

Upon interruption of limitation, a new limitation period shall commence from the time the effect of the interruption ceases, and the new period shall be of the same duration as the original period.



However, if judgment is given on the debt and the judgment acquires the force of res judicata, or if the debt is of a kind which is time-barred within one year but its limitation has been interrupted by acknowledgment from the debtor, the new limitation period shall be fifteen years, unless the judgment concerns obligations of a periodic and renewable nature which only fall due after the judgment is issued.

Article (386):

The effect of limitation is the extinguishment of the obligation. However, a natural obligation shall remain on the debtor.

If the right is extinguished by limitation, all interest and other accessories shall also lapse, even if the limitation period specific to such accessories has not yet expired.

Article (387):

The court may not of its own motion rule on limitation; such ruling must be made upon the debtor's request, or upon the request of his creditors, or any person having an interest therein, even if the debtor does not invoke it.

Limitation may be invoked at any stage of the proceedings, even before the appellate court.

Article (388):

It shall not be permissible to waive limitation before the right to it has been established, nor is it permissible to agree on a limitation period different from that prescribed by law.

However, any person who has the right to dispose of his rights may waive limitation, even impliedly, after the right to it has been established. Such waiver shall not be effective against creditors if it was made to their detriment.



Chapter Six: Proof of Obligations

Article (389):

(Repealed by Law No. 25 of 1968)

Chapter Six: Proof of Obligations

Section One: Proof by Writing

Article (390):

(Repealed by Law No. 25 of 1968)

Article (391):

(Repealed by Law No. 25 of 1968)

Article (392):

(Repealed by Law No. 25 of 1968)

Article (393):

(Repealed by Law No. 25 of 1968)

Article (394):

(Repealed by Law No. 25 of 1968)



Article (395):

(Repealed by Law No. 25 of 1968)

Article (396):

(Repealed by Law No. 25 of 1968)

Article (397):

(Repealed by Law No. 25 of 1968)

Article (398):

(Repealed by Law No. 25 of 1968)

Article (399):

(Repealed by Law No. 25 of 1968)

Chapter Six: Proof of Obligations

Section Two: Proof by Testimony (Oral Evidence)

Article (400):

(Repealed by Law No. 25 of 1968)

Article (401):

(Repealed by Law No. 25 of 1968)



Article (402):

(Repealed by Law No. 25 of 1968)

Article (403):

(Repealed by Law No. 25 of 1968)

Chapter Six: Proof of Obligations

Section Three: Presumptions

Article (404):

(Repealed by Law No. 25 of 1968)

Article (405):

(Repealed by Law No. 25 of 1968)

Article (406):

(Repealed by Law No. 25 of 1968)

Article (407):

(Repealed by Law No. 25 of 1968)



Chapter Six: Proof of Obligations

Section Four: Admission (Acknowledgment)

Article (408):

(Repealed by Law No. 25 of 1968)

Article (409):

(Repealed by Law No. 25 of 1968)

Chapter Six: Proof of Obligations

Section Five: Oath

Article (410):

(Repealed by Law No. 25 of 1968)

Article (411):

(Repealed by Law No. 25 of 1968)

Article (412):

(Repealed by Law No. 25 of 1968)



Article (413):

(Repealed by Law No. 25 of 1968)

Article (414):

(Repealed by Law No. 25 of 1968)

Article (415):

(Repealed by Law No. 25 of 1968)

Article (416):

(Repealed by Law No. 25 of 1968)

Article (417):

(Repealed by Law No. 25 of 1968)



Part One: Obligations or Personal Rights

Book Two: Nominated (Named) Contracts

Chapter One: Contracts Relating to Property Ownership

Section One: Sale

1- Sale in General: Essential Elements of Sale

Article (418):

A sale is a contract whereby the seller undertakes to transfer to the buyer the ownership of a thing or another financial right in consideration of a monetary price.

Article (419):

The buyer must have sufficient knowledge of the subject matter of the sale. Such knowledge shall be deemed sufficient if the contract contains a description of the thing and its essential characteristics in such a way as to enable its identification.

If the contract states that the buyer has sufficient knowledge of the thing sold, the buyer's right to seek annulment on the grounds of ignorance shall be forfeited unless he proves fraud on the part of the seller.

Article (420):

Where the sale is made by sample, the subject-matter of the sale must conform to the sample.

If the sample is lost or destroyed while in the possession of either contracting party, even without fault, it shall be incumbent upon that party — whether seller or buyer — to prove whether or not the goods conform to the sample.



Article (421):

In a sale subject to trial or testing, the buyer may either accept or reject the goods. The seller shall be bound to enable the buyer to conduct the trial. If the buyer rejects the goods, he must declare such rejection within the period agreed upon; in the absence of such agreement, within a reasonable period fixed by the seller. Should this period expire without such declaration, and the buyer, while being enabled to conduct the trial, remains silent, his silence shall be deemed acceptance.

A sale subject to trial shall be deemed suspended upon a suspensive condition, namely the acceptance of the goods, unless it appears from the agreement or from the circumstances that the sale is subject to a resolutive condition.

Article (422):

Where the thing is sold subject to tasting, the buyer shall have the option to accept or reject the sale. However, he must declare his acceptance within the period determined by agreement or by usage. The sale shall not be deemed concluded until the time of such declaration.

Article (423):

The determination of the price may be left to future determination based on specific criteria agreed upon.

If it is agreed that the price shall be the market price, then, in case of doubt, the price shall be that prevailing at the place and time of delivery of the goods to the buyer. If there is no market at the place of delivery, recourse shall be had to the market price at the place whose prices are customarily deemed applicable.

Article (424):

If the parties have not determined a price for the subject-matter of the sale, this shall not render the sale void if it appears from the circumstances that the parties intended to rely on the prevailing market price or on the price customarily applied in their dealings.



Article (425):

If immovable property belonging to a person lacking legal capacity is sold at a price less than four-fifths of its fair market value, the seller shall be entitled to claim completion of the price up to four-fifths of such value.

In assessing whether the inadequacy exceeds one-fifth, the property shall be valued at its market value at the time of the sale.

Article (426):

The right to claim completion of the price on grounds of inadequacy shall be extinguished by prescription after the lapse of three years from the attainment of legal capacity or from the date of the death of the owner of the sold property.

Such claim shall not affect third parties acting in good faith who have acquired rights in rem over the sold property.

Article (427):

No challenge on the grounds of inadequacy shall be admissible in respect of a sale concluded pursuant to a public auction conducted in accordance with the law.

Chapter One: Contracts Relating to Property Ownership

Section One: Sale

1- Sale in General: Obligations of the Seller

Article (428):

The seller is obliged to do all that is necessary to transfer the right sold to the buyer and to refrain from any act that may render the transfer of such right impossible or onerous.



Article (429):

In a sale of goods by bulk measurement (sale en bloc), ownership shall pass to the buyer in the same manner as in the case of a specifically identified item. The sale shall be deemed bulk even if the price is to be determined upon assessment of the subject-matter.

Article (430):

In a sale with deferred payment of the price, the seller may stipulate that ownership shall not pass to the buyer until full payment of the price, even if delivery has already taken place.

Where the price is to be paid in instalments, the parties may agree that the seller shall retain a portion thereof as compensation for termination of the sale in the event the instalments are not paid. Nevertheless, the court may, in light of the circumstances, reduce the agreed compensation in accordance with the provisions of Article 224 (2).

Upon full payment of the instalments, the transfer of ownership to the buyer shall be deemed effective as of the date of the sale.

The provisions of the preceding paragraphs shall apply even if the parties designate the sale as a lease.

Article (431):

The seller is obliged to deliver the sold item to the buyer in the condition it was at the time of sale.

Article (432):

Delivery shall include the accessories of the sold item and everything intended for its permanent use, according to the nature of the thing, local custom, and the intention of the parties.



Article (433):

If the quantity of the subject-matter of the sale is specified in the contract, the seller shall be liable for any shortage according to local custom, unless otherwise agreed. The buyer may not seek rescission of the contract on grounds of shortage unless he proves that such shortage is substantial to the extent that, had he known of it, he would not have concluded the contract.

If it is established that the actual quantity exceeds that specified in the contract, and the price is calculated on a per-unit basis, the buyer shall be obliged to pay the excess price, provided the subject-matter cannot be divided. If the excess is substantial, the buyer may seek rescission of the contract, unless otherwise agreed.

Article (434):

In cases of shortage or excess in the subject-matter, the buyer's right to seek a reduction of the price or rescission, and the seller's right to seek payment of the excess price, shall lapse by prescription after one year from the date of actual delivery.

Article (435):

Delivery shall be effected by placing the sold item at the disposal of the buyer so as to enable him to take possession and benefit from it without hindrance, even if the buyer has not physically taken possession, provided the seller has notified him thereof. Delivery shall take place in the manner appropriate to the nature of the thing sold.

Delivery may be effected merely by the parties' agreement where the item is already in the buyer's possession prior to the sale, or where the seller retains possession after the sale for reasons other than ownership.

Article (436):

Where the goods sold must be shipped to the buyer, delivery shall not be deemed complete until the goods reach him, unless otherwise agreed.



Article (437):

If the goods perish before delivery for reasons not attributable to the seller, the sale shall be rescinded and the buyer shall recover the price paid, unless the perishing occurred after the buyer was summoned to take delivery.

Article (438):

If the value of the goods decreases prior to delivery due to damage, the buyer may either seek rescission of the sale if the decrease is substantial enough that he would not have entered into the contract had it occurred beforehand, or affirm the sale with a reduction of the price.

Article (439):

The seller warrants the buyer against any disturbance of the buyer's enjoyment of the whole or part of the goods sold, whether arising from the seller's own actions or those of a third party having, at the time of sale, a right enforceable against the buyer. The seller remains liable under the warranty even where the third party's right arises after the sale if it originates from the seller.

Article (440):

If a claim is brought against the buyer asserting a right in the goods sold and the seller is notified, the seller shall, according to circumstances and in accordance with the law of procedure, either join the proceedings in support of the buyer or take the buyer's place therein.

If the seller is duly notified and fails to intervene, he shall be liable under the warranty unless he proves that the judgment was caused by fraud on the part of the buyer or his gross negligence.

If the buyer fails to notify the seller in a timely manner and a final judgment is rendered against him, he shall lose his right to recourse under the warranty if the seller proves that his intervention would have resulted in dismissal of the claim.



Article (441):

The buyer's right to warranty shall subsist even if, in good faith, he acknowledges the third party's right or settles with him without awaiting a judgment, provided he has notified the seller in good time and invited him to take his place in the proceedings, and the seller did not act. This shall not apply if the seller proves that the third party's claim was unfounded.

Article (442):

Where the buyer avoids eviction of the goods in whole or in part by payment of a sum of money or delivery of another thing, the seller may discharge his warranty obligation by reimbursing the buyer for the amount paid or the value of what was delivered, together with legal interest and all expenses.

Article (443):

If the goods are entirely evicted, the buyer may claim from the seller:

- The value of the goods at the time of eviction together with legal interest from that time
 - The value of any fruits the buyer was obliged to return to the successful claimant
 - Beneficial expenses which the buyer cannot recover from the successful claimant, as well as luxury expenses where the seller acted in bad faith
 - All expenses of the warranty and eviction proceedings, except those which the buyer could have avoided by notifying the seller as prescribed in Article 440
 - Generally, compensation for loss sustained or gain foregone as a result of the eviction, unless the buyer's recourse is based on rescission or annulment of the sale
-



Article (444):

If part of the goods is evicted or if the goods are encumbered with a charge, and the buyer's loss is such that he would not have concluded the contract had he known thereof, he may claim the amounts provided for in the preceding article, provided he returns the goods and any benefits derived therefrom.

If the buyer opts to retain the goods, or the loss does not reach the threshold specified above, he shall only be entitled to compensation for the harm suffered as a result of the eviction.

Article (445):

The parties may, by special agreement, increase, reduce, or exclude the warranty against eviction.

It shall be presumed, in respect of easements, that the seller has stipulated exclusion of warranty if the easement is apparent or has been disclosed to the buyer by the seller.

Any clause excluding or limiting the warranty shall be void if the seller has fraudulently concealed the third party's right.

Article (446):

Where the warranty is excluded, the seller remains liable for any eviction arising from his own act, and any agreement to the contrary shall be void.

If eviction arises from a third party's act, the seller shall be liable to return the value of the goods at the time of eviction unless he proves that the buyer knew, at the time of sale, of the cause of the eviction or purchased without warranty.

Article (447):

The seller shall be liable under warranty if, at the time of delivery, the goods do not possess the qualities guaranteed to the buyer or if the goods are defective in a manner that diminishes their value or their fitness for their intended purpose, whether this purpose arises from the contract, the nature of the goods, or the purpose for which they are ordinarily used. The seller shall be liable for such defects even if he was unaware of their existence.



However, the seller shall not be liable for defects known to the buyer at the time of sale or defects which the buyer could have discovered for himself by ordinary examination, unless the buyer proves that the seller expressly warranted the absence of such defects or fraudulently concealed them.

Article (448):

The seller shall not be liable for defects that are customarily tolerated according to commercial practice.

Article (449):

Upon taking delivery of the goods, the buyer must examine their condition as soon as he is reasonably able, in accordance with customary practice. If he discovers a defect covered by the seller's warranty, he must notify the seller within a reasonable time, failing which he shall be deemed to have accepted the goods.

If the defect is of a kind not discoverable through ordinary examination and the buyer later discovers it, he must notify the seller as soon as it is discovered; otherwise, he shall be deemed to have accepted the goods notwithstanding the defect.

Article (450):

If the buyer notifies the seller of the defect within the prescribed time, the buyer may invoke the warranty as provided under Article (444).

Article (451):

The right to warranty shall remain even if the goods perish, regardless of the cause.



Article (452):

The right to invoke warranty shall be barred by limitation if one year has passed from the date of delivery, even if the defect was not discovered until later, unless the seller accepted liability for a longer period.

However, the seller may not rely on the expiry of the one-year period if it is established that he fraudulently concealed the defect.

Article (453):

The parties may, by special agreement, increase, reduce, or exclude the warranty against defects; however, any clause excluding or limiting the warranty shall be void if the seller has fraudulently concealed the defect.

Article (454):

The seller shall not be liable for defects in judicial sales or administrative sales conducted by public auction.

Article (455):

If the seller warrants the fitness of the goods for a specific period and a defect appears within that period, the buyer must notify the seller of the defect within one month of its discovery and bring an action within six months from the date of notification, failing which the right to warranty shall lapse, unless otherwise agreed.



Chapter One: Contracts Relating to Property Ownership

Section One: Sale

1- Sale in General: Obligations of the Buyer

Article (456):

The price shall be payable at the place where the goods are delivered unless otherwise agreed or required by custom.

If the price is not due upon delivery, it shall be payable at the domicile of the buyer at the time the price becomes due.

Article (457):

The price shall be payable at the time of delivery unless otherwise agreed or required by custom.

If a third party asserts a right over the goods predating the sale or derived from the seller, or if there is a risk that the goods might be taken from the buyer, the buyer may, unless prevented by a clause in the contract, withhold payment until such disturbance ceases or the risk is removed. Nevertheless, the seller may demand payment on providing suitable security.

The foregoing provision shall also apply where the buyer discovers a defect in the goods.

Article (458):

The seller shall not be entitled to legal interest on the price unless the buyer has been placed in default or the goods have been delivered and are capable of yielding fruits or revenues, unless otherwise agreed or required by custom.

The buyer shall be entitled to the fruits and increments of the goods from the time of completion of the sale and shall be responsible for the costs of the goods from that time, unless otherwise agreed or required by custom.



Article (459):

If the price, in whole or in part, is immediately due, the seller may retain the goods until full payment has been received, even if the buyer offers security or a guarantee, unless the seller grants the buyer a grace period after the sale.

Likewise, the seller may retain the goods even if the due date for payment has not yet arrived if the buyer's right to the grace period has lapsed pursuant to Article (273).

Article (460):

If the goods perish while in the seller's possession during his exercise of the right of retention, the risk of perishing shall be borne by the buyer unless the goods perished through the seller's fault.

Article (461):

In sales of merchandise or other movable property where the time for payment and delivery has been agreed, the sale shall be deemed rescinded without the need for formal notice if the price is not paid when due, should the seller so elect, unless otherwise agreed.

Article (462):

The costs of the sale contract, stamp duties, registration fees, and other related expenses shall be borne by the buyer unless otherwise agreed or required by custom.

Article (463):

If the contract or custom does not specify the place or time for taking delivery of the goods, the buyer must take delivery at the place where the goods were located at the time of sale and remove them without delay, except as required by the nature of transportation.

Article (464):

The expenses of taking delivery of the goods shall be borne by the buyer unless otherwise agreed or required by custom.



Chapter One: Contracts Relating to Property Ownership

Section One: Sale

2- Certain Types of Sale: Sale with Right of Redemption

Article (465):

If the seller reserves the right, at the time of sale, to reclaim the sold property within a specified period, the sale shall be void.

Chapter One: Contracts Relating to Property Ownership

Section One: Sale

2- Certain Types of Sale: Sale of Another's Property

Article (466):

If a person sells a specific thing which he does not own, the buyer may seek to annul the sale. This applies even if the sale concerns immovable property, whether or not the contract has been registered.

In any event, the sale shall not be effective against the true owner of the sold property, even if the buyer confirms the contract.

Article (467):

If the true owner ratifies the sale, the contract shall be valid and effective against him and shall become valid in favor of the buyer.

Likewise, the contract shall become valid in favor of the buyer if the seller subsequently acquires ownership of the sold property after the contract has been concluded.



Article (468):

If the court annuls the sale in favor of the buyer and the buyer was unaware that the seller did not own the sold property, the buyer may claim compensation, even if the seller acted in good faith.

Chapter One: Contracts Relating to Property Ownership

Section One: Sale

2- Certain Types of Sale: Sale of Disputed Rights

Article (469):

If a disputed right has been assigned for consideration to another person, the party against whom the assignment has been made may be released from the claim by reimbursing the assignee the actual price paid together with expenses and interest on the price from the date of payment.

A right shall be deemed disputed if a lawsuit has been filed concerning it or a serious dispute exists regarding it.

Article (470):

The provisions of the preceding Article shall not apply in the following cases:

- If the disputed right is included within a bulk sale of assets sold for a lump sum
 - If the disputed right is held in common between heirs or co-owners and one sells his share to another
 - If the debtor assigns a disputed right to his creditor in satisfaction of a debt owed by him
 - If the disputed right encumbers immovable property and is sold to the possessor of such property
-



Article (471):

Judges, prosecutors, attorneys, court clerks, and bailiffs may not purchase, whether in their own names or under assumed names, any disputed right wholly or partially, if the dispute falls within the jurisdiction of the court in which they perform their duties. Any sale contrary to this provision shall be void.

Article (472):

Attorneys may not deal with their clients in disputed rights if they are entrusted with the defense of such rights, whether in their own names or under assumed names. Any contract in violation of this provision shall be void.

Chapter One: Contracts Relating to Property Ownership**Section One: Sale****2- Certain Types of Sale: Sale of an Inheritance (Sale of an Estate)**

Article (473):

A person who sells an inheritance without specifying its contents shall only be liable to guarantee his status as an heir, unless otherwise agreed.

Article (474):

If an inheritance is sold, the sale shall not be effective against third parties unless the buyer completes the procedures required for the transfer of each right comprised within the inheritance. If the law prescribes procedures for transferring the right between the contracting parties, such procedures must also be fulfilled.



Article (475):

If the seller has collected any debts owed to the estate or has sold any part of the estate's assets, he must return to the buyer what he has received, unless it was expressly stipulated at the time of sale that there would be no obligation to return.

Article (476):

The buyer shall reimburse the seller for any debts of the estate paid by the seller and shall credit the seller with any amounts owed to the estate unless otherwise agreed.

Chapter One: Contracts Relating to Property Ownership

Section One: Sale

2- Certain Types of Sale: Sale Made During Death Illness (Sale in Contemplation of Death)

Article (477):

If a person suffering from a terminal illness sells property to an heir or non-heir for a price less than the value of the property at the time of death, the sale shall be binding upon the heirs if the difference between the value of the property and the price does not exceed one-third of the estate, including the property sold.

If the difference exceeds one-third of the estate, the sale shall not be binding upon the heirs in respect of the excess unless they approve it or unless the buyer returns to the estate an amount sufficient to make up two-thirds of the estate.

The provisions of Article (916) shall apply to the sale made by a person suffering from a terminal illness.

Article (478):

The provisions of the preceding Article shall not prejudice the rights of a third party acting in good faith who has acquired a proprietary right over the sold property for valuable consideration.



Chapter One: Contracts Relating to Property Ownership

Section One: Sale

2- Certain Types of Sale: Sale by an Agent to Himself (Self-Dealing by Agent)

Article (479):

A person acting on behalf of another, pursuant to an agreement, a legal provision, or an order from a competent authority, may not purchase, either directly or through an assumed name, even by way of public auction, property which he has been entrusted to sell pursuant to such agency, unless authorized by the court, without prejudice to any provisions in other laws.

Article (480):

Brokers and experts may not purchase, whether in their own names or through an assumed name, the property entrusted to them for sale or for valuation.

Article (481):

The contract shall be valid in the cases mentioned in the two preceding Articles if ratified by the person for whose account the sale was made.



Chapter One: Contracts Relating to Property Ownership

Section Two: Barter (Exchange)

Article (482):

A barter is a contract whereby each party undertakes to transfer to the other, by way of exchange, ownership of property other than money.

Article (483):

If the things exchanged in the barter differ in value according to the estimation of the parties, the difference may be compensated by a sum of money serving as an adjustment.

Article (484):

The expenses of the barter contract and other related costs shall be borne equally by both parties unless otherwise agreed.

Article (485):

The provisions governing sales shall apply to barter to the extent permitted by the nature of barter. Each party shall be deemed a seller of the property he gives and a buyer of the property he receives.



Chapter One: Contracts Relating to Property Ownership

Section Three: Donation

1- Essential Elements of the Donation

Article (486):

A donation is a contract whereby the donor disposes of his property without consideration.

The donor may, without relinquishing the intention of making a donation, impose on the donee the performance of a specific obligation.

Article (487):

A donation shall not be effective unless accepted by the donee or his representative.

If the donor is the guardian or the legal representative of the donee, he shall act on behalf of the donee in accepting the donation and taking delivery of the donated item.

Article (488):

A donation must be made by an official deed; otherwise, it shall be void unless disguised under another contract.

However, in the case of movables, a donation may be perfected by delivery without the need for an official deed.

Article (489):

If the donor or his heirs voluntarily execute a donation that is void for lack of formality, they shall not be entitled to recover what they have delivered.



Article (490):

A promise to make a donation shall not be valid unless made by an official deed.

Article (491):

If a donation concerns a specific item not owned by the donor, the provisions of Articles (466) and (467) shall apply.

Article (492):

A donation of future property shall be void.

Chapter One: Contracts Relating to Property Ownership

Section Three: Donation

2- Effects of the Donation

Article (493):

If the donee has not yet received the donated item, the donor shall be obligated to deliver it. The provisions governing delivery in sales shall apply.

Article (494):

The donor shall not guarantee the donee's title to the donated item unless he has deliberately concealed the reason for defect in title or unless the donation was made for consideration. In the former case, the court shall award the donee appropriate compensation for the damage suffered. In the latter case, the donor shall guarantee title only up to the value of the consideration paid by the donee, unless otherwise agreed.

If the donated item is recovered from the donee by a third party, the donee shall be subrogated to the donor's rights and claims.



Article (495):

The donor shall not warrant the absence of defects in the donated item.

However, if the donor has deliberately concealed a defect or warranted that the donated item is free from defects, he shall be liable to compensate the donee for the damage caused by such defect. The donor shall likewise be liable if the donation was made for consideration, provided that the compensation does not exceed the value of the consideration given by the donee.

Article (496):

The donor shall be liable only for his willful misconduct or gross negligence.

Article (497):

The donee shall be bound to perform any obligation imposed upon him, whether for the benefit of the donor, a third party, or the public interest.

Article (498):

If the donated item is found to be of lesser value than the consideration stipulated, the donee shall not be bound to perform more than the value of the donated item.

Article (499):

If the donor stipulates consideration for the donation in satisfaction of his debts, the donee shall only be liable to settle debts existing at the time of the donation, unless otherwise agreed.

If the donated item is encumbered with a real right securing a debt owed by the donor or by another person, the donee shall be liable to satisfy this debt unless otherwise agreed.



Article (500):

The donor may revoke the donation if the donee consents to such revocation.

If the donee does not consent, the donor may petition the court for authorization to revoke the donation, provided that such revocation is based on a valid excuse and there exists no legal impediment thereto.

Article (501):

The following shall, in particular, be deemed valid excuses for revoking a donation:

- If the donee fails in his obligations towards the donor or towards one of the donor's relatives, in a manner that constitutes a grave ingratitude.
 - If the donor becomes unable to provide for his own living expenses in a manner appropriate to his social status, or is unable to meet his legal obligations to provide for others.
 - If the donor, after making the donation, begets a child who remains alive at the time of revocation, or if the donor had a child whom he believed to be deceased at the time of the donation but who is in fact alive.
-

Article (502):

A request for revocation of a donation shall be rejected if any of the following impediments exist:

- If the donated property has undergone an accession resulting in an increase in its value; however, should such impediment cease, the right to revoke shall revive.
- If either party to the donation contract dies.
- If the donee has disposed of the donated property by a final and irrevocable act; if the disposition covers only part of the donation, the donor may revoke the remainder.
- If the donation was made between spouses, even if the donor seeks revocation after the marriage has ended.
- If the donation was made to a person to whom the donor is related by a prohibited degree of kinship.



- If the donated property perishes in the hands of the donee, whether by his act, by a fortuitous event beyond his control, or by use; if only part of the property perishes, the donor may revoke the remainder.
 - If the donee provides consideration in exchange for the donation.
 - If the donation was made as an act of charity or benevolence.
-

Article (503):

Upon revocation of a donation by mutual consent or by judicial ruling, the donation shall be deemed as never having been made.

The donee shall not be liable to return fruits except from the date of agreement on revocation or from the date of filing the lawsuit. The donee may recover all necessary expenses incurred, while recovery of beneficial expenses shall be limited to the increase in the value of the donated property resulting therefrom.

Article (504):

If the donor seizes the donated property without mutual consent or a judicial ruling, he shall be liable towards the donee for its loss, whether the loss results from his act, from a fortuitous event beyond his control, or from use.

However, if a judgment is issued ordering revocation of the donation and the property perishes in the hands of the donee after having been duly summoned to deliver it, the donee shall be liable for such loss, even if the loss occurred due to a fortuitous event.



Chapter One: Contracts Relating to Property Ownership

Section Four: Partnership

1- Essential Elements of the Partnership

Article (505):

A company is a contract whereby two or more persons undertake to contribute each a share of property or labor to a financial enterprise, with the aim of sharing any profit or loss resulting therefrom.

Article (506):

A company shall acquire legal personality upon its formation; however, such personality may not be invoked against third parties until the publication procedures prescribed by law have been completed.

Nevertheless, third parties may invoke the legal personality of the company if the company has failed to complete the prescribed publication procedures.

Article (507):

The contract of the company must be in writing, otherwise it shall be void. Any amendment thereto must also comply with the same formal requirements, failing which it shall be void.

However, such nullity may not be invoked by the partners against third parties, nor shall it have any effect among the partners themselves except from the date a partner seeks a ruling on nullity.

Article (508):

Unless otherwise agreed or established by custom, the partners' shares shall be deemed equal in value and shall pertain to ownership of the property, not merely to its use.



Article (509):

A partner's contribution may not be limited to his influence or financial creditworthiness.

Article (510):

If a partner undertakes to contribute a sum of money to the company and fails to do so, he shall be liable for interest thereon from the date of maturity, without need for judicial notice or warning, without prejudice to any further damages that may be due.

Article (511):

If a partner's contribution consists of ownership, usufruct, or any other real right, the provisions governing sales shall apply concerning liability for loss, eviction, defects, or deficiency.

If the contribution consists solely of the use of property, the provisions of lease shall apply accordingly.

Article (512):

If a partner undertakes to contribute work, he shall be obliged to perform the services agreed upon and to account for any earnings acquired from the time the company commenced its business related to said contribution.

However, he shall not be obliged to assign to the company any invention rights obtained unless otherwise agreed.

Article (513):

If a partner's contribution consists of debts owed to him by others, his obligation towards the company shall not be extinguished until such debts are collected. The partner shall furthermore be liable for compensation if the debts are not paid when due.



Article (514):

If the contract does not specify each partner's share in profits and losses, such shares shall be proportional to their respective contributions to the capital.

If the contract specifies only the share in profits, the same shall apply to losses, and vice versa.

If a partner's contribution consists solely of work, his share in profits and losses shall be determined according to the value of such work to the company. Should he contribute additional property or assets, he shall have a share for his work and another for his additional contribution.

Article (515):

If it is agreed that a partner shall not share in the company's profits or losses, the company contract shall be void.

However, it is permissible to agree to exempt a partner whose contribution consists solely of work from bearing losses, provided he is not remunerated for his work.

Chapter One: Contracts Relating to Property Ownership

Section Four: Partnership

2- Management of the Partnership

Article (516):

A partner appointed as manager by specific provision in the company contract may carry out management activities and transactions falling within the company's purpose, despite any objection from other partners, provided that his actions are free from fraud. Such partner may not be removed from management without cause while the company subsists.

If the appointment to management is subsequent to the company contract, it may be revoked as in the case of an ordinary mandate.

Non-partner managers are always subject to dismissal.



Article (517):

If multiple partners are appointed as managers without specifying their respective duties, and without stipulating that none may act alone, each may individually perform acts of management, subject to the right of any other managing partner to object before completion of such acts. The objection shall be resolved by the majority of managing partners. In the event of a tie, the objection shall be decided by the majority of all partners.

If it is agreed that decisions of managing partners shall be unanimous or by majority, such agreement shall prevail unless urgent matters arise, where failure to act would result in substantial irreparable harm to the company.

Article (518):

Where a decision is to be made by majority, numerical majority shall apply unless otherwise agreed.

Article (519):

Partners who are not managers are prohibited from participating in management, but they have the right to personally inspect the company's books and documents. Any agreement to the contrary shall be void.

Article (520):

If there is no specific provision regarding management, each partner shall be deemed authorized by the others to manage the company and may conduct its affairs without reference to the others. However, any partner may object to an act before its completion, and the majority of the partners shall have the right to reject such objection.



Chapter One: Contracts Relating to Property Ownership

Section Four: Partnership

3- Effects of the Partnership

Article (521):

A partner shall refrain from any activity that may cause harm to the partnership or contradict the purpose for which it was established.

A partner must exercise the same degree of care in managing the affairs of the partnership as he would in managing his own affairs, unless he is specifically appointed for management with remuneration, in which case he may not show less diligence than that of a reasonable man.

Article (522):

If a partner takes or retains any sum from the partnership funds, he shall be liable to pay interest on that sum from the day of taking or retaining it, without the need for legal proceedings or formal notice, and without prejudice to any additional compensation due to the partnership where appropriate.

If partner advances funds from his own property for the partnership or incurs minor expenses in good faith and with due care, he shall be entitled to interest on such amounts from the date of payment.

Article (523):

If the partnership assets are insufficient to cover its debts, the partners shall be personally liable for such debts, each in proportion to his share of the partnership losses, unless otherwise agreed. Any agreement exempting a partner from liability for the partnership's debts shall be null and void.

In any event, the creditors of the partnership have the right to claim against each partner in proportion to his share in the profits of the partnership.



Article (524):

There is no joint liability among partners for debts owed individually by each of them unless otherwise agreed.

However, if one of the partners becomes insolvent, his share of the debt shall be distributed among the remaining partners in proportion to their shares in bearing the losses.

Article (525):

If a partner has personal creditors, they may not claim their rights from his share in the capital of the partnership while it exists. They may only claim from his share of the profits.

However, after the liquidation of the partnership, they may claim from his share in the partnership's assets after deducting its debts. Nonetheless, they may impose a precautionary attachment on his share prior to liquidation.

Chapter One: Contracts Relating to Property Ownership

Section Four: Partnership

4- Methods of Dissolution of the Partnership

Article (526):

The partnership shall terminate upon expiration of the fixed term or upon completion of the purpose for which it was formed.

If the fixed term expires or the purpose is achieved but the partners continue engaging in activities similar to those for which the partnership was established, the contract shall be deemed renewed annually on the same terms.

A creditor of any partner may object to such renewal, and such objection shall suspend its effect as to him.



Article (527):

The partnership shall terminate if all or a substantial part of its assets perish such that continuation would be pointless.

If a partner had undertaken to contribute a specific item and this item perishes before contribution, the partnership shall be deemed dissolved for all partners.

Article (528):

The partnership shall terminate upon the death, interdiction, insolvency, or bankruptcy of a partner.

However, it may be agreed that the partnership shall continue with the heirs of a deceased partner, even if they are minors.

It may also be agreed that, in the event of a partner's death, interdiction, insolvency, bankruptcy, or withdrawal in accordance with the following article, the partnership shall continue among the remaining partners. In such case, the withdrawing partner or his heirs shall only be entitled to his share in the partnership assets, valued on the date of the event causing his departure, and paid in cash. He shall have no share in any subsequent rights except to the extent those rights arise from prior operations.

Article (529):

The partnership shall terminate upon the withdrawal of any partner if its term is indefinite, provided the partner gives notice of his intention to withdraw to the other partners prior to doing so and that the withdrawal is not in bad faith or at an inopportune time.

The partnership shall also terminate upon the unanimous agreement of the partners to dissolve it.

Article (530):

The court may order the dissolution of the partnership upon the request of any partner due to a partner's failure to fulfill his obligations or for any other reason not attributable to the partners, and the court shall assess whether such reason justifies dissolution.

Any agreement to the contrary shall be void.



Article (531):

Any partner may petition the court for the expulsion of another partner whose presence in the partnership has given rise to objection to extending its term or whose conduct may justify dissolution, provided the partnership shall continue among the remaining partners.

Any partner may also, in a fixed-term partnership, request judicial withdrawal if based on reasonable grounds. In such a case, the partnership shall be dissolved unless the remaining partners agree to continue it.

Chapter One: Contracts Relating to Property Ownership

Section Four: Partnership

5- Liquidation and Division of the Partnership

Article (532):

The liquidation and division of the partnership assets shall be conducted as provided in the contract. In the absence of specific provisions, the following rules shall apply.

Article (533):

Upon dissolution of the partnership, the powers of the managers shall cease; however, the legal personality of the partnership shall continue to the extent necessary for liquidation until such liquidation is concluded.

Article (534):

Liquidation shall be carried out, if necessary, either by all the partners or by one or more liquidators appointed by a majority of the partners.

If the partners fail to agree on appointing a liquidator, the court shall appoint one upon the request of any partner.

In cases where the partnership is void, the court shall appoint a liquidator and determine the method of liquidation upon request of any interested party.



Until the appointment of the liquidator, the managers shall be deemed liquidators in relation to third parties.

Article (535):

The liquidator may not commence new operations for the partnership unless necessary to complete prior operations.

The liquidator may sell the partnership's assets, whether movable or immovable, by public auction or private sale unless otherwise restricted by his appointment order.

Article (536):

The partnership assets shall be distributed among all partners after satisfying the creditors' claims, deducting amounts necessary for liabilities not yet due or disputed, and reimbursing any expenses or loans made by a partner in the partnership's interest.

Each partner shall receive an amount equivalent to the value of his share in the capital as stipulated in the contract, or its value at the time of contribution if not specified, unless the contribution was limited to labor or the right of use or usufruct.

Any surplus shall be distributed among the partners in proportion to their shares in the profits.

If the net assets of the partnership are insufficient to cover the partners' contributions, the loss shall be distributed among them according to the agreed loss-sharing ratio.

Article (537):

The rules relating to the division of jointly owned property shall apply to the division of partnership assets.



Chapter One: Contracts Relating to Property Ownership

Section Five: Loan and Perpetual Income

1- Loan

Article (538):

A loan is a contract whereby the lender undertakes to transfer ownership to the borrower of a sum of money or any other fungible thing, with the borrower undertaking to return at the end of the loan a similar thing in quantity, type, and quality.

Article (539):

The lender must deliver the object of the loan to the borrower and may not demand repayment until the loan expires.

If the object perishes before delivery to the borrower, the loss shall be borne by the lender.

Article (540):

If the loaned object is subject to claims of ownership, the rules governing sales shall apply if the loan is for consideration, otherwise, the rules governing gratuitous loans shall apply.

Article (541):

If the object has a hidden defect and the loan is without consideration, and the borrower elects to keep it, he shall only be liable to return the value of the defective item.

If the loan is for consideration or the lender intentionally concealed the defect, the borrower may demand either repair or replacement of the defective item.



Article (542):

The borrower must pay the agreed interest at the due dates; if no interest is agreed, the loan shall be deemed interest-free.

Article (543):

The loan terminates upon the expiry of the agreed term.

Article (544):

If interest has been agreed upon, the debtor may, after six months from the date of the loan, declare his intention to terminate the contract and repay the borrowed sum within a period not exceeding six months from such declaration. In this case, the debtor shall pay the interest due for the six months following the declaration. Under no circumstances shall he be required to pay any interest or consideration for early repayment, and any agreement waiving or restricting this right of repayment shall be void.

Chapter One: Contracts Relating to Ownership

Section Five: Loan and Perpetual Income

2- Perpetual Income

Article (545):

A person may undertake to pay perpetually to another person and to his successors a periodic income consisting of a sum of money or a specified quantity of other fungible goods. Such an undertaking may be made by way of a contract for consideration, by donation, or by will.

Where the perpetual income is established through a contract for consideration, the provisions applicable to loans with interest shall apply with respect to the interest rate.



Article (546):

It is a condition of perpetual income that it may be redeemed at any time at the discretion of the debtor, and any agreement to the contrary shall be void.

However, it is permissible to agree that redemption shall not occur during the lifetime of the income beneficiary or before the expiration of a period not exceeding fifteen years.

In all cases, the right of redemption may not be exercised except after notification of the intention to redeem and the lapse of one year from such notification.

Article (547):

The debtor shall be compelled to redeem the perpetual income in the following cases:

- If the income is not paid for two consecutive years despite formal notice.
 - If the debtor fails to provide the securities promised to the creditor, or if such securities cease to exist and the debtor fails to provide substitutes.
 - If the debtor becomes bankrupt or insolvent.
-

Article (548):

If the income has been established in consideration of a sum of money, redemption shall be effected by repayment of the full amount or by repayment of a lesser amount if so agreed.

In other cases, redemption shall be effected by the payment of a sum of money the legal interest of which is equivalent to the amount of the income.



Section Six: Settlement (Reconciliation)

1- Elements of Settlement

Article (549):

A settlement is a contract by which the two parties terminate an existing dispute or prevent a potential dispute, whereby each party, through reciprocal concessions, waives part of their claim.

Article (550):

A person concluding a settlement must have legal capacity to dispose of the rights involved in the settlement for consideration.

Article (551):

A settlement may not relate to matters concerning personal status or public order. However, it may concern financial interests arising from personal status or resulting from the commission of a crime.

Article (552):

A settlement shall only be proven in writing or through an official record.



Section Six: Settlement

2- Effects of Settlement

Article (553):

A settlement terminates the disputes to which it relates.

It results in the extinction of the rights and claims definitively waived by either contracting party.

Article (554):

A settlement has a declaratory effect regarding the rights it concerns and this effect extends only to disputed rights, not to others.

Article (555):

The language of waiver contained in a settlement shall be interpreted strictly. Regardless of the wording used, the waiver shall apply solely to the rights that were clearly and exclusively the subject of the dispute resolved by the settlement.



Chapter One: Contracts Pertaining to Ownership

Section Six: Settlement

3- Nullity of the Settlement

Article (556):

No challenge may be brought against a settlement on the ground of mistake in law.

Article (557):

A settlement is indivisible; the nullity of any part thereof entails the nullity of the whole contract.

However, this rule shall not apply where it is evident from the wording of the contract or from the circumstances that the parties intended the provisions of the contract to be independent of one another.

Chapter Two: Contracts Concerning the Use of Property

Section One: Lease

1- Lease in General: Essential Elements of the Lease

Article (558):

A lease is a contract whereby the lessor undertakes to enable the lessee to use a specified thing for a specified period in consideration of a known rent.

Article (559):

A person who possesses only a right of management may not grant a lease for a period exceeding three years without authorization from the competent authority. If such a lease is granted for a longer period, the period shall be reduced to three years, unless otherwise provided by law.



Article (560):

A lease granted by one entitled only to a right of usufruct shall terminate upon extinction of that right, unless approved by the owner of the bare title. In such a case, notice periods for eviction and harvesting rights for the current agricultural year shall be observed.

Article (561):

Rent may consist of money or any other consideration.

Article (562):

If the parties have not agreed on the amount of rent or the method of determining it, or if it is impossible to prove the agreed rent, the rent shall be determined by reference to the rental value of similar properties.

Article (563):

If a lease is concluded without specifying its duration, or for an indefinite term, or if it is impossible to prove the alleged term, the lease shall be deemed concluded for the period fixed for payment of rent. It shall terminate at the end of that period upon notice by either party, provided the following notice periods are observed:

- In agricultural or uncultivated lands, if the period fixed for payment of rent is six months or more, notice must be given three months before its expiry; if the period is less than six months, notice must be given before the second half of the period. In all cases, the tenant's right to harvest according to custom shall be respected.
 - In houses, shops, offices, commercial premises, factories, warehouses, and the like, if the period fixed for rent payment is four months or more, notice must be given two months before its expiry; if the period is less, notice must be given before the second half of the period.
 - In furnished dwellings, rooms, and other cases not covered above, if the period fixed for rent payment is two months or more, notice must be given one month before expiry; if the period is less, notice must be given before the second half of the period.
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Chapter Two: Contracts Concerning the Use of Property

Section One: Lease

1- Lease in General: Effects of Lease

Article (564):

The lessor is obliged to deliver the leased premises and its appurtenances in a condition suitable to provide the intended use in accordance with the agreement or the nature of the property.

Article (565):

If the leased premises are delivered in a condition unfit for the intended use, or if the utility is substantially diminished, the lessee may seek rescission of the contract or a reduction of rent proportional to the diminution, together with compensation in either case if appropriate.

If the leased premises are in a condition likely to expose the health of the lessee, his household, employees, or workers to serious danger, the lessee may demand rescission of the contract even if he had previously waived this right.

Article (566):

The obligations relating to the delivery of the leased premises shall be governed by the same provisions applicable to delivery of sold goods, particularly regarding the time and place of delivery, the determination of the extent of the leased property, and its appurtenances.

Article (567):

The lessor shall maintain the leased premises in the condition in which they were delivered and shall carry out all necessary repairs during the lease term, except for minor repairs deemed the tenant's responsibility.

The lessor shall perform necessary works on roofs such as plastering or whitewashing and shall maintain wells, lavatories, and drainage.



The lessor shall bear taxes and charges due on the leased premises and the cost of water if charged on a flat-rate basis; if charged by meter, the tenant shall bear the cost. The tenant shall also bear charges for electricity, gas, and other services for personal use.

All these provisions shall apply unless otherwise agreed.

Article (568):

If the lessor, after being formally notified, delays in fulfilling the obligations stipulated in the preceding Article, the lessee may obtain authorization from the court to carry out such obligations himself and deduct the expenses incurred from the rent, without prejudice to his right to demand rescission or reduction of the rent.

The lessee may, without judicial authorization, undertake urgent or minor repairs that the lessor is obligated to perform, whether the defect existed at the commencement of the lease or arose thereafter, if the lessor, after being notified, fails to perform his obligation within a reasonable period. The lessee may deduct the expenses incurred from the rent.

Article (569):

If the leased property is entirely destroyed during the lease period, the contract shall be automatically terminated.

If the destruction is partial, or if the property becomes unsuitable for its intended use, or if its use is significantly diminished without any fault on the part of the lessee, and the lessor fails to restore the property to its former condition within a reasonable time, the lessee may, depending on the circumstances, request either a reduction of the rent or the termination of the lease, without prejudice to his right to perform the lessor's obligation himself in accordance with the preceding Article.

In either case, the lessee may not claim compensation if the destruction or damage was due to a cause for which the lessor is not responsible.



Article (570):

The lessee may not prevent the lessor from carrying out urgent repairs necessary to preserve the leased property. However, if such repairs result in total or partial deprivation of use, the lessee may, depending on the circumstances, request either rescission of the lease or reduction of the rent.

Nevertheless, if the lessee remains in the leased property until the completion of the repairs, he forfeits his right to request rescission.

Article (571):

The lessor must refrain from any act that would prevent the lessee from enjoying the leased property and may not make any alterations to the property or its appurtenances that would impair such enjoyment.

The lessor's warranty extends not only to his own acts or those of his agents but also to any disturbance or harm based on a legal right caused by another lessee or any person deriving rights from the lessor.

Article (572):

If a third party claims a right conflicting with the lessee's rights under the lease, the lessee must promptly notify the lessor and may withdraw from the proceedings, in which case the action shall proceed solely against the lessor.

If, as a result of such claim, the lessee is deprived of the enjoyment to which he is entitled under the lease, he may, depending on the circumstances, demand rescission of the lease or a reduction in the rent, along with compensation where appropriate.

Article (573):

Where there are multiple lessees of the same property, priority shall be given to the one who first took possession in good faith. If a lessee of real estate has registered his lease in good faith before another lessee takes possession of the leased premises or before the renewal of another's lease, the registered lessee shall have priority.

If no grounds exist to prefer one lessee over another, they shall have no recourse against one another except for compensation.



Article (574):

If a government action within the bounds of the law causes a substantial reduction in the enjoyment of the leased property, the lessee may, depending on the circumstances, request rescission of the lease or a reduction in rent. The lessee may also seek compensation from the lessor if the government action arose from a cause for which the lessor is responsible, unless otherwise agreed.

Article (575):

The lessor is not liable for material interference by third parties unless the interference is based on a legal claim; however, this does not affect the lessee's right to bring an action for damages or actions in possession in his own name.

If the interference is not attributable to the lessee and is so serious as to deprive him of the enjoyment of the leased premises, the lessee may, depending on the circumstances, demand rescission of the lease or reduction of rent.

Article (576):

The lessor warrants against all defects in the leased premises that prevent or substantially diminish their use, except for defects commonly tolerated by custom. The lessor is liable for the absence of qualities expressly promised or required for the intended use, unless otherwise agreed.

Nevertheless, the lessor is not liable for defects known to the lessee at the time of the contract or that were notified to him.

Article (577):

If a defect exists in the leased premises warranting liability, the lessee may, depending on the circumstances, demand rescission of the lease or reduction of the rent. He may also require the defect to be repaired or repair it himself at the lessor's expense, provided the repair does not entail excessive cost for the lessor.

If the lessee suffers damage as a result of the defect, the lessor must compensate him unless he proves he was unaware of the defect's existence.



Article (578):

Any agreement exempting or limiting the lessor's liability for eviction or defects shall be void if the lessor has fraudulently concealed the cause of such liability.

Article (579):

The lessee must use the leased premises in accordance with the agreed purpose; failing an agreement, the lessee shall use the premises according to their intended use.

Article (580):

The lessee may not make alterations to the leased premises without the lessor's consent unless such alterations cause no harm to the lessor.

If the lessee makes alterations exceeding the limits of the preceding paragraph, he may be required to restore the premises to their former condition and to pay compensation if warranted.

Article (581):

The lessee may install, within the leased premises, devices for water, electricity, gas, telephone, radio, and similar services, provided the installation methods comply with customary standards, unless the lessor can prove that such installation would endanger the safety of the property.

If the lessor's intervention is necessary to complete such installations, the lessee may require the lessor to cooperate, bearing the resulting expenses.

Article (581):

The lessee may install appliances in the leased premises for water supply, electricity, gas, telephone, radio, and similar services, provided such installations comply with proper standards, unless the lessor proves that such installations would endanger the safety of the property.

If the lessor's intervention is necessary to carry out such installations, the lessee may require the lessor to cooperate, provided that the lessee bears the costs incurred by the lessor.



Article (582):

The lessee is obliged to carry out the minor repairs which are customary, unless there is an agreement to the contrary.

Article (583):

The lessee must exercise the care of a reasonable person in using and maintaining the leased premises.

The lessee shall be liable for any damage or destruction occurring to the premises during his use thereof, unless such damage arises from ordinary use.

Article (584):

The lessee is liable for any fire that damages the leased premises unless he proves that the fire arose from a cause beyond his control.

If there are multiple lessees in a single property, each is liable for the fire in proportion to the part he occupies, including the lessor if he resides in the property. This does not apply if it is proven that the fire originated in the portion occupied by one lessee, who shall then be solely liable.

Article (585):

The lessee must promptly notify the lessor of any matter requiring the lessor's intervention, such as urgent repairs, the discovery of defects, encroachments, third-party interference, or any damage to the property.



Article (586):

The lessee must pay the rent at the agreed dates. In the absence of such agreement, the payment shall be made according to local custom.

Payment shall be made at the domicile of the lessee unless otherwise agreed or customary.

Article (587):

Payment of one rent installment shall be deemed evidence of payment of previous installments unless proven otherwise.

Article (588):

Any lessee of a house, store, shop, similar premises, or agricultural land must place in the leased premises furniture, goods, crops, livestock, or tools of sufficient value to guarantee two years' rent, or for the full duration of the lease if less than two years, unless the rent has been prepaid. The lessee is exempt from this obligation if otherwise agreed or if he provides other security.

Article (589):

The lessor shall have a lien over all seizable movable property located on the leased premises as security for any rights arising from the lease, even if such property does not belong to the lessee. The lessor may oppose the removal of such property, and if removed against his objection or without his knowledge, he may recover it from whoever possesses it, even in good faith, without prejudice to the rights of the possessor.

However, the lessor may not exercise this right of lien or recovery if the removal of such property is necessary for the lessee's profession or ordinary life or if the movables left on or recovered from the premises suffice to secure full payment of the rent.

Article (590):

The lessee must return the leased premises upon the expiry of the lease. If he unlawfully retains possession, he must pay the lessor compensation, taking into account the rental value and any damage suffered by the lessor.



Article (591):

The lessee must return the leased premises in the condition in which he received them, except for any damage or destruction not caused by him.

If the premises were delivered to the lessee without a written report or description, it shall be presumed, unless proven otherwise, that the premises were delivered in good condition.

Article (592):

If the lessee makes improvements to the leased premises, such as buildings, plantations, or other enhancements that increase the property's value, the lessor must reimburse the lessee upon lease termination for either the expenditure incurred or the increase in value, unless otherwise agreed.

If these improvements were made without the lessor's knowledge or despite his objection, the lessor may require the lessee to remove them. The lessor may also claim compensation for any damage resulting from such removal if justified.

If the lessor chooses to retain the improvements in exchange for payment of one of the two aforementioned amounts, the court may grant him time for payment.

Chapter Two: Contracts Relating to the Use of Property

Section One: Lease

1- Lease in General: Assignment of Lease and Sub-Lease

Article (593):

The lessee has the right to assign the lease or to sublet, whether in whole or in part, unless otherwise agreed.



Article (594):

A prohibition on subletting shall also be deemed a prohibition on assignment of the lease, and vice versa.

However, if the lease relates to a property in which a factory or a store has been established and the necessity arises for the lessee to sell said factory or store, the court may, notwithstanding any prohibition clause, order the continuation of the lease if the buyer provides sufficient security and the lessor does not suffer actual harm.

Article (595):

In the event of an assignment of the lease, the original lessee shall remain liable to guarantee the assignee's fulfillment of obligations.

Article (596):

A sub-lessee shall be directly liable to pay the lessor any debts owed to the original lessee at the time the lessor serves notice.

The sub-lessee may not invoke any prepayment of rent made to the original lessee against the lessor unless such prepayment occurred before the notice in accordance with custom or a valid agreement made at the time of the sublease.

Article (597):

The original lessee shall be discharged of liability to the lessor, whether concerning his guarantee of the assignee in the case of assignment, or concerning obligations arising from the original lease in the case of subletting:

- If the lessor expressly accepts the assignment or the sublease.
 - If the lessor receives rent directly from the assignee or the sub-lessee without reservation regarding his rights against the original lessee.
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Chapter Two: Contracts Relating to the Use of Property

Section One: Lease

1- Lease in General: Termination of Lease

Article (598):

The lease terminates upon the expiration of the specified period without the need for notice to vacate.

Article (599):

If the lease expires and the lessee continues to occupy the premises with the lessor's knowledge and without objection, the lease shall be deemed renewed under the original terms but for an indefinite period. In such case, Article (563) shall apply.

This tacit renewal shall be considered a new lease, not merely an extension of the original one. However, any real securities given under the old lease shall transfer to the new lease, subject to real estate registration rules. Personal or real guarantees shall not transfer unless the guarantor consents.

Article (600):

If either party gives notice to vacate and the lessee continues to occupy the premises after the lease expires, renewal shall not be presumed unless proven otherwise.



Chapter Two: Contracts Relating to the Use of Property

Section One: Lease

1- Lease in General: Death or Insolvency of the Lessee

Article (601):

The lease does not terminate upon the death of either the lessor or the lessee.

However, if the lessee dies, his heirs may request termination of the lease if they prove that, due to the death, the lease obligations have become unduly burdensome relative to their resources or exceed their needs. In this case, the notice periods specified in Article (563) shall apply, and the request for termination must be made within six months of the lessee's death.

Article (602):

If the lease was concluded solely for the lessee's occupation or for personal considerations, and the lessee dies, either the heirs or the lessor may request termination.

Article (603):

The lessee's insolvency does not render future rent due immediately.

However, the lessor may request termination of the lease if appropriate security for future rent is not provided in a timely manner. Similarly, the lessee may request termination if assignment or subletting is not permitted, provided he pays fair compensation.

Article (604):

If ownership of the leased premises is transferred voluntarily or compulsorily to another person, the lease shall not be binding on the new owner unless the lease bears a fixed date prior to the transfer.

However, the new owner may elect to honor the lease even if it is not binding on him.



Article (605):

A person to whom ownership of the leased property has been transferred, where the lease is not binding upon him, may not compel the tenant to vacate the property except after giving notice in accordance with the time limits prescribed in Article (563).

If notice of eviction is given to the tenant prior to the expiry of the lease, the lessor shall be liable to pay the tenant compensation unless otherwise agreed. The tenant shall not be compelled to vacate the property until he has received compensation from the lessor or from the transferee of ownership on behalf of the lessor, or until he has obtained sufficient security for the payment of such compensation.

Article (606):

The tenant may not invoke the advance payment of rent against the person to whom ownership has been transferred if such person proves that the tenant, at the time of payment, knew of the transfer of ownership or should necessarily have known of it. If the transferee of ownership fails to establish such proof, he shall have recourse only against the lessor.

Article (607):

Where it has been agreed that the lessor may terminate the contract due to his personal need for the property, he must, in exercising this right, give notice to the tenant to vacate within the time limits provided in Article (563), unless otherwise stipulated by the agreement.

Article (608):

If the lease is for a specified term, either party may seek termination before the expiry of its term if unforeseen serious circumstances arise that render performance of the lease burdensome from the outset or during its performance. The party seeking termination must observe the notice periods prescribed in Article (563) and must compensate the other party fairly.

If it is the lessor who seeks termination, the tenant shall not be compelled to return the leased property until he receives compensation or obtains sufficient security.



Article (609):

An employee or worker whose job requires relocation may request termination of the lease of his dwelling if the lease is for a specified term, provided that the notice periods in Article (563) are observed. Any agreement to the contrary shall be null and void.

Chapter Two: Contracts Concerning the Use of Property

Section One: Lease

2- Certain Types of Leases: Lease of Agricultural Land

Article (610):

Where the leased property is agricultural land, the lessor shall not be obliged to deliver to the tenant the livestock and agricultural tools existing on the land unless the lease explicitly includes them.

Article (611):

Where the tenant receives livestock and agricultural tools owned by the lessor, he must care for them and maintain them in accordance with customary usage in their exploitation.

Article (612):

Where a lease of agricultural land is described as concluded for one or several years, this shall be understood to mean that it is concluded for one or several agricultural cycles.

Article (613):

The tenant's exploitation of the agricultural land must comply with customary practices, and he must in particular ensure that the land remains suitable for production.

The tenant may not, without the consent of the lessor, make any substantial changes to the method of exploitation that would have lasting effects beyond the lease term.



Article (614):

The tenant shall carry out the repairs necessary for the customary enjoyment of the leased land, particularly the cleaning and maintenance of canals, irrigation channels, drainage systems, and also the usual maintenance of roads, bridges, culverts, fences, wells, and buildings intended for residence or exploitation, unless otherwise agreed or customary.

Major constructions and repairs of existing buildings and other appurtenances of the land shall be the responsibility of the lessor unless otherwise agreed or customary, and the same shall apply to repairs of wells, canals, watercourses, and reservoirs.

Article (615):

If the tenant is prevented from preparing the land for cultivation or from sowing it, or if the seed is wholly or substantially lost due to force majeure, the tenant shall be discharged from paying rent wholly or partially as appropriate, unless otherwise agreed.

Article (616):

If the tenant has sown the land and the crops are entirely destroyed by force majeure before harvest, the tenant may request a remission of the rent.

If only part of the crops is destroyed, but such destruction causes a significant reduction in the land's yield, the tenant may request a reduction of the rent.

The tenant may not request remission or reduction of rent if he has been compensated for the damage through profits accrued during the lease term, insurance, or any other means.

Article (617):

The tenant may remain on the leased property until the crop ripens if, for reasons beyond his control, the crop has not ripened by the end of the lease, provided he pays an appropriate rent.



Article (618):

The tenant may not undertake any act likely to diminish or delay the benefit of his successor.

In particular, prior to vacating the land, he must allow the successor to prepare and sow the land, provided this causes him no harm.

Chapter Two: Contracts Concerning the Use of Property

Section One: Lease

2- Certain Types of Leases: Muzaara'a (Sharecropping Contract)

Article (619):

Agricultural land or land planted with trees may be leased under a sharecropping arrangement whereby the lessor receives a specified share of the produce.

Article (620):

The provisions governing leases shall apply to sharecropping agreements, subject to the following provisions unless otherwise agreed or customary.

Article (621):

Where the duration of a sharecropping agreement is not specified, it shall be deemed to be for one agricultural cycle.

Article (622):

In sharecropping, agricultural tools and livestock existing on the land at the time of the agreement shall be included if owned by the lessor.



Article (623):

The tenant must exercise the same care in cultivating the land and safeguarding the crops as he would in managing his own affairs.

He shall be liable for any damage to the land during its use unless he proves that he exercised the diligence expected of a reasonable person.

The tenant shall not be liable to compensate for the death of livestock or the wear of tools unless such loss is due to his fault.

Article (624):

The produce shall be divided between the parties in accordance with the agreed proportion or, in the absence of agreement or custom, equally.

If the produce is wholly or partially destroyed by force majeure, both parties shall share the loss equally without recourse against each other.

Article (625):

In sharecropping, the tenant may not assign the lease or sublet the land without the consent of the lessor.

Article (626):

Sharecropping shall not terminate upon the death of the lessor but shall terminate upon the death of the tenant.

Article (627):

If the sharecropping agreement ends before its term, the lessor must reimburse the tenant or his heirs for the expenses incurred on crops not yet matured, together with fair compensation for the work performed.

However, if the agreement ends due to the tenant's death, his heirs may, instead of claiming reimbursement, take his place until the crops mature, provided they are able to do so satisfactorily.



Chapter Two: Contracts Concerning the Use of Property

Section One: Lease

2- Certain Types of Lease: Lease of Waqf Property (Endowment Property Lease)

Article (628):

The superintendent (nazer) has the authority to lease endowment (waqf) property.

The beneficiary of the waqf has no such authority, even if he alone holds the right of benefit, unless appointed by the founder or authorized by the person with leasing authority, whether superintendent or judge.

Article (629):

The right to collect rent belongs to the superintendent, not to the beneficiary, unless the superintendent authorizes the beneficiary to do so.

Article (630):

The superintendent may not lease the waqf to himself, even for a fair rent.

However, he may lease it to his ascendants or descendants, provided the rent is fair.

Article (631):

A lease of waqf property at a grossly unfair rent shall not be valid unless the lessor is the sole beneficiary with the authority to dispose of the waqf; in such case, the lease is valid against himself but not against subsequent beneficiaries.



Article (632):

In the leasing of waqf property, the fair rent shall be assessed based on the time the contract was concluded; subsequent changes shall not be considered.

If the superintendent leases the property at a grossly unfair rent, the tenant must pay the difference up to the fair rent; otherwise, the contract shall be rescinded.

Article (633):

Without judicial authorization, the superintendent may not lease waqf property for more than three years, even by successive contracts. If a longer term is agreed, it shall be reduced to three years.

However, if the superintendent is the founder or the sole beneficiary, he may lease the waqf property for a term exceeding three years without judicial authorization. This shall not prejudice the right of any successor superintendent to reduce the term to three years.

Article (634):

The provisions of lease contracts shall apply to waqf leases unless inconsistent with the foregoing articles.

Chapter Two: Contracts Concerning the Use of Property

Section Two: Loan for Use (Commodatum)

Article (635):

A loan for use (ariyah) is a contract whereby the lender undertakes to deliver to the borrower a non-consumable item for use, free of charge, for a specified period or purpose, with an obligation to return it after use.



Chapter Two: Contracts for the Use of Things

Section Two: Loan for Use (Commodatum)

1- Obligations of the Lender

Article (636):

The lender shall deliver the loaned item to the borrower in the condition it was in at the time the loan was concluded and shall allow the borrower to use it throughout the agreed duration of the loan.

Article (637):

If the borrower is compelled to incur expenses to preserve the item during the loan period, the lender shall reimburse such expenses.

As for useful expenses, they shall be governed by the provisions applicable to expenses incurred by a possessor in bad faith.

Article (638):

The lender shall not be liable for eviction of the loaned item unless there is an agreement to that effect, or unless the lender deliberately concealed the reason for eviction.

Nor shall the lender be liable for hidden defects, unless he intentionally concealed the defect or guaranteed the item's freedom from it. In such cases, he shall compensate the borrower for any resulting damage.



Chapter Two: Contracts for the Use of Things

Section Two: Loan for Use (Commodatum)

2- Obligations of the Borrower

Article (639):

The borrower may not use the loaned item except in the manner and to the extent specified by the contract, or as dictated by the nature of the item or by custom. The borrower may not, without the lender's permission, assign the use of the item to another person, even gratuitously.

The borrower shall not be liable for any alteration or damage caused by the permitted use of the item.

Article (640):

If the use of the item requires expenses by the borrower, he shall not be entitled to recover them and shall bear the ordinary maintenance costs of the item.

The borrower may remove any additions he has made to the loaned item, provided he restores it to its original condition.

Article (641):

The borrower must exercise the same care in preserving the loaned item as he would in preserving his own property, without falling below the diligence of a reasonable person.

In all cases, the borrower shall be liable for the destruction of the item if such destruction results from a sudden incident or force majeure which he could have avoided by using his own property, or if he chose to save his own property over the loaned item.



Article (642):

Upon the termination of the loan, the borrower shall return the item in the condition in which he received it, without prejudice to his liability for any destruction or damage.

The item must be returned to the place where the borrower received it unless otherwise agreed.

Chapter Two: Contracts for the Use of Things

Section Two: Loan for Use (Commodatum)

3- Termination of the Loan for Use

Article (643):

The loan terminates upon the expiry of the agreed term. If no term is specified, it terminates upon the completion of the purpose for which the item was loaned.

If there is no way to determine the term, the lender may terminate the loan at any time.

In any case, the borrower may return the loaned item before the termination of the loan. However, if such return causes harm to the lender, he shall not be compelled to accept it.

Article (644):

The lender may demand termination of the loan at any time in the following cases:

- If he has an urgent and unforeseen need for the item.
 - If the borrower misuses the item or neglects the necessary care for its preservation.
 - If the borrower becomes insolvent after the loan contract is concluded, or was insolvent beforehand without the lender's knowledge.
-



Article (645):

The loan terminates upon the death of the borrower unless otherwise agreed.

Chapter Three: Contracts for Work

Section One: Contracting and Public Utility Undertakings

1- Contract for Work (Contracting Agreement)

Article (646):

A contract for work is an agreement whereby one party undertakes to make something or perform work in consideration of remuneration undertaken by the other party.

Chapter Three: Contracts for Work

Section One: Contracting and Public Utility Undertakings

1- Contract for Work (Contracting Agreement): Obligations of the Contractor

Article (647):

The contractor may undertake to provide only his labor, with the employer supplying the necessary materials for the work.

The contractor may also undertake to provide both the labor and the materials.

Article (648):

If the contractor undertakes to provide all or part of the materials for the work, he shall be responsible for their quality and shall guarantee them to the employer.



Article (649):

Where the employer supplies the materials, the contractor shall exercise due care in handling them, observe the recognized standards of the trade in their use, and account to the employer for their utilization, returning any surplus. If any of these materials become unusable due to the contractor's negligence or lack of skill, he shall compensate the employer for their value.

The contractor shall provide, at his own expense, any tools or equipment required for completing the work unless otherwise agreed or customary in the trade.

Article (650):

If during the performance of the work it becomes evident that the contractor is executing it defectively or contrary to the contract, the employer may warn him to rectify the method of performance within a reasonable period determined by the employer. If the contractor fails to comply within such period, the employer may seek either rescission of the contract or completion of the work by another contractor at the first contractor's expense, in accordance with Article (209).

However, rescission may be sought immediately without granting a period if rectification is impossible.

Article (651):

The architect and the contractor shall be jointly liable for a period of ten years for any total or partial collapse of the buildings or other fixed installations they construct, even if the collapse is due to a defect in the land itself or if the employer approved the defective construction, unless the parties intended the buildings to last less than ten years.

The guarantee covers defects in the buildings or installations that threaten their strength or safety.

The ten-year period shall commence upon the delivery of the work.

This article does not prejudice the contractor's right of recourse against subcontractors.



Article (652):

If the architect's role was limited to preparing the design without supervising the execution, he shall only be liable for defects arising from the design itself.

Article (653):

Any clause seeking to exempt or limit the liability of the architect or contractor shall be null and void.

Article (654):

Claims arising from the guarantee mentioned above shall lapse after three years from the occurrence of the collapse or the discovery of the defect.

Chapter Three: Contracts for Work

Section One: Contracting and Public Utility Undertakings

1- Contract for Work (Contracting Agreement): Obligations of the Employer

Article (655):

Once the contractor has completed the work and made it available to the employer, the employer must promptly take delivery in accordance with commercial practice. If the employer unjustifiably refuses to take delivery after being formally notified, the work shall be deemed delivered to him.

Article (656):

Remuneration shall be payable upon delivery of the work, unless otherwise stipulated by custom or agreement.



Article (657):

If the contract is concluded on a unit-price basis and it becomes apparent during the work that the execution of the agreed design necessitates a substantial excess over the estimated costs, the contractor must immediately notify the employer, specifying the expected increase. Failure to do so shall deprive the contractor of the right to claim reimbursement for expenses exceeding the estimate.

If the excess necessary to execute the design is substantial, the employer may withdraw from the contract and suspend the work without delay, compensating the contractor for the value of the work performed in accordance with the contract terms, without compensating him for any profit he might have earned had he completed the work.

Article (658):

If the contract is for a lump sum based on an agreed design, the contractor may not claim any increase in remuneration even if modifications or additions are made, unless due to the employer's fault or with his permission and subject to an agreement on the remuneration.

Such agreement must be in writing unless the original contract was concluded orally.

The contractor may not invoke an increase in the costs of materials, labor, or other expenses to claim an increase in remuneration, even if such increases make the contract burdensome.

However, if exceptional unforeseen public events disrupt the economic balance between the obligations of the employer and contractor, undermining the financial basis of the contract, the court may order an increase in remuneration or rescission of the contract.

Article (659):

Where remuneration has not been fixed in advance, it shall be determined based on the value of the work and the contractor's expenses.

Article (660):

The architect shall be entitled to separate remuneration for preparing the design and estimates, and for supervising the work.

If the contract does not specify such remuneration, it shall be determined according to prevailing custom.



However, if the work is not executed according to the architect's design, his remuneration shall be assessed based on the time spent preparing the design, taking into account the nature of the work.

Chapter Three: Contracts for Work

Section One: Contracting and Public Utility Undertakings

1- Contract for Work (Contracting Agreement): Subcontracting

Article (661):

The contractor may entrust the execution of the whole or part of the work to a subcontractor unless prohibited by a clause in the contract or unless the nature of the work necessitates reliance on the contractor's personal skills.

In such case, the contractor shall remain liable towards the employer for the subcontractor's work.

Article (662):

Subcontractors and workers engaged by the contractor shall have the right to claim directly against the employer for sums not exceeding the amounts owed by the employer to the main contractor at the time of the claim. Workers employed by subcontractors shall have the same right against both the main contractor and the employer.

In case of attachment by any of them against the employer or main contractor, they shall have a lien on the amounts due to the main contractor or subcontractor at the time of the attachment, in proportion to their claims. These sums may be paid directly to them.

The rights of subcontractors and workers provided in this article shall take precedence over the rights of any party to whom the contractor has assigned his claim against the employer.



Chapter Three: Contracts for Work

Section One: Contracting and Public Utility Undertakings

1- Contract for Work (Contracting Agreement): Termination of the Contract for Work

Article (663):

The employer may terminate the contract and suspend its execution at any time prior to completion, provided he compensates the contractor for all expenses incurred, the work completed, and the profits the contractor would have earned had the work been completed.

However, the court may reduce the compensation due for lost profits if circumstances justify such reduction. In particular, the court shall deduct what the contractor has saved as a result of the employer's termination of the contract and any gains the contractor has earned from using his time for other work.

Article (664):

The contract for work shall terminate if the performance of the agreed work becomes impossible.

Article (665):

If the item perishes due to an unforeseen event before being delivered to the employer, the contractor shall not be entitled to claim payment for his work or reimbursement of expenses, and the loss of materials shall fall on whichever party supplied them.

However, if the contractor was notified to deliver the item, or if the loss or damage occurred prior to delivery due to his fault, he shall compensate the employer for any materials supplied by the latter for the work.

If the employer was notified to accept delivery of the item, or if the loss or damage was due to the employer's fault or to a defect in the materials he supplied, then the loss of the materials shall be borne by the employer, and the contractor shall be entitled to the agreed remuneration and compensation, if appropriate.



Article (666):

The contract for work shall terminate upon the death of the contractor if his personal qualifications were a consideration in concluding the contract. If they were not, the contract does not terminate automatically, and the employer may not rescind it except in the cases governed by Article (663), unless the contractor's heirs lack the necessary guarantees for the proper performance of the work.

Article (667):

If the contract terminates upon the contractor's death, the employer shall pay the estate the value of the completed work and the expenses incurred for work not completed, in proportion to the benefit derived by the employer from such work and expenses.

In return, the employer may demand delivery of the materials prepared and any drawings commenced, provided he pays fair compensation for them.

These provisions shall also apply if the contractor, after commencing the work, becomes incapable of completing it for reasons beyond his control.

Chapter Three: Contracts for Work

Section One: Contracting and Public Utility Undertakings

2- Public Utility Undertakings

Article (668):

A public utilities concession is a contract aimed at operating a public utility of an economic nature. Such contract is concluded between the relevant administrative authority responsible for regulating the utility and an individual or company entrusted with operating the utility for a specified period.



Article (669):

The concessionaire of the public utility shall, under the contract concluded with the client, undertake to provide the customary services in exchange for the fees collected, in accordance with the terms of the concession agreement and its annexes, and with the requirements of the nature of the work and the applicable laws regulating it.

Article (670):

If the concessionaire enjoys a legal or de facto monopoly, he must ensure absolute equality among his clients, whether in providing services or collecting fees.

Equality shall not preclude preferential treatment involving fee reductions or exemptions, provided such treatment is available to any qualifying party according to general conditions set by the concessionaire. However, equality prohibits the concessionaire from granting benefits to one client while refusing them to others.

Any discriminatory treatment in breach of the above shall oblige the concessionaire to compensate any party harmed by the resulting disruption of fair competition.

Article (671):

Pricing schedules approved by the competent authority shall have the force of law with respect to contracts concluded by the concessionaire with his clients. The parties may not agree to terms contrary to these schedules.

These schedules may be revised and amended. If revised prices are approved, the new rates shall apply prospectively from the date specified for their enforcement. Any ongoing subscriptions at the time of the revision shall be subject to the new rates, whether increased or reduced, for the remaining period after the specified effective date.



Article (672):

Any deviation or error in applying the pricing schedules to individual contracts shall be subject to correction.

If the deviation or error was to the detriment of the client, he shall be entitled to recover any excess payments made over the scheduled rates. If it was to the detriment of the concessionaire, he shall be entitled to recover the shortfall in the scheduled rates. Any agreement to the contrary shall be null and void. Claims in either case shall lapse one year from the date of receipt of the fees inconsistent with the approved rates.

Article (673):

Clients of utilities relating to the distribution of water, gas, electricity, motive power, and similar services shall bear the customary minor interruptions or malfunctions necessary for maintaining the utility's equipment.

Concessionaires may avoid liability for interruptions or malfunctions exceeding the ordinary in duration or severity if they prove that such events resulted from force majeure beyond the control of the utility or from unforeseen incidents within the administration of the utility which could not have been reasonably anticipated or avoided by a diligent and prudent management. A strike shall be deemed an unforeseen incident if the concessionaire proves that the strike occurred without fault on his part and that it was not possible to replace the striking workers or mitigate the strike's effects by any other means.

Chapter Three: Contracts for Work

Section Two: Employment Contract

Article (674):

An employment contract is an agreement whereby one party undertakes to work in the service of and under the management or supervision of the other party, in return for remuneration undertaken by the latter.



Article (675):

The provisions of this chapter shall apply only to the extent that they do not expressly or implicitly conflict with special labor laws.

Such labor laws shall specify the categories of workers to whom these provisions do not apply.

Article (676):

The provisions of the employment contract shall apply to the relationship between employers and traveling salesmen, commercial agents, insurance agents, and other intermediaries, even if paid by commission or working for multiple employers, so long as they are subordinate to and under the supervision of their employers.

If the services of a commercial agent or traveling agent end, even upon the expiration of the agreed period of employment, he shall be entitled to receive commission or discount, whether agreed or customary, on recommendations not received by the employer until after his service ended, provided these recommendations were a direct result of his efforts during his employment. However, claims for such rights must be made within the period customary for each profession.

Chapter Three: Contracts for Work

Section Two: Employment Contract

1- Essential Elements of the Contract

Article (677):

No special form is required for the employment contract unless otherwise stipulated by law or administrative regulations.



Article (678):

The employment contract may be concluded for a specific task, a specific period, or for an indefinite period.

If the contract is for the lifetime of the worker or the employer, or for more than five years, the worker may terminate it after five years without compensation, provided he gives the employer six months' notice.

Article (679):

A fixed-term employment contract shall automatically terminate upon the expiry of its term.

If the parties continue to perform the contract after the expiry of its term, this shall be considered a renewal of the contract for an indefinite period.

Article (680):

If the contract was concluded to perform a specific task, it shall terminate upon completion of that task.

If the nature of the work is such that it can be renewed, and performance continues after completion of the task, the contract shall be deemed tacitly renewed for the period necessary to perform the same work again.

Article (681):

It is presumed that the performance of services is for remuneration when such services consist of work not customarily performed gratuitously or work falling within the profession of the person providing them.

Article (682):

If neither individual nor collective agreements nor the internal regulations of the establishment specify the worker's remuneration, the rate applicable to similar work shall apply, if such exists; otherwise, remuneration shall be determined in accordance with the custom of the trade and the locality where the work is performed. In the absence of such custom, the court shall determine the remuneration in accordance with principles of equity.



These rules shall also apply in determining the nature and extent of the services the worker is obliged to perform.

Article (683):

The following amounts shall form an integral part of the remuneration and shall be considered when determining the portion subject to attachment:

- Commissions given to traveling salesmen, commercial representatives, and itinerant agents.
 - Percentages paid to employees of commercial establishments on the price of goods sold and bonuses paid on account of the increased cost of living.
 - Any bonus paid to the worker in addition to salary, whether for loyalty or to compensate for family burdens, and similar benefits, if such payments are provided for in individual contracts, company regulations, or have become customary to the extent that workers consider them part of their remuneration and not gratuities, provided such amounts are determined prior to attachment.
-

Article (684):

- Gratuities shall not be deemed part of remuneration unless in industries or trades where the custom of paying gratuities exists and clear rules govern their distribution.
 - Gratuities shall be considered part of remuneration if the amounts paid by customers to the employees of a single establishment are pooled in a common fund and subsequently distributed by or under the supervision of the employer.
 - In certain industries such as hotels, restaurants, cafés, and bars, the worker's remuneration may consist solely of gratuities and meals.
-



Chapter Three: Contracts for Work

Section Two: Employment Contract

2- Provisions of the Contract: Obligations of the Employee

Article (685):

The worker shall:

- Perform the work personally and exercise the diligence expected of an ordinary person in its performance.
 - Follow the employer's instructions regarding the performance of agreed work within the worker's function, provided such instructions do not contravene the contract, law, or morality, nor involve danger.
 - Safeguard items entrusted to him for the performance of his work.
 - Preserve the confidentiality of industrial and commercial secrets even after the termination of the contract.
-

Article (686):

If the worker's duties allow him knowledge of the employer's clients or business secrets, the parties may agree that the worker shall not, after termination of the contract, compete with the employer or participate in any enterprise competing with him.

For such agreement to be valid, the following conditions must be met:

- The worker must be of legal capacity at the time of contracting.
- The restriction must be limited as to time, place, and type of work to what is necessary to protect the employer's legitimate interests.

The employer may not invoke such agreement if he terminates the contract or refuses to renew it without just cause from the worker, nor if the employer himself gives grounds for the worker to terminate the contract.



Article (687):

If a penalty clause is stipulated for breach of the non-competition obligation and such clause is exaggerated to the extent that it compels the worker to remain in the employer's service longer than agreed, the clause shall be void, and the invalidity shall extend to the non-competition clause as a whole.

Article (688):

If the worker makes an invention during his service, the employer shall have no right thereto, even if the invention results from work performed in the course of such service.

However, inventions made by the worker during his employment shall belong to the employer if the nature of the work requires the worker to focus on innovation, or if the contract explicitly provides for the employer's right to such inventions.

If the invention has significant economic value, the worker shall be entitled, in the cases mentioned above, to special compensation determined in accordance with principles of equity, taking into account the employer's assistance and the facilities used.

Article (689):

In addition to the obligations outlined in the preceding articles, the worker shall comply with obligations imposed by special laws.

Chapter Three: Contracts for Work

Section Two: Employment Contract

2- Provisions of the Contract: Obligations of the Employee

Article (690):

The employer shall pay the worker's remuneration at the time and place specified in the contract or by custom, in accordance with the provisions of special laws.



Article (691):

If the contract provides that the worker, in addition to or instead of the agreed remuneration, shall be entitled to a share of the employer's profits, a percentage of total revenue, production, savings, or similar, the employer shall provide the worker with a statement of his entitlements after each inventory.

The employer must also provide the worker, or a reliable person appointed by the parties or the court, with necessary information to verify the statement's accuracy and allow inspection of the relevant accounts.

Article (692):

If the worker presents himself or declares his readiness to work during the period required by the contract, but is prevented from working for reasons attributable to the employer, he shall be entitled to remuneration for that day.

Article (693):

In addition to the obligations set forth above, the employer shall comply with obligations imposed by special laws.

Chapter Three: Contracts for Work

Section Two: Employment Contract

3- Termination of the Employment Contract

Article (694):

The employment contract shall terminate upon the expiry of its term or the completion of the work for which it was concluded, subject to the provisions of Articles 678 and 679.

If the contract's duration is not specified by agreement, the nature of the work, or its purpose, either party may terminate the relationship. Termination must be preceded by notice, the manner and period of which are determined by special laws.



Article (695):

If the contract is for an indefinite period and either party terminates it without observing the notice period, or before its expiry, the terminating party shall compensate the other for the period of notice or the remaining part thereof. Compensation shall include, in addition to the agreed remuneration, all fixed and determined remuneration components, subject to special laws.

If the contract is terminated abusively by either party, the other party shall, in addition to the notice compensation, be entitled to compensation for any damage suffered as a result. Termination shall be deemed abusive if prompted by garnishment against the employer or by debts contracted by the worker.

Article (696):

Compensation may be awarded for termination even if not effected directly by the employer if the employer's conduct, particularly through unfair treatment or breach of contract, effectively compelled the worker to terminate the contract.

Transferring a worker to a less favorable position than previously held, without fault on the worker's part, shall not be deemed indirect abuse if justified by business needs; otherwise, it shall constitute abusive conduct.

Article (697):

The employment contract shall not be dissolved by the employer's death unless his personal qualifications were a consideration in concluding the contract. However, the contract shall terminate upon the worker's death.

In case of termination due to the worker's death, prolonged illness, or other compelling reasons preventing continued employment, the provisions of special laws shall apply.

Article (698):

Claims arising from the employment contract shall lapse after one year from the date of its termination, except for claims relating to commissions, profit-sharing, or percentages of total revenue, for which the period shall not begin until the employer provides the worker with a statement of his entitlements following the latest inventory.



This special limitation period shall not apply to claims related to the breach of trade secrets or to contractual provisions safeguarding such secrets.

Chapter Three: Contracts for Work

Section Three: Agency

1- Essential Elements of the Agency

Article (699):

An agency is a contract whereby the agent undertakes to perform a legal act on behalf of the principal.

Article (700):

The form required for the legal act forming the subject of the agency shall also be required for the agency contract itself unless otherwise provided by law.

Article (701):

An agency granted in general terms without specifying the type of legal act shall confer authority only to perform acts of management.

Acts of management include leases not exceeding three years, maintenance, safeguarding rights, settling debts, and any acts of disposition necessitated by management, such as selling crops, perishable goods, or purchasing necessary tools for the preservation or exploitation of the subject matter of the agency.

Article (702):

A special agency is required for any act beyond management, particularly sales, pledges, donations, settlements, acknowledgments, arbitration, oaths, and litigation.



A special agency for a particular type of legal act is valid even if the subject matter is not specifically defined, except in cases of donations.

A special agency authorizes the agent only to perform the specific acts mentioned and the necessary ancillary acts according to the nature of each matter and prevailing custom.

Chapter Three: Contracts for Work

Section Three: Agency

2- Effects of the Agency

Article (703):

The agent is bound to carry out the agency without exceeding its defined limits.

However, the agent may exceed these limits if it is impossible to inform the principal beforehand and if the circumstances suggest that the principal would likely approve of such conduct. In such cases, the agent must immediately inform the principal of having exceeded the limits of the agency.

Article (704):

If the agency is gratuitous, the agent must exercise in its performance the care he takes in his own affairs, without exceeding the diligence expected of an ordinary person.

If the agency is for remuneration, the agent must always exercise the diligence of an ordinary person in its performance.

Article (705):

The agent must keep the principal informed of necessary information regarding the execution of the agency and must provide an account thereof.



Article (706):

The agent shall not use the principal's property for his own benefit.

The agent shall owe interest on any sums used for his own benefit from the date of use, and also on any outstanding balances due under the agency from the date of formal notice.

Article (707):

If there are multiple agents, they shall be jointly liable where the agency is indivisible or where the harm caused to the principal results from joint fault. However, agents, even if jointly liable, shall not be responsible for acts performed by one of them beyond the limits of the agency or abusively.

Where agents are appointed under a single contract without being authorized to act individually, they must act jointly unless the task does not require consultation, such as receiving or making payment.

Article (708):

If the agent appoints a sub-agent without authorization, he shall be liable for the sub-agent's actions as if they were his own, and both shall be jointly liable.

If the agent is authorized to appoint a sub-agent without specifying the person, he is only liable for negligence in selecting the sub-agent or in his instructions to him.

In both cases, the principal and the sub-agent may take direct action against each other.

Article (709):

The agency is presumed to be gratuitous unless otherwise explicitly agreed or implied from the circumstances of the agent.

If remuneration is agreed, the amount shall be determined by the court unless paid voluntarily after performance.



Article (710):

The principal must reimburse the agent for necessary expenses incurred in the normal execution of the agency, with interest from the date of expenditure, regardless of the agent's success in performing the agency. If performance of the agency requires the principal to provide funds in advance, the principal must provide them upon the agent's request.

Article (711):

The principal shall be liable for damage suffered by the agent, without fault on the agent's part, resulting from the ordinary execution of the agency.

Article (712):

Where multiple principals appoint a single agent for a common task, they shall be jointly liable to the agent for the performance of the agency unless otherwise agreed.

Article (713):

Articles 104 to 107 on representation shall apply to the relationship between the principal and agent in dealings with third parties.

Chapter Three: Contracts for Work

Section Three: Agency

3- Termination of the Agency

Article (714):

The agency terminates upon completion of the assigned task or upon expiry of the period stipulated for the agency. It also terminates upon the death of either the principal or the agent.



Article (715):

The principal may terminate or restrict the agency at any time, even if otherwise agreed. If the agency is remunerated, the principal must compensate the agent for damage caused by dismissal at an inappropriate time or without valid reason.

However, where the agency is granted in the agent's or a third party's interest, the principal may not terminate or restrict it without the consent of the interested party.

Article (716):

The agent may renounce the agency at any time, even if otherwise agreed, by notifying the principal. If the agency is remunerated, the agent must compensate the principal for damage caused by renunciation at an inappropriate time or without valid reason.

However, the agent may not renounce the agency granted in favor of a third party except for serious justified reasons and must notify the third party, giving sufficient time for them to protect their interests.

Article (717):

Upon termination of the agency for any reason, the agent must ensure that any work begun is brought to a state that prevents its deterioration.

Upon the agent's death, his heirs, if capable and aware of the agency, must promptly inform the principal and take necessary measures to protect the principal's interests.

Chapter Three: Contracts for Work

Section Four: Deposit

Article (718):

A deposit is a contract under which a person undertakes to receive and safeguard an item on behalf of another and to return it in kind.



Chapter Three: Contracts for Work

Section Four: Deposit

1- Obligations of the Depositary

Article (719):

The depositary must accept the deposit.

He may not use the item without express or implied permission from the depositor.

Article (720):

If the deposit is gratuitous, the depositary must exercise the same care as he would for his own property, without exceeding the diligence of an ordinary person.

If the deposit is for remuneration, the depositary must exercise the diligence of an ordinary person.

Article (721):

The depositary may not substitute another person in safeguarding the deposit without express permission from the depositor, unless compelled by urgent necessity.

Article (722):

The depositary must return the item upon the depositor's request unless the contract specifies a term in the depositary's interest. The depositary may also compel the depositor to retrieve the item unless the contract specifies a term in the depositor's interest.

Article (723):

If the depositary's heir sells the deposited item in good faith, he shall only be liable to return the price received or to assign his rights against the buyer. If the heir disposes of the item gratuitously, he shall be liable for its value at the time of the disposition.



Chapter Three: Contracts for Work

Section Four: Deposit

2- Obligations of the Depositor

Article (724):

The deposit is presumed to be gratuitous unless otherwise agreed. If remuneration is agreed, it shall be payable at the end of the deposit unless agreed otherwise.

Article (725):

The depositor must reimburse the depositary for expenses incurred in safeguarding the item and compensate him for any loss suffered due to the deposit.

Chapter Three: Contracts for Work

Section Four: Deposit

3- Certain Types of Deposit

Article (726):

If the deposit consists of money or other consumable items and the depositary is authorized to use them, the contract is considered a loan.

Article (727):

Hotel and innkeepers are liable for the safekeeping of items brought by guests, including acts of persons frequenting the premises.



However, they shall not be liable beyond fifty pounds for money, securities, or valuables unless they have undertaken their safekeeping with knowledge of their value, have refused without cause to accept them on deposit, or have caused damage through gross negligence or that of their staff.

Article (728):

The guest must notify the hotelkeeper or innkeeper immediately upon discovering theft, loss, or damage to their property; otherwise, rights shall be forfeited.

Claims by guests against hotelkeepers or innkeepers shall lapse six months after the guest's departure.

Chapter Three: Contracts for Work

Section Five: Receivership

Article (729):

Receivership is a contract by which parties entrust a person with movable or immovable property or a sum of money in dispute or of uncertain entitlement, for safekeeping, management, and restitution, with any proceeds, to the rightful owner.

Article (730):

The court may order receivership:

- In cases referred to in the preceding article, where parties fail to agree on receivership.
 - Where there are reasonable grounds for the owner to fear imminent danger from leaving the property with its current possessor.
 - In other cases provided by law.
-



Article (731):

Receivership may be imposed on endowment property in the following cases:

- Where the endowment is vacant, or disputes arise among its administrators or claimants to its management, or actions are brought to dismiss the administrator, and receivership is necessary to safeguard rights. Receivership ends upon the appointment of a new administrator, whether temporarily or permanently.
- Where the endowment is indebted.
- Where a beneficiary is insolvent; in such cases, receivership shall concern only his share if it can be separated, otherwise the whole endowment. In both cases, receivership must be the only means of protecting creditors' rights from mismanagement or bad faith.

Article (732):

The receiver's appointment, whether by agreement or court order, shall be by unanimous agreement of interested parties; otherwise, the court shall appoint.

Article (733):

The agreement or court order establishing receivership shall define the receiver's rights, duties, and authority; otherwise, the rules of deposit and agency shall apply insofar as they do not conflict with the following provisions.

Article (734):

The receiver is bound to safeguard the property under his care and manage it with the diligence of an ordinary person.

The receiver may not delegate his duties, wholly or partially, to any interested party without the others' consent.



Article (735):

The receiver may not dispose of the property, except for acts of management, without the consent of all interested parties or authorization from the court.

Article (736):

The receiver is entitled to remuneration unless he has waived it.

Article (737):

The receiver must maintain proper accounting books. The court may require him to keep books officially endorsed by the court.

The receiver must provide the interested parties with an account, at least annually, detailing the amounts received and expenses incurred, supported by relevant documentation. If the receiver has been appointed by the court, he must also file a copy of this account with the court registry.

Article (738):

The receivership shall terminate upon the agreement of all interested parties or by a court ruling.

Upon termination, the receiver must promptly deliver the property under receivership to the person designated by the interested parties or appointed by the court.



Chapter Four: Aleatory Contracts

Section One: Gambling and Wagering

Article (739):

Any agreement concerning gambling or betting shall be void.

A loser in gambling or betting may reclaim what he has paid within three years from the date of payment, even if an agreement provides otherwise. Proof of payment may be established by any means.

Article (740):

Exempted from the preceding article are wagers made personally between competitors in sports competitions. However, the court may reduce any wager deemed excessive.

Also exempted are legally permitted lottery tickets.

Chapter Four: Aleatory Contracts

Section Two: Life Annuity

Article (741):

A person may undertake to pay another person a periodic annuity for life, whether for consideration or not.

Such an undertaking may be by contract or by will.



Article (742):

The annuity may be stipulated for the lifetime of the annuitant, the debtor, or a third party.

The annuity shall be deemed granted for the annuitant's lifetime unless otherwise agreed.

Article (743):

A life annuity contract shall not be valid unless it is in writing, without prejudice to any special formal requirements for donation contracts prescribed by law.

Article (744):

A stipulation prohibiting attachment of the annuity shall not be valid unless the annuity was granted by way of donation.

Article (745):

The annuitant is entitled to the annuity only for the days he has lived.

However, if advance payment is stipulated, the annuitant is entitled to any installment that has fallen due.

Article (746):

If the debtor fails to fulfill his obligation, the annuitant may seek enforcement of the contract. If the contract was for consideration, he may also seek rescission with compensation, where applicable.



Chapter Four: Aleatory Contracts

Section Three: Insurance Contract

1- General Provisions

Articles (747):

(Repealed by Law No. 155 of 2024)

Article (748):

(Repealed by Law No. 155 of 2024)

Article (749):

(Repealed by Law No. 155 of 2024)

Article (750):

(Repealed by Law No. 155 of 2024)

Article (751):

(Repealed by Law No. 155 of 2024)

Article (752):

(Repealed by Law No. 155 of 2024)

Article (753):

(Repealed by Law No. 155 of 2024)



Chapter Four: Aleatory Contracts

Section Three: Insurance Contract

2- Certain Types of Insurance: Life Insurance

Article (754):

(Repealed by Law No. 155 of 2024)

Article (755):

(Repealed by Law No. 155 of 2024)

Articles (756):

(Repealed by Law No. 155 of 2024)

Article (757):

(Repealed by Law No. 155 of 2024)

Article (758):

(Repealed by Law No. 155 of 2024)

Article (759):

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Article (760):

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(Repealed by Law No. 155 of 2024)

Article (763):

(Repealed by Law No. 155 of 2024)

Article (764):

(Repealed by Law No. 155 of 2024)

Article (765):

(Repealed by Law No. 155 of 2024)



Chapter Four: Aleatory Contracts

Section Three: Insurance Contract

2- Certain Types of Insurance: Fire Insurance

Articles (766):

(Repealed by Law No. 155 of 2024)

Article (767):

(Repealed by Law No. 155 of 2024)

Article (768):

(Repealed by Law No. 155 of 2024)

Article (769):

(Repealed by Law No. 155 of 2024)

Article (770):

(Repealed by Law No. 155 of 2024)

Article (771):

(Repealed by Law No. 155 of 2024)



Chapter Five: Suretyship

Section One: Essential Elements of Suretyship

Article (772):

Suretyship is a contract whereby one person guarantees performance of an obligation, undertaking to the creditor that it shall be fulfilled if the principal debtor does not perform.

Article (773):

Suretyship shall not be valid unless in writing, even if the principal obligation may be proven by other means.

Article (774):

Where the debtor is bound to provide a surety, such surety must be solvent and domiciled in Egypt. The debtor may offer sufficient collateral in lieu of a surety.

Article (775):

A debtor may be guaranteed without their knowledge and despite their objection.

Article (776):

Suretyship is valid only if the guaranteed obligation is valid.

Article (777):

Whoever guarantees the obligation of a person lacking capacity, due to such incapacity, shall be bound to perform the obligation if the principal debtor fails to do so.



Article (778):

Suretyship for future debts is permitted if the guaranteed sum is specified in advance; conditional obligations may also be guaranteed.

If no term is specified for future debt suretyship, the surety may withdraw at any time before the debt arises.

Article (779):

Commercial debt suretyship is deemed a civil act even if the surety is a merchant.

Suretyship arising from endorsement or guarantee of commercial papers is always deemed a commercial act.

Article (780):

Suretyship may not exceed the debtor's obligation or impose harsher terms.

However, it may cover a lesser amount or more lenient terms.

Article (781):

In the absence of specific agreement, suretyship covers accessories of the debt, first demand costs, and any subsequent expenses after notifying the surety.



Chapter Five: Suretyship

Section Two: Effects of Suretyship

1- Relationship Between the Surety and the Creditor

Article (782):

The surety is discharged upon the debtor's discharge and may invoke all defenses available to the debtor.

However, the surety may not invoke incapacity of the debtor if he was aware of it when contracting.

Article (783):

If the creditor accepts satisfaction of the debt in any other form, the surety shall be discharged even if such satisfaction fails.

Article (784):

The surety is discharged to the extent the creditor negligently loses securities for the debt.

"Securities" includes all guarantees, whether created before or after the suretyship, or established by law.

Article (785):

Delay or inaction by the creditor does not alone discharge the surety.

However, the surety is discharged if the creditor fails to act against the debtor within six months of notice by the surety, unless the debtor offers sufficient security.



Article (786):

If the debtor is declared bankrupt, the creditor must lodge a claim; otherwise, the creditor loses recourse against the surety to the extent the surety suffers prejudice through the creditor's neglect.

Article (787):

The creditor is obligated, at the time the surety pays the debt, to deliver to the surety the necessary documents for exercising his right of recourse.

If the debt is secured by pledged or detained movables, the creditor must transfer them to the surety.

If the debt is secured by a real estate mortgage, the creditor must take the necessary steps to transfer this security. The surety shall bear the costs of such transfer but may recover them from the debtor.

Article (788):

The creditor may not claim solely against the surety without first proceeding against the debtor.

The creditor may not enforce against the surety's assets until he has exhausted enforcement against the debtor's assets. In such a case, the surety must invoke this right.

Article (789):

If the surety demands the benefit of discussion, he must, at his own expense, direct the creditor to sufficient assets of the debtor to satisfy the entire debt.

Assets indicated by the surety shall not be considered if they are located outside Egypt or are the subject of a legal dispute.

Article (790):

In all cases where the surety points out assets of the debtor, the creditor shall be liable to the surety for any insolvency of the debtor resulting from the creditor's failure to take timely measures.



Article (791):

If the debt is secured by real security established by law or agreement, and the suretyship was provided after or alongside this security without joint liability between surety and debtor, enforcement against the surety's assets may occur only after enforcement against the secured assets.

Article (792):

If there are multiple sureties for one debt under a single contract and they are not jointly liable, the debt shall be divided among them, and the creditor may only claim each for his share.

If the sureties committed through successive contracts, each shall be liable for the full debt unless he reserved the right of division.

Article (793):

A surety jointly liable with the debtor may not invoke the benefit of discussion.

Article (794):

A jointly liable surety may invoke the same defenses related to the debt as a non-jointly liable surety.

Article (795):

In judicial or statutory suretyship, sureties are always jointly liable.

Article (796):

If sureties are jointly liable among themselves and one pays the debt upon maturity, he has the right to recover from each of the others their share in the debt and their share of any portion unpaid due to insolvency.



Article (797):

Suretyship of a surety is permitted. In such case, the creditor may not claim against the surety's surety until after proceeding against the surety, unless the surety's surety is jointly liable with the surety.

Chapter Five: Suretyship

Section Two: Effects of Suretyship

2- Relationship Between the Surety and the Debtor

Article (798):

The surety must notify the debtor before paying the debt; otherwise, he forfeits his right of recourse if the debtor had already paid or had grounds for invalidating or extinguishing the debt at the time of payment.

If the debtor does not object to the payment, the surety retains his right of recourse even if the debtor had already paid or had defenses.

Article (799):

If the surety pays the debt, he is subrogated to the creditor's rights against the debtor. However, if he pays only part of the debt, he may not seek recourse until the creditor has fully collected his dues from the debtor.

Article (800):

A surety who has paid the debt may recover from the debtor, whether the suretyship was concluded with or without the debtor's knowledge.

He may recover the principal, interest, and expenses, but for expenses only those incurred after notifying the debtor of proceedings against him.

The surety is entitled to statutory interest on all payments from the date of payment.



Article (801):

If there are multiple debtors jointly liable for one debt, the surety who guaranteed all of them may seek full recourse from any of them for the entire amount paid.

Part Two: Rights In Rem

Book Three: Original Rights In Rem

Chapter One: Right of Ownership

Section One: Ownership in General

1- Scope and Means of Protection

Article (802):

The owner alone, within the limits of the law, has the right to use, exploit, and dispose of his property.

Article (803):

The owner possesses all components of the property which cannot be separated without damage or alteration.

Ownership of land includes what is above and below its surface to the extent necessary for its enjoyment, vertically and horizontally.

By law or agreement, ownership of the surface may be separated from what lies above or below it.



Article (804):

The owner has the right to the property's fruits, products, and appurtenances unless otherwise provided by law or agreement.

Article (805):

No person may be deprived of his property except as prescribed by law and in the manner stipulated therein, with fair compensation.

Chapter One: Right of Ownership

Section One: Ownership in General

2- Restrictions on the Right of Ownership

Article (806):

The owner must exercise his rights in accordance with laws and regulations concerning public or private interests and must observe the following provisions.

Article (807):

The owner must not abuse his rights to the extent of harming neighboring property.

A neighbor cannot complain of ordinary inconveniences, but may seek removal if harm exceeds customary limits, considering local customs, property nature, locations, and purposes. Official licenses do not negate this right.

Article (808):

Whoever constructs a private irrigation or drainage channel in accordance with applicable regulations has exclusive usage rights.

Neighboring owners may use it for their needs after the owner's needs are met. They must share construction and maintenance costs proportionally to their benefiting land area.



Article (809):

The landowner must allow sufficient water passage for irrigating remote plots and for drainage from neighboring lands to reach the nearest public drain, with fair compensation.

Article (810):

If damage arises from irrigation or drainage channels crossing the land, due to lack of maintenance or poor condition, the landowner may claim adequate compensation.

Article (811):

If users of a shared irrigation or drainage channel cannot agree on necessary repairs, any of them may seek judicial compulsion to share the costs.

Article (812):

The owner of land isolated from public roads, or lacking adequate access, and unable to gain access without undue expense or hardship, has a right of passage through neighboring lands to the extent necessary for reasonable use, subject to fair compensation. This right should be exercised where it causes the least harm.

If such isolation results from subdivision through a legal act, access must first be sought through parts of the subdivided property.

Article (813):

Each owner may compel his neighbor to establish boundary lines between adjoining properties, with costs shared equally.



Article (814):

A party wall owner may use it for its intended purpose and support beams for his building upon it, provided it is not overburdened.

If the party wall is no longer fit for its purpose, repair or reconstruction costs are shared proportionally among co-owners.

Article (815):

An owner with a legitimate interest may raise the party wall, provided no significant harm is caused to the neighbor. He bears the costs of raising, maintaining, and reinforcing the wall.

If the wall cannot support the height increase, the party wishing to raise it must rebuild it at his own expense, placing added thickness on his side. The rebuilt wall remains jointly owned except for the raised part.

Article (816):

A neighbor who did not share in the costs of raising the wall may later become a co-owner in the raised portion by paying half the expenses and half the value of any added land.

Article (817):

A wall originally constructed as a boundary between two buildings is presumed jointly owned unless proven otherwise.

Article (818):

A neighbor cannot be compelled to fence his property or surrender part of his land or wall except as stated in Article (816).

The wall owner may not voluntarily demolish it without good cause if this would harm the neighboring property.



Article (819):

A neighbor may not open a direct window overlooking the neighbor's property at less than one meter's distance, measured from the outer edge of the wall or balcony.

If a right to such a window is acquired by prescription, the neighbor may not build within less than one meter along the affected wall.

Article (820):

A neighbor may not open an oblique view onto neighboring property at less than 50 centimeters from the edge of the opening, unless such opening also faces a public road.

Article (821):

No specific distance is required for opening skylights, which are located above the average height of a person and are intended solely for ventilation and light, without providing a view of the neighboring property.

Article (822):

Factories, wells, steam engines, and all establishments harmful to neighbors must be established at the distances and under the conditions stipulated by applicable regulations.

Article (823):

If a contract or will contains a clause prohibiting the disposal of property, such a clause is invalid unless it is based on a legitimate reason and limited to a reasonable period.

A reason is deemed legitimate if the restriction aims to protect a legitimate interest of the disposer, the recipient, or a third party.

The reasonable period may extend for the lifetime of the disposer, the recipient, or the third party.



Article (824):

If a non-disposal clause in a contract or will is valid according to the preceding article, any disposition contrary to it shall be void.

Chapter One: Right of Ownership

Section One: Ownership in General

3- Co-ownership: Provisions Governing Co-ownership

Article (825):

If two or more persons own a thing without each having a physically separated share, they are co-owners in common. The shares are presumed equal unless proven otherwise.

Article (826):

Each co-owner fully owns his share and may dispose of it, collect its fruits, and use it provided that he does not harm the rights of the other co-owners.

If the disposition concerns a physically separated part of the common property and this part is not allocated to the disposer upon division, the right of the recipient shifts to the portion allocated to the disposer after division. If the recipient was unaware that the disposer did not own the separated part, he may annul the transaction.

Article (827):

The management of the common property belongs jointly to all co-owners unless otherwise agreed.

Article (828):

Decisions made by the majority of co-owners in matters of ordinary management bind all. The majority is calculated based on the value of shares. If there is no majority, the court may, upon the request of a co-owner, take necessary measures and may appoint a manager if



needed.

The majority may also select a manager and establish regulations for management and proper utilization of the property, which shall bind all successors, whether general or specific.

If one co-owner manages without objection from the others, he is considered their agent.

Article (829):

Co-owners holding at least three-quarters of the common property may decide on essential changes and modifications exceeding ordinary management to improve the property's use, provided they notify the others. Dissenters may appeal to the court within two months of notification.

The court, if it approves such decisions, may impose suitable measures, including requiring guarantees for compensation.

Article (830):

Every co-owner has the right to take necessary measures to preserve the property, even without the consent of the other co-owners.

Article (831):

The expenses of managing, maintaining, and taxing the common property, and any charges arising from or imposed on it, shall be borne by all co-owners proportionally to their shares, unless otherwise agreed.

Article (832):

Co-owners holding at least three-quarters of the property may decide to dispose of it for valid reasons, provided they notify the others. Dissenters may appeal to the court within two months. If division would harm the interests of co-owners, the court shall assess whether disposal is justified.



Article (833):

A co-owner in a movable or a collection of assets may reclaim the undivided share sold by another co-owner to a third party through preemption within thirty days of learning of the sale or being notified thereof. Reclamation is effected by notice to both seller and buyer, and the reclaiming party assumes all rights and obligations upon reimbursement.

If there are multiple reclaiming parties, each may reclaim in proportion to his share.

Chapter One: Right of Ownership

Section One: Ownership in General

3- Co-ownership: Termination of Co-ownership by Partition

Article (834):

Any co-owner may demand division of the common property unless bound to remain in co-ownership by law or agreement. Such agreements may not exceed five years. If within this period, the agreement is binding on the co-owner and his successors.

Article (835):

Co-owners may, by unanimous agreement, divide the common property as they see fit. If any of them lacks legal capacity, legal procedures must be observed.

Article (836):

If co-owners disagree on the division, one seeking to leave the co-ownership must summon the others before the summary court.

The court may appoint one or more experts to value and divide the property if it can be divided physically without significant loss of value.



Article (837):

The expert shall form shares based on the smallest share even if the division is partial. If division is impossible on this basis, the expert may allocate a portion to each co-owner.

If a co-owner cannot receive his full share in kind, compensation shall be provided.

Article (838):

The summary court shall decide disputes concerning the formation of shares and other matters within its jurisdiction.

Disputes outside its jurisdiction shall be referred to the primary court, with proceedings suspended until resolved.

Article (839):

Once disputes are settled and shares allocated, the summary court shall issue a ruling assigning each co-owner his allotted share.

If shares are not individually assigned, division shall occur by lot and be recorded by the court, which shall issue the corresponding ruling.

Article (840):

If any co-owner is absent or lacks capacity, the court must confirm the division ruling after it becomes final, in accordance with the law.

Article (841):

If physical division is impossible or would significantly diminish the property's value, it shall be sold per the Code of Civil Procedure, with the auction limited to co-owners if unanimously requested.



Article (842):

Creditors of any co-owner may object to the division or sale without their involvement. The objection must be directed to all co-owners and compels them to include objecting creditors in the proceedings, or the division will not bind them. Creditors with registered rights must be included before initiating division.

Once division is complete, creditors not involved may contest it only in cases of fraud.

Article (843):

Each co-owner is deemed the sole owner of his allocated share as if he had never owned any part of the remaining shares.

Article (844):

Co-owners guarantee each other against any disturbance or eviction arising from a cause prior to the division, each liable in proportion to his share to compensate the entitled party, based on the value at the time of division. If one co-owner is insolvent, his share shall be distributed among the others.

There is no guarantee if explicitly waived or if the disturbance is caused by the co-owner himself.

Article (845):

A voluntary division may be rescinded if a co-owner proves he suffered a loss exceeding one-fifth, based on the value at the time of division.

The claim must be filed within one year. The defendant may halt the proceedings and prevent re-division by paying the difference.

Article (846):

In usufruct division, co-owners agree that each shall enjoy a physically separated part corresponding to his share, waiving the right to the remainder. Such agreements may not exceed five years. If no term is stipulated or renewed, it is deemed one year, renewable unless notice is given three months before expiry.



If this arrangement lasts fifteen years, it becomes a final division unless otherwise agreed.
Possession of a separated part for fifteen years presumes it is based on a usufruct division.

Article (847):

Usufruct division may also involve co-owners alternating use of the entire property, each for a period proportional to his share.

Article (848):

Usufruct division regarding enforceability against third parties, capacity of co-owners, their rights, obligations, and proof methods, shall be governed by lease provisions, insofar as they do not conflict with its nature.

Article (849):

Co-owners may agree during final division proceedings to divide the property by usufruct. This division remains valid until the final division is completed.

If agreement is impossible, the summary judge may order it upon a co-owner's request, aided by an expert if necessary.



Chapter One: Right of Ownership

Section One: Ownership in General

3- Co-ownership: Compulsory Co-ownership

Article (850):

Co-owners of a property cannot demand its division if its intended purpose requires it to remain undivided.

Chapter One: Right of Ownership

Section One: Ownership in General

3- Co-ownership: Family Ownership

Article (851):

Members of a single family united by work or common interest may agree in writing to establish family ownership. This may consist of an inherited estate agreed to be family property in whole or part, or any other property contributed by agreement.

Article (852):

Family ownership may be agreed for a period not exceeding fifteen years. However, a co-owner may request the court's permission to withdraw his share for a valid reason before expiry.

If no duration is specified, any co-owner may withdraw his share after six months' notice to the others.



Article (853):

Co-owners may not demand the division of family property as long as the family ownership exists, and no co-owner may dispose of his share to a person outside the family without the unanimous consent of all co-owners.

If an outsider acquires a co-owner's share with or without the latter's consent, such outsider shall not become a member of the family ownership unless he consents and the other co-owners consent as well.

Article (854):

The co-owners holding the larger share in value may appoint one or more of them to manage the property. The manager may, unless otherwise agreed, alter the purpose of the property if such change improves its utilization.

The manager may be dismissed in the same manner by which he was appointed, even if otherwise agreed. The court may also dismiss the manager upon the request of any co-owner if a valid reason justifies such dismissal.

Article (855):

Except as otherwise provided above, the rules governing common ownership and agency shall apply to family ownership.



Chapter One: Right of Ownership

Section One: Ownership in General

3- Co-ownership: Ownership of Floors and Apartments

Article (856):

Where the ownership of the floors or apartments of a building is divided among several owners, they are deemed co-owners of the land and the parts of the building designated for common use, particularly the foundations, main walls, entrances, courtyards, roofs, elevators, passages, stairways, flooring bases, and all types of pipes, except those within individual units, unless otherwise stated in title deeds.

These common parts are indivisible, and each owner's share therein is proportionate to the value of his part of the building. No owner may dispose of his share independently of the part he owns.

The partitions between two apartments are jointly owned by the owners of those apartments.

Article (857):

Each owner may use the common parts for their designated purposes without obstructing other co-owners' rights.

No modifications may be made to the common parts without the consent of all owners, even during reconstruction, unless the modifications at the expense of one owner facilitate the use of these parts without altering their designated use or causing harm to others.

Article (858):

Each owner must contribute to the costs of maintaining, repairing, managing, and renewing the common parts, in proportion to the value of his share unless otherwise agreed.

No owner may renounce his share of the common parts to avoid contributing to these expenses.



Article (859):

The ground-floor owner must carry out the works and repairs necessary to prevent the upper floors from collapsing.

If he refuses, the court may order the sale of the ground floor. The summary judge may, in any case, order urgent repairs.

Article (860):

If the building collapses, the ground-floor owner must rebuild his part. If he refuses, the court may order the sale unless the upper-floor owner undertakes the rebuilding at the expense of the ground-floor owner.

In this case, the upper-floor owner may prevent the ground-floor owner from using the property until he settles his obligations and may obtain permission to rent or occupy it to recover his rights.

Article (861):

The upper-floor owner may not increase the height of his building if it harms the ground floor.

Chapter One: Right of Ownership

Section One: Ownership in General

3- Co-ownership: Union of Co-owners of a Single Building

Article (862):

Where a property is owned in common among owners of floors or apartments, they may form an owners' association.

The association may also be formed for the purpose of constructing or purchasing buildings to distribute their parts among members.



Article (863):

The association may, with unanimous agreement, establish regulations to ensure proper use and management of the shared property.

Article (864):

If there is no management regulation or some matters are not addressed, the management of common parts belongs to the association. Its decisions are binding provided all concerned parties are duly summoned by registered mail, and decisions are made by the majority of owners calculated according to the value of their shares.

Article (865):

The association, by the majority specified in the previous article, may require joint insurance against risks threatening the property or co-owners. It may also authorize improvements or installations increasing the property's value at the expense of the requesting owners, subject to terms and compensations set by the association.

Article (866):

The association shall have an officer to execute its decisions, appointed by the majority specified in Article 864. Failing this, the appointment shall be made by order of the president of the primary court upon the request of a co-owner after hearing the others. The officer shall, if necessary, take necessary measures to maintain, guard, and repair common parts and enforce obligations. Unless otherwise stipulated, he represents the association in court, even against co-owners if necessary.

The officer represents the association in legal proceedings, including disputes with co-owners if needed.

Article (867):

The officer's remuneration shall be determined by the decision or order of appointment.

He may be dismissed by a decision meeting the majority specified in Article 864 or by order of the court president after notifying the co-owners to hear their views.



Article (868):

If the building is destroyed by fire or otherwise, the co-owners must comply with the association's decision to rebuild by the majority specified in Article 864 unless otherwise agreed.

Any compensation due for the destruction shall be allocated to rebuilding without prejudice to secured creditors.

Article (869):

Any loan granted by the association to a co-owner to fulfill his obligations shall be secured by a lien on his separated part and his share in the common property.

The lien's priority is determined from its registration date.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

1- Occupation: Occupation of Ownerless Movable

Article (870):

Whoever takes possession of ownerless movable property intending to own it becomes its owner.

Article (871):

A movable becomes ownerless if its owner abandons it intending to relinquish ownership.

Wild animals are ownerless as long as they are free. If captured and released, they become ownerless again unless immediately pursued. Tamed animals losing their habit of returning to their designated place also become ownerless.



Article (872):

A buried or hidden treasure with no proven ownership belongs to the property owner where it is found or to the owner of the land's freehold.

A treasure found on a waqf property belongs privately to the founder and his heirs.

Article (873):

The right to hunt on land or at sea, lost items, and antiquities is governed by specific regulations.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

1- Occupation: Occupation of Ownerless Immovable Property

Article (874):

Uncultivated land with no owner belongs to the state.

Such land may not be owned or occupied without state authorization according to regulations.



Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

2- Inheritance and Liquidation of the Estate

Article (875):

Determination of heirs, their shares, and the transfer of estate assets shall be governed by Islamic Sharia and relevant laws.

The following provisions shall apply to the liquidation of estates.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

2- Inheritance and Liquidation of the Estate: Appointment of an Estate Liquidator

Article (876):

If the deceased did not appoint an executor and a party concerned requests one, the court shall appoint an administrator, preferably among the heirs, after hearing them, if they cannot agree.

Article (877):

An appointed administrator may refuse or resign according to agency rules.

The court may also dismiss or replace the administrator upon request of a concerned party, the public prosecutor, or on its own motion if justified.



Article (878):

If the deceased appointed an executor, the court must approve the appointment.

The executor is subject to the same rules as the administrator.

Article (879):

The court clerk shall daily record orders appointing administrators or confirming executors in a public register organized alphabetically by deceased names. The register's margins shall note dismissals or resignations.

Registration of the appointment order has the same effect against third parties dealing with heirs concerning real estate as the annotation in Article 914.

Article (880):

The administrator shall take possession of the estate immediately upon appointment and liquidate it under court supervision. He may request fair remuneration.

Liquidation costs shall be borne by the estate, with a lien equal in rank to court costs.

Article (881):

The court shall, when necessary, take all urgent precautionary measures to preserve the estate, either at the request of an interested party, the Public Prosecution, or on its own initiative. In particular, it may order the sealing of property, the deposit of money, securities, and valuables.

Article (882):

The estate administrator shall immediately pay, from the estate's funds, the expenses of the deceased's burial and funeral in accordance with his status. He must also obtain an order from the summary matters judge to disburse sufficient funds, within reasonable limits, to those heirs whom the deceased had been supporting, until the liquidation is completed. Any such sums received shall be deducted from each heir's share in the inheritance.



Any disputes concerning these expenses shall be settled by the summary matters judge.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

2- Inheritance and Liquidation of the Estate: Inventory of the Estate

Article (883):

From the date of registration of the order appointing the estate administrator, creditors may not take any measures against the estate, nor may they continue any proceedings already initiated except against the administrator.

Any enforcement procedures opened against the deceased and not yet finalized must be suspended until all estate debts are settled, if so requested by any interested party.

Article (884):

No heir may dispose of estate property, collect debts owed to the estate, or offset personal debts with estate debts, before being issued with the certificate of inheritance provided for in Article (901).

Article (885):

During the liquidation process, the administrator shall take all necessary measures to preserve the estate's assets and carry out any required administrative actions. He shall also represent the estate in legal proceedings and collect its matured debts.

The administrator, even if unpaid, shall bear the liability of a paid agent. The court may require him to submit periodic accounts of his administration.



Article (886):

The administrator shall issue a public notice calling upon the creditors and debtors of the estate to submit a statement of their claims and debts within three months from the date of the last publication of the notice.

The notice must be posted on the main door of the mayor's office in the city or village where the estate's assets are located, or on the main door of the police station if located in a city, as well as on the noticeboard of the competent summary court where the deceased's last domicile was located, and published in a widely circulated daily newspaper.

Article (887):

Within four months of his appointment, the administrator shall file with the court registry a statement of the estate's assets and liabilities, including an estimate of their value. He shall also notify, by registered letter within the said period, each interested party of such filing.

The court may extend this period if justified by circumstances.

Article (888):

The administrator may seek assistance from experts or specialists in inventorying and valuing the estate's assets.

The administrator must include in the inventory all information obtained from the deceased's documents, public records, or any other source regarding the estate's rights and debts. The heirs must inform the administrator of any debts or rights they know of concerning the estate.

Article (889):

Anyone who fraudulently appropriates any part of the estate's property shall be punished for embezzlement, even if he is an heir.



Article (890):

Any dispute concerning the accuracy of the inventory, especially in relation to omissions or inclusions of estate assets or rights, may be brought before the court by any interested party within thirty days from notification of the filing of the inventory.

The court shall conduct an investigation. If it considers the objection serious, it shall issue an order accepting it. Such order may be appealed in accordance with the Code of Civil Procedure.

If the dispute has not been previously brought before the courts, the court shall set a deadline for the claimant to file his case before the competent court, which shall decide the matter urgently.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

2- Inheritance and Liquidation of the Estate: Settlement of Estate Debts

Article (891):

Upon expiry of the deadline for disputes related to the inventory, the administrator shall, with the court's permission, settle the undisputed debts of the estate. Contested debts shall only be settled once the disputes are finally resolved.

Article (892):

In case of insolvency or probable insolvency of the estate, the administrator must suspend the payment of any debts, even those not subject to dispute, until all debt-related disputes have been finally resolved.

Article (893):

The administrator shall settle the estate's debts from collected receivables, cash, proceeds from securities sold at market price, and proceeds from the sale of movables within the estate. If insufficient, payment shall be made from proceeds of immovable property.



Movables and immovables of the estate shall be sold at public auction following procedures and within the time limits applicable to compulsory sales, unless all heirs agree on another method or direct sale. If the estate is insolvent, creditor consent is also required. Heirs may participate in the auction.

Article (894):

The court may, upon the unanimous request of the heirs, order the acceleration of deferred debts and determine the amounts due, taking into account the provisions of Article (544).

Article (895):

If the heirs do not unanimously request acceleration of deferred debts, the court shall distribute the deferred debts and estate assets so that each heir receives assets and liabilities proportionate to his net share in the inheritance.

The court shall secure sufficient guarantees for each creditor on the estate's assets, whether movable or immovable, maintaining any existing securities. If impossible, even with additional guarantees from the heirs' personal funds or other arrangements, the court shall impose a general security over the estate's assets.

If such security concerns immovable property and has not been registered, it must be registered following the provisions applicable to registration of preferential rights.

Article (896):

Each heir may, after the distribution of deferred debts, pay his share of such debts before maturity, in accordance with Article (894).

Article (897):

Creditors of the estate whose claims were not disclosed in the inventory and who hold no securities over estate assets may not pursue good faith third parties who acquired real rights over such assets. They may only claim restitution from the heirs on grounds of unjust enrichment.



Article (898):

After settlement of the estate's debts, the administrator shall execute the wills and other obligations of the estate.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

2- Inheritance and Liquidation of the Estate: Delivery of Estate Assets and Distribution Thereof

Article (899):

Once the estate's obligations are discharged, the remaining assets shall devolve to the heirs according to their lawful shares.

Article (900):

The administrator shall deliver to the heirs the assets devolved upon them from the estate.

The heirs may, upon expiry of the deadline for inventory disputes, request the provisional delivery of assets or money not required for the liquidation or part thereof, with or without security.

Article (901):

The court shall issue to any heir presenting proof of inheritance or equivalent documentation a certificate confirming his inheritance rights, the extent thereof, and the specific assets devolved upon him.

Article (902):

Each heir may request from the administrator delivery of his specified share in the inheritance unless he is obliged to remain in co-ownership pursuant to agreement or law.



Article (903):

If division is mandatory, the administrator shall carry out the division amicably, but it shall only become final upon unanimous approval by the heirs.

If unanimity cannot be reached, the administrator shall initiate legal proceedings for division at the estate's expense, with the costs deductible from the shares of the heirs.

Article (904):

The rules applicable to division generally, particularly concerning eviction, warranty, disparity, and preferential rights of co-heirs, shall apply to division of the estate, together with the following provisions.

Article (905):

If the heirs cannot agree on the division of family papers or sentimental items, the court may order their sale or assign them to one heir with or without deduction of their value from his share, taking into account custom and the heirs' personal circumstances.

Article (906):

If the estate includes an agricultural, industrial, or commercial enterprise constituting an economic unit, it shall be assigned to the most capable heir requesting it. Its value shall be appraised and deducted from his share. In case of equal capability among heirs, it shall be assigned to the one offering the highest price, not less than market value.

Article (907):

If an heir is allocated a debt owed to the estate, the other heirs shall not guarantee the debtor's solvency post-division unless otherwise agreed.

Article (908):

A will providing for division of estate assets among the heirs specifying each heir's share shall be valid. Any excess over a heir's rightful share shall constitute a bequest.



Article (909):

A division of property postponed until after death is always revocable and becomes binding upon the testator's death.

Article (910):

If the division does not encompass all estate assets at the time of death, the undistributed assets shall devolve to the heirs jointly according to inheritance rules.

Article (911):

If one or more prospective heirs involved in the division die before the deceased, the portion allocated to them shall devolve jointly to the remaining heirs according to inheritance rules.

Article (912):

The general rules of division shall apply to posthumous divisions, except the provisions on disparity.

Article (913):

If the division does not include the estate's debts or if creditors have not agreed to such division, and debts have not been settled by agreement, any heir may request a division under Article (895), observing, as far as possible, the testator's intended division and its underlying considerations.



Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

2- Inheritance and Liquidation of the Estate: Provisions Governing Unliquidated Estates

Article (914):

If the estate has not been liquidated in accordance with the preceding provisions, ordinary creditors of the estate may enforce their rights or legacies against estate properties disposed of or encumbered with real rights in favor of third parties, provided they annotate their claims according to the law.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

3- Testamentary Disposition (Will)

Article (915):

The rules of Islamic Sharia and applicable legislation shall govern wills.

Article (916):

Any legal act made by a person during a death illness, intending it as a gift, shall be considered a disposition taking effect after death and shall be subject to the provisions governing wills, regardless of the name given to the act.

The heirs of the person making such a disposition must prove that the legal act was made while the deceased was in a death illness, and they may establish this by all means of evidence. The heirs shall not be bound by the date of the instrument unless such date is fixed.

If the heirs prove that the disposition was made during a death illness, the disposition shall be deemed to be a gift unless the beneficiary proves otherwise, unless specific provisions state otherwise.



Article (917):

If a person disposes of property in favor of one of his heirs while retaining possession of the disposed property and his right of usufruct for life, such disposition shall be deemed to take effect after death and shall be subject to the provisions governing wills, unless proven otherwise.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

4- Accession: Accession to Immovable Property

Article (918):

Land formed by gradual and imperceptible alluvial deposits brought by a river shall belong to the owners of the adjacent lands.

Article (919):

Land uncovered by the sea shall be owned by the State.

It is not permissible to encroach upon sea land except to restore boundaries lost to the sea.

Article (920):

Owners of land adjacent to stagnant waters, such as lakes and ponds, do not acquire ownership of land uncovered by such waters, nor do they lose ownership of land submerged by them.

Article (921):

Ownership of lands shifted by a river or uncovered by it, and islands formed within its course, shall be subject to the provisions of special laws.



Article (922):

Any buildings, plantations, or other constructions on or beneath the land shall be presumed to have been made by the landowner at his own expense and shall be his property.

However, it is permissible to prove that a third party erected such structures at his own expense, or that the landowner has conferred upon a third party ownership of pre-existing structures or the right to erect and own such structures.

Article (923):

The landowner shall acquire ownership of any buildings, plantations, or constructions erected on his land using materials owned by another if such materials cannot be removed without substantial damage to the structures or if no claim for their restitution is made within one year of the date on which the owner of the materials knew of their incorporation.

Upon acquiring ownership of the materials, the landowner shall pay their value and any compensation if applicable. If the materials are reclaimed, their removal shall be at the expense of the landowner.

Article (924):

If a person erects structures on another's land using his own materials, knowing that the land belongs to another and without the owner's consent, the owner may demand their removal at the expense of the builder, along with compensation if applicable, provided this is claimed within one year of learning of the construction. Alternatively, the owner may choose to retain the structures upon paying either their value as if removable or an amount equal to the increase in land value resulting from the structures.

The builder may request removal of the structures if this does not damage the land, unless the landowner opts to retain them as provided above.

Article (925):

If the builder of the structures mentioned in the preceding article believed in good faith that he had the right to build, the landowner may not demand removal but shall choose either to pay the value of the materials and labor or to pay an amount equal to the increase in land value due to the structures, unless the builder requests removal.



However, if the structures are so substantial that requiring the landowner to pay would be unduly burdensome, the owner may demand transfer of land ownership to the builder in return for fair compensation.

Article (926):

If a third party constructs structures on land belonging to another with the owner's permission, and no agreement exists regarding such structures, the owner may not demand their removal. If the builder does not request removal, the owner must pay one of the amounts specified in Article (925), paragraph one.

Article (927):

The provisions of Article (982) shall apply to the payment of compensation provided in the preceding three articles.

Article (928):

If a landowner, while building in good faith, encroaches upon part of adjacent land, the court may, where appropriate, compel the adjacent owner to cede ownership of the encroached part in exchange for fair compensation.

Article (929):

Small structures such as kiosks, shops, and shelters erected on another's land without the intention of permanence shall remain the property of the person who built them.

Article (930):

If a third party erects structures using materials owned by another, the material owner may not demand restitution but may seek compensation from the builder and from the landowner, up to the amount of the landowner's remaining debt for such structures.



Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

4- Accession: Accession to Movable Property

Article (931):

If two movable properties belonging to different owners become inseparably attached such that they cannot be separated without damage and no agreement exists between the owners, the court shall decide the matter guided by equity, taking into account the harm caused, the parties' situations, and the good faith of each.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

5- Contract

Article (932):

Ownership and other real rights in movable and immovable property shall transfer by contract when concerning property owned by the transferor, in accordance with Article (204), subject to the following provisions.

Article (933):

Ownership of unspecified movable property shall not pass until it is segregated in accordance with Article (205).

Article (934):

In matters concerning immovable property, ownership and other real rights shall not transfer, either between the parties or against third parties, unless the requirements stipulated by the Law on Real Estate Registration are observed.



That Law shall specify the transactions, judgments, and documents requiring registration, whether transferring ownership or not, and shall set out the related provisions.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

6- Pre-emption (Shuf'a): Conditions for Exercising the Right of Pre-emption

Article (935):

Pre-emption (Shuf'a) is a right that permits, in the case of the sale of immovable property, the substitution of the pre-emptor for the purchaser, subject to the cases and conditions stipulated in the following articles.

Article (936):

The right of pre-emption shall arise:

- For the owner of the bare title (naked ownership) if the usufruct right, in whole or in part, is sold.
- For a co-owner in common ownership if a share of the common immovable property is sold to a third party.
- For the usufructuary if the bare title pertaining to the usufruct right, in whole or in part, is sold.
- For the owner of the bare title in a leasehold (hikr) if the leasehold right is sold, and for the leaseholder if the bare title is sold.
- For the adjacent owner in the following cases:
 - If the immovable properties consist of buildings or land intended for construction, whether in cities or villages.
 - If the sold land benefits from or is subject to a servitude in favor of the adjacent land.



- If the adjacent land borders the sold land on two sides and its value equals at least half the price of the sold land.

Article (937):

Where multiple persons have competing rights of pre-emption, priority shall be determined in accordance with the ranking provided in the preceding article.

Where the competing pre-emptors belong to the same class, entitlement shall be proportional to their shares.

If the purchaser himself satisfies the conditions qualifying him for pre-emption under the preceding article, he shall take precedence over other pre-emptors of the same or a lower class but shall be subordinate to those of a higher class.

Article (938):

If a person purchases property subject to pre-emption and sells it before any declaration of intention to exercise the right of pre-emption or before the registration of such intention pursuant to Article (942), the right of pre-emption may only be exercised against the second purchaser and under the terms on which he purchased.

Article (939):

The right of pre-emption may not be exercised:

- If the sale was conducted by public auction in accordance with legally prescribed procedures.
- If the sale was between ascendants and descendants, between spouses, between relatives up to the fourth degree, or between in-laws up to the second degree.
- If the property was sold to be used as a place of worship or annexed to such.

A waqf (endowment) may not exercise the right of pre-emption.



Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

6- Pre-emption (Shuf'a): Procedures for Exercising the Right of Pre-emption

Article (940):

A person wishing to exercise the right of pre-emption must notify both the seller and purchaser of his intention within fifteen days from the date of the formal notice served by either the seller or purchaser; otherwise, the right shall lapse. This period may be extended to account for distances where necessary.

Article (941):

The formal notice referred to in the preceding article shall include the following particulars; otherwise, it shall be void:

- A sufficiently precise description of the property subject to pre-emption.
 - The price, official costs, terms of sale, and the names, professions, and domiciles of both the seller and purchaser.
-

Article (942):

The declaration of intention to exercise the right of pre-emption must be made formally; otherwise, it shall be void. Such declaration shall not be enforceable against third parties unless registered.

Within a maximum of thirty days from the date of this declaration, the pre-emptor must deposit with the court treasury in whose jurisdiction the property is situated the full actual price for which the sale was concluded, provided that this deposit occurs before the initiation of the pre-emption lawsuit; failing this, the right of pre-emption shall lapse.



Article (943):

The action for pre-emption shall be brought against both the seller and purchaser before the court within whose jurisdiction the property is located and shall be registered on the court's docket. This must occur within thirty days from the date of the declaration provided for in the preceding article; otherwise, the right shall lapse. The court shall rule expeditiously on the action.

Article (944):

A final judgment establishing the right of pre-emption shall constitute title of ownership for the pre-emptor, without prejudice to the rules concerning registration.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

6- Pre-emption (Shuf'a): Effects of Pre-emption

Article (945):

The pre-emptor shall, vis-à-vis the seller, replace the purchaser in all his rights and obligations.

However, the pre-emptor may not avail himself of any payment extension granted to the purchaser without the seller's consent.

If the property is subsequently claimed by a third party after the exercise of pre-emption, the pre-emptor shall have recourse only against the seller.

Article (946):

If the purchaser constructs buildings or plants trees on the property prior to the declaration of the intention to exercise the right of pre-emption, the pre-emptor shall, at the purchaser's option, compensate either for the expenses incurred or for the increase in value resulting from such works.



If the works were done after the declaration of the intention to exercise the right of pre-emption, the pre-emptor may demand their removal. If he opts to retain the works, he shall only be liable to pay the value of the materials and labor or the cost of planting.

Article (947):

No mortgage, priority right, sale, or other real right affecting the purchaser shall be enforceable against the pre-emptor if such right was created after the date of the registration of the declaration of the intention to exercise the right of pre-emption.

Nevertheless, creditors holding registered rights shall retain their priority over the proceeds of the sale received by the purchaser.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

6- Pre-emption (Shuf'a): Extinction of the Right of Pre-emption

Article (948):

The right of pre-emption shall lapse in the following cases:

- If the pre-emptor waives his right, even prior to the sale.
 - If four months elapse from the date of registration of the sale contract.
 - In any other cases provided by law.
-



Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

7- Possession: Acquisition, Transfer, and Loss of Possession

Article (949):

Possession shall not be established by an act performed by a person merely as a licensee or under the sufferance of another.

Possession acquired through coercion, secrecy, or ambiguity shall have no effect against the person subjected to coercion, kept unaware of the possession, or misled by its nature, except from the time such defects have ceased to exist.

Article (950):

A person lacking legal capacity may acquire possession through his legal representative.

Article (951):

Possession through an intermediary shall be valid where the intermediary possesses in the name of the possessor and is bound to comply with the possessor's instructions in relation to such possession.

In case of doubt, it shall be presumed that the intermediary possesses on his own behalf; however, if his possession is a continuation of a previous possession, it shall be presumed to be on behalf of the original possessor.

Article (952):

Possession may be transferred from one possessor to another by agreement between them, provided that the transferee is capable of exercising control over the right subject to possession, even in the absence of physical delivery of the object.



Article (953):

Possession may be transferred without physical delivery where the possessor continues to hold the property on behalf of his successor, or the successor continues possession on his own behalf.

Article (954):

Delivery of documents representing goods entrusted to a carrier or stored in warehouses shall have the same effect as delivery of the goods themselves.

However, where one person takes delivery of the documents and another takes delivery of the goods, and both are in good faith, priority shall be given to the person who has taken delivery of the goods.

Article (955):

Possession transfers to the universal successor with all its attributes; however, if the predecessor was acting in bad faith and the successor proves his own good faith in possession, the successor may rely on his good faith.

A particular successor may add his possession to that of his predecessor to benefit from any legal effects arising from possession.

Article (956):

Possession is lost when the possessor relinquishes actual control over the right or loses such control by any other means.

Article (957):

Possession is not extinguished if a temporary obstacle prevents the exercise of actual control over the right.

However, possession shall be extinguished if the obstacle persists for a full year and results from new possession acquired against the will or without the knowledge of the original possessor. The year shall be calculated from the date the new possession commenced if it began openly, or from the date the original possessor became aware of it if it began covertly.



Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

7- Possession: Protection of Possession (The Three Possessory Actions)

Article (958):

A possessor of immovable property who has been dispossessed may, within one year of the dispossession, request restoration of possession. If the dispossession was clandestine, the year shall run from the date the possessor becomes aware of it.

A person who was possessing on behalf of another may also reclaim possession.

Article (959):

If the person dispossessed had not held possession for a full year at the time of dispossession, he may not reclaim possession except against someone who does not have a better right to possession. The better right is established by legal title; if neither party has a title, or if their titles are equal, the prior possession prevails.

However, if dispossession occurred by force, the dispossessed person may in all cases reclaim possession within one year from the date of the act of violence.

Article (960):

The possessor may, within the legal period, file an action to recover possession against any person, even if acting in good faith, who has acquired possession of the dispossessed property.

Article (961):

A person who possesses immovable property continuously for one year and is disturbed in such possession may bring an action within the following year to prevent such disturbance.



Article (962):

A person who possesses immovable property continuously for one year and has reasonable grounds to fear disturbance due to new works threatening his possession may apply to the court to stop such works, provided the works are not completed and one year has not elapsed since commencement of the harmful works.

The court may prohibit continuation of the works or allow them to proceed. In either case, the court may order the provision of appropriate security. If the works are halted, the security shall guarantee compensation for any harm found unjustified by a final judgment. If the works continue, the security shall guarantee removal of the works wholly or partially if required to remedy harm as determined by a final judgment in favor of the possessor.

Article (963):

If multiple persons dispute possession of the same right, the one with actual material possession shall be deemed the possessor on a provisional basis unless it is shown that such possession was acquired by defective means.

Article (964):

A person in possession of a right is presumed to be the holder of such right unless proven otherwise.

Article (965):

A possessor is deemed in good faith if he believes he is not infringing upon another's right, unless such ignorance results from gross negligence.

If the possessor is a legal person, consideration shall be given to the intent of its representative.

Good faith is always presumed unless proven otherwise.



Article (966):

A possessor's good faith ceases from the moment he becomes aware that his possession infringes upon the rights of others.

Good faith ceases from the time the possessor is notified of the defect in his possession through a court pleading. A person who has forcibly usurped possession is deemed in bad faith.

Article (967):

Possession retains the character it had at the time it was acquired unless proven otherwise.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

7- Possession: Effects of Possession: Acquisitive Prescription

Article (968):

A person who possesses movable or immovable property, or a real right therein, without being its owner or right holder, may acquire ownership or the real right by uninterrupted possession for fifteen years.

Article (969):

If possession concerns immovable property or a real right therein and is coupled with good faith and a valid cause, the acquisitive prescription period shall be five years.

Good faith need only exist at the time of acquisition of the right.

A valid cause is a deed issued by a person who is not the owner or holder of the right sought to be acquired by prescription, and it must be registered according to the law.



Article (970):

In all cases, inheritance rights may not be acquired by prescription unless possession lasts thirty-three years.

Public property owned by the State or legal public persons, as well as property of public institutions, public bodies, public sector companies, and charitable endowments, may not be acquired by prescription, nor may any real right therein be acquired by prescription.

Encroachment upon such property is prohibited. In the event of encroachment, the competent minister may administratively remove it.

Article (971):

If possession is proven at a certain prior date and is current, it is presumed to have continued during the intervening period unless proven otherwise.

Article (972):

No person may acquire ownership by prescription contrary to his title. A possessor may not unilaterally change the basis of his possession or its legal origin.

However, prescription may operate where the character of possession changes through an act of others or an act by the possessor signifying opposition to the owner's rights. In such cases, prescription begins from the date of the change.

Article (973):

The rules governing extinctive prescription apply to acquisitive prescription concerning the calculation of periods, suspension, interruption, invocation in court, waiver, and agreement on modification of periods, insofar as these do not conflict with the nature of acquisitive prescription, subject to the following provisions.

Article (974):

Acquisitive prescription is suspended whenever there is a cause for suspension.



Article (975):

Acquisitive prescription is interrupted if the possessor abandons or loses possession, even by the act of others.

However, prescription is not interrupted by loss of possession if the possessor recovers it within one year or brings an action to recover it within that period.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

7- Possession: Acquisition of Ownership of Movables through Possession

Article (976):

A person who possesses a movable, or a real right therein, or a bearer instrument based on a valid cause shall acquire ownership if he was in good faith at the time of possession.

If good faith and valid cause lead the possessor to believe the property is free of encumbrances, he shall acquire it free of such encumbrances.

Possession itself is presumed to be based on a valid cause and good faith unless proven otherwise.

Article (977):

An owner of a movable or bearer instrument who loses it or has it stolen may recover it from any possessor acting in good faith within three years of the loss or theft.

If the person in possession of the stolen or lost property purchased it in good faith from a market, public auction, or a person dealing in such items, he may require the person recovering it to reimburse the price he paid.



Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

7- Possession: Acquisition of Fruits through Possession

Article (978):

A possessor in good faith acquires the fruits he collects.

Natural or industrial fruits are deemed acquired upon separation; civil fruits are deemed acquired day by day.

Article (979):

A possessor in bad faith is liable, from the time he became aware of his bad faith, for all fruits collected and those he failed to collect, but he may reclaim expenses incurred in producing such fruits.

Chapter One: Right of Ownership

Section Two: Modes of Acquisition of Ownership

7- Possession: Recovery of Expenses

Article (980):

The owner recovering his property must reimburse the possessor for all necessary expenses.

Beneficial expenses shall be governed by Articles (924) and (925).

The possessor may not claim luxurious expenses but may remove structures he erected, restoring the property to its original state, unless the owner chooses to retain them in return for paying their removal value.



Article (981):

If a person receives possession from an owner or previous possessor and proves that he has paid to his predecessor the expenses incurred, he has the right to claim these expenses from the person reclaiming possession.

Article (982):

The court, at the request of the owner, may determine what it deems appropriate for fulfilling the expenses mentioned in the previous two articles. It may rule that payment be made in periodic installments provided adequate guarantees are offered. The owner may be released from this obligation by paying in advance an amount equivalent to the value of these installments minus their interest calculated at the legal rate until their maturity.

Chapter One: Right of Ownership**Section Two: Modes of Acquisition of Ownership****7- Possession: Liability for Loss or Perishing of Property**

Article (983):

If the possessor is in good faith and benefits from the property in accordance with what he believes to be his right, he shall not be liable to the person entitled to restitution for any compensation due to such use.

The possessor shall not be liable for the perishing or damage to the property except to the extent that he gained a benefit from such perishing or damage.

Article (984):

If the possessor is in bad faith, he shall be liable for the perishing or damage of the property, even if caused by an unforeseen accident, unless it is proven that the property would have perished or been damaged even if it had remained with its rightful owner.



Chapter Two: Rights Derived from Ownership

Section One: Usufruct, Right of Use, and Right of Habitation 1- Usufruct

Article (985):

The usufruct right is acquired by legal action, preemption, or prescription.

It may be bequeathed successively to living persons at the time of the will, and also to the unborn fetus.

Article (986):

The rights and obligations of the usufructuary are governed by the instrument establishing the usufruct as well as the provisions of the following articles.

Article (987):

The fruits of the usufructed property belong to the usufructuary in proportion to the duration of his usufruct, subject to the provisions of Article 993, paragraph 2.

Article (988):

The usufructuary must use the property as received and according to its intended purpose and manage it properly.

The owner may object to any unlawful or improper use. If it is proven that the owner's rights are endangered, he may demand securities. If the usufructuary fails to provide them or continues improper use despite the owner's objection, the court may remove the property from him and entrust it to another to manage. Depending on the severity of the situation, the court may also terminate the usufruct right without prejudice to the rights of others.



Article (989):

The usufructuary is obliged during his usufruct to bear all ordinary charges on the property and the costs necessary for its maintenance.

Extraordinary charges and substantial repairs not caused by the usufructuary's fault shall be borne by the owner. The usufructuary must pay the owner interest on sums spent for this. If the usufructuary incurs these expenses, he may reclaim the principal upon termination of the usufruct.

Article (990):

The usufructuary must exercise the care of a prudent person in preserving the property.

He is liable for the property's destruction, even if due to external causes, if he delays returning it after the usufruct ends.

Article (991):

If the property is destroyed, damaged, or requires substantial repairs to be borne by the owner, or needs protective measures against unforeseen risks, the usufructuary must promptly notify the owner. He must also notify the owner if a third party asserts a right over the property.

Article (992):

If the property subject to usufruct is movable, an inventory must be made and the usufructuary must provide security. Failing this, the property shall be sold and the proceeds invested in government bonds, the usufructuary collecting the profits.

A usufructuary who provides security may use consumable items but must replace them at the end of the usufruct. He is entitled to the offspring of livestock after replacing losses due to unforeseen events.



Article (993):

The usufruct ends upon expiration of its specified period, or if none is specified, it is considered tied to the life of the usufructuary. It ends upon the usufructuary's death even before the period ends.

If the land subject to usufruct has crops at the end of the usufruct, it shall remain with the usufructuary or his heirs until harvest, provided rent is paid for this period.

Article (994):

The usufruct ends with the destruction of the property but transfers to any compensation in lieu thereof.

If destruction is not due to the owner's fault, he is not obliged to restore the property. If he does, the usufruct revives unless the destruction was caused by the usufructuary. In this case, Article 989(2) applies.

Article (995):

The usufruct ends if not used for fifteen years.

Chapter Two: Rights Derived from Ownership

Section One: Usufruct, Right of Use, and Right of Habitation

2- Right of Use and Right of Habitation

Article (996):

The scope of the right of use and habitation is limited to what the holder and his family need for themselves, subject to the terms of the establishing deed.

Article (997):

The right of use or habitation cannot be transferred to others unless explicitly stipulated or justified by strong reasons.



Article (998):

Apart from the preceding provisions, the rules for usufruct apply to the rights of use and habitation unless inconsistent with their nature.

Chapter Two: Rights Derived from Ownership

Section Two: Right of Leasehold (Hikr)

Provisions Governing the Right of Leasehold (Hikr)

Article (999):

It is not permissible to grant a long-term lease (hikr) for a period exceeding sixty years. If a longer period is stipulated or no period is specified, the hikr shall be deemed concluded for sixty years.

Article (1000):

A hikr may only be established out of necessity or for a legitimate interest and with permission from the competent Sharia Primary Court in whose jurisdiction the whole or most valuable part of the land is located. The contract must be executed by the court president or a judge or notary delegated by him. It must also be registered according to the Real Estate Registration Law.

Article (1001):

The hikr lessee (muhtakir) may dispose of his right, and this right passes by inheritance.

Article (1002):

The muhtakir owns outright any constructions, plantings, or other works he establishes on the land. He may dispose of these independently or together with the hikr right.



Article (1003):

The muḥtakir must pay the agreed rent to the lessor (muḥakkir).

The rent shall be payable at the end of each year unless otherwise stipulated in the ḥikr contract.

Article (1004):

A ḥikr may not be established for less than the fair rental value.

This rent may increase or decrease whenever the change in rental value exceeds one-fifth, provided eight years have passed since the last valuation.

Article (1005):

The rent adjustment shall be assessed based on the land's rental value at the time of reassessment, taking into account its location and desirability, regardless of any buildings or plantings present, and without regard to any improvements or damage caused by the muḥtakir or to the location's status. The muḥtakir's permanent rights over the land shall not affect this assessment.

Article (1006):

The new valuation shall only take effect from the time agreed upon by the parties, or otherwise from the date the lawsuit is filed.

Article (1007):

The muḥtakir must take necessary measures to render the land fit for exploitation, respecting the agreed terms, the nature of the land, its intended purpose, and local customs.



Article (1008):

The ʔikr right ends upon the expiry of its specified term.

Nevertheless, this right ends earlier if the muʔtakir dies before constructing or planting on the land, unless all heirs request to maintain the ʔikr.

The ʔikr right also ends before its term if the endowment status of the land ceases, except if such cessation results from the endower's revocation or reduction of the endowment period. In that case, the ʔikr continues until the end of its term.

Article (1009):

The muʔakkir may demand termination of the contract if the rent has not been paid for three consecutive years.

Article (1010):

Upon termination or expiration of the contract, the muʔakkir may request either the removal of buildings and plantings or their retention in exchange for paying the lesser of their removal or retention value, unless agreed otherwise.

The court may grant the muʔakkir a grace period for payment if exceptional circumstances justify it. In this case, the muʔakkir must provide security to ensure payment of the amounts due.

Article (1011):

The ʔikr right ends if not exercised for fifteen years, except when the ʔikr is over endowment land, in which case it ends after thirty-three years of non-use.

Article (1012):

From the date of enforcement of this law, no new ʔikr may be created over land that is not endowment property, without prejudice to Article 1008, paragraph 3.

Existing ʔikr contracts over non-endowment land at the time of enforcement of this law shall remain subject to the preceding provisions.



Chapter Two: Rights Derived from Ownership

Section Two: Right of Leasehold (Ḥikr)

Certain Types of Leasehold (Ḥikr)

Article (1013):

The double lease contract (ijāratayn) involves the endowment leasing land with existing buildings in need of repair in exchange for a lump sum equivalent to the value of the buildings and an annual rent equivalent to the fair rental value of the land.

Such a contract shall be governed by ḥikr rules, except as provided in the preceding paragraph.

Article (1014):

A usufruct lease (khalu al-intifā') is a contract by which an endowment leases property, even without the judge's permission, for a fixed rent over an indefinite period.

Under this contract, the lessee must render the property fit for use. The endowment may terminate the contract at any time after providing notice within the legal time limit in accordance with leasing rules, provided it compensates the lessee for expenses per Article 179.

The rules on leasing endowment properties apply, without prejudice to the above two paragraphs.



Section Three: Right of Easement

Article (1015):

An easement is a right that limits the use of one property for the benefit of another property owned by a different person. An easement may also be established over public property if it does not conflict with its designated public use.

Article (1016):

Easement rights are acquired by legal acts or inheritance.

Easements may only be acquired by prescription if they are apparent, including rights of passage.

Article (1017):

Apparent easements may also be established through designation by the original owner.

Such designation exists where evidence shows that the owner of two separate properties has established a visible sign between them creating a relationship suggesting an easement, as if they were owned by different persons. In this case, if the properties are later transferred to different owners without change in condition, the easement shall be considered established unless expressly agreed otherwise.

Article (1018):

If restrictions are imposed limiting an owner's right to build as desired — such as restrictions on building height or plot coverage — these restrictions constitute easements benefiting the properties for whose interest they were imposed, unless agreed otherwise.

Any violation of these restrictions may be subject to remedy in kind. However, the court may award compensation instead if it finds justification.



Article (1019):

Easement rights are governed by the instrument establishing them, local custom, and the following provisions.

Article (1020):

The owner of the dominant property may perform any necessary acts to use the easement and maintain it, provided this causes only minimal harm.

The needs of the dominant property may not increase the burden of the easement.

Article (1021):

The owner of the servient property is not obliged to perform any acts for the benefit of the dominant property unless such acts are customary for the reasonable use of the easement, unless otherwise agreed.

Article (1022):

The cost of the works necessary to exercise and maintain the easement shall be borne by the owner of the dominant property unless otherwise agreed.

If the owner of the servient property is obliged to carry out such works at his own expense, he may always free himself from this obligation by relinquishing all or part of the servient property to the owner of the dominant property.

If the works also benefit the owner of the servient property, the maintenance costs shall be shared between the two parties in proportion to the benefit each derives.

Article (1023):

The owner of the servient property may not do anything that diminishes the use of the easement or makes it more difficult. In particular, he may not change the existing situation or replace the originally designated location for the use of the easement with another.



Nevertheless, if the originally designated location has come to impose an increased burden on the servient property, or if the easement prevents improvements to the servient property, the owner may request to transfer the easement to another part of the property or to another property he owns or which a third party owns if the latter agrees. This is permitted provided that the exercise of the easement in the new location remains as feasible as it was previously.

Article (1024):

If the dominant property is divided, the easement shall continue to benefit each part, provided this does not increase the burden on the servient property.

However, if the easement in reality benefits only certain parts, the owner of the servient property may request the removal of the easement from the other parts.

Article (1025):

If the servient property is divided, the easement shall continue to apply to each part.

However, if the easement is not actually used on certain parts and cannot be used on them, each owner may request the removal of the easement from the part he owns.

Article (1026):

Easement rights terminate upon the expiry of the specified term, the complete destruction of either the servient or dominant property, or their unification under a single owner. However, if this unification is reversed retroactively, the easement right shall revive.

Article (1027):

Easement rights are extinguished if not used for fifteen years. If the easement benefits a waqf (endowment), the period is thirty-three years. Just as prescription can terminate an easement, it can also modify how it is exercised.

If the dominant property is owned in common, the use of the easement by one co-owner interrupts prescription for the benefit of all, and the suspension of prescription for one co-owner applies to all.



Article (1028):

The easement right terminates if circumstances change so that it can no longer be exercised.

It shall revive if circumstances revert to a state where it can be exercised again unless the right has already been extinguished through non-use.

Article (1029):

The owner of the servient property may free himself from all or part of the easement if the easement no longer provides any benefit to the dominant property or only provides a benefit that is wholly disproportionate to the burdens on the servient property.

Part Two: Rights In Rem

Book Four: Rights in Rem as Security (Real Security Rights)

Chapter One: Mortgage

Definition of Mortgage

Article (1030):

A mortgage is a contract by which a creditor acquires a real right over a property designated for securing a debt. This right entitles the creditor to priority over ordinary creditors and subsequent mortgagees in collecting his debt from the proceeds of the sale of that property, regardless of whose hands it is in.



Chapter One: Mortgage

Section One: Creation of Mortgage

Article (1031):

A mortgage is not valid unless executed in an official deed.

The cost of the contract shall be borne by the mortgagor unless agreed otherwise.

Article (1032):

The mortgagor may be the debtor himself or another person providing security for the debtor.

In either case, the mortgagor must be the owner of the mortgaged property and legally capable of disposing of it.

Article (1033):

If the mortgagor is not the owner of the mortgaged property, the mortgage shall become valid if the true owner ratifies it through an official deed. If such ratification does not occur, the mortgage shall only take effect from the time the mortgagor acquires ownership of the property.

Mortgaging future property is void.

Article (1034):

A mortgage granted by a person whose title to ownership is later declared void, rescinded, revoked, or annulled for any reason shall remain valid in favor of a mortgagee who acted in good faith at the time of the mortgage.



Article (1035):

A mortgage may only be established over real property unless otherwise provided by law.

The mortgaged property must be tradable and capable of being sold at public auction. It must be precisely identified by its nature and location, either in the mortgage deed itself or in a subsequent official deed; otherwise, the mortgage is void.

Article (1036):

The mortgage includes appurtenances of the mortgaged property that are considered real property, particularly easement rights, allocated properties, and improvements or constructions that benefit the owner unless agreed otherwise, without prejudice to the statutory lien for contractors or architects as provided in Article 1148.

Article (1037):

Registration of a foreclosure notice extends to cover the fruits and income of the property accruing after registration. The distribution of such fruits follows the same rules as the distribution of the property's sale price.

Article (1038):

The owner of buildings constructed on another's land may mortgage them. In this case, the mortgagee shall have priority in satisfying his debt from the proceeds of the demolition rubble or the compensation paid by the landowner if the buildings are retained in accordance with the rules of accession.

Article (1039):

A mortgage granted by all co-owners of a jointly owned property remains valid regardless of the outcome of a subsequent division of the property or its sale due to the impossibility of division.



If one of the co-owners mortgages his undivided share or a specified part of the property, and upon division he receives property other than the part he mortgaged, the mortgage will transfer, maintaining its rank, to an equivalent portion of the new property corresponding to the value of the originally mortgaged part. This portion shall be determined by an order upon petition, and the mortgagee must register a new entry indicating the portion to which the mortgage has been transferred within ninety days from the date he is notified by any interested party of the registration of the division. Such transfer of the mortgage does not affect any mortgage created by all co-owners nor the rights of co-owners arising from the division.

Article (1040):

A mortgage may secure a debt that is subject to a condition, a future debt, or a contingent debt. It may also secure an open credit or a running account, provided the mortgage deed specifies the amount of the secured debt or the maximum limit it may reach.

Article (1041):

Each part of the mortgaged property guarantees the entire debt, and each part of the debt is secured by the whole mortgaged property, unless otherwise provided by law or agreed upon.

Article (1042):

The mortgage is inseparable from the secured debt; it follows the debt in its validity and extinction unless otherwise provided by law.

If the mortgagor is not the debtor, he may invoke, in addition to his own defenses, any defenses available to the debtor concerning the debt. This right remains even if the debtor waives those defenses.



Chapter One: Mortgage

Section Two: Effects of the Mortgage

1- Effect of the Mortgage as Between the Contracting Parties: With Respect to the Mortgagor

Article (1043):

The mortgagor may dispose of the mortgaged property, and any such disposition does not affect the rights of the mortgagee.

Article (1044):

The mortgagor has the right to manage the mortgaged property and collect its fruits until they are attached to the property.

Article (1045):

A lease granted by the mortgagor is not binding on the mortgagee unless it is of a certain date prior to the registration of the foreclosure notice.

If the lease is not of a certain date or was concluded after the foreclosure notice and no advance rent was paid, it shall only be valid if it falls within normal management practices.

If the lease predates the foreclosure notice and exceeds nine years, it is only binding on the mortgagee for nine years unless it was registered before the mortgage was recorded.

Article (1046):

A discharge in advance of rent for no more than three years or the assignment thereof is not effective against the mortgagee unless it is of a certain date before the foreclosure notice registration.

If the discharge or assignment exceeds three years, it is not effective against the mortgagee unless registered before the mortgage registration; otherwise, the term is reduced to three years, subject to the provision in the preceding paragraph.



Article (1047):

The mortgagor is obligated to preserve the mortgage security, and the mortgagee may object to any act or omission likely to significantly diminish his security. In urgent cases, the mortgagee may take necessary precautionary measures and seek recourse against the mortgagor.

Article (1048):

If the mortgagor negligently causes the destruction or damage of the mortgaged property, the mortgagee may demand either sufficient security or immediate repayment.

If the destruction or damage is due to an external cause and the creditor refuses to leave the debt unsecured, the debtor may either provide sufficient security or pay immediately before the due date. In the latter case, if the debt bears no interest, the creditor is only entitled to the principal amount minus legal interest for the period between payment and maturity.

In all cases, if any acts threaten the mortgaged property's integrity or sufficiency as security, the creditor may request the court to halt such acts and take measures to prevent damage.

Article (1049):

If the mortgaged property is destroyed or damaged for any reason, the mortgage transfers, maintaining its rank, to the resulting rights such as compensation, insurance proceeds, or expropriation proceeds for public benefit.



Chapter One: Mortgage

Section Two: Effects of the Mortgage

1- Effect of the Mortgage as Between the Contracting Parties: With Respect to the Mortgagee (Creditor)

Article (1050):

If the mortgagor is not the debtor, enforcement may only proceed against the mortgaged property and not the mortgagor's other assets. The mortgagor has no right to demand that the creditor first exhaust remedies against the debtor unless otherwise agreed.

Article (1051):

After notifying the debtor to pay, the creditor may enforce the mortgage on the property and request its sale within the deadlines and procedures provided by the Code of Civil Procedure.

If the mortgagor is not the debtor, he may avoid any enforcement against him by surrendering the mortgaged property according to the rules applicable to possessors relinquishing property.

Article (1052):

Any agreement granting the creditor the right to take ownership of the mortgaged property upon non-payment at maturity for a specified price or to sell it without following legal procedures is void, even if concluded after the mortgage.

However, after the debt or an installment becomes due, the debtor may agree to assign the mortgaged property to the creditor in satisfaction of the debt.



Chapter One: Mortgage

Section Two: Effects of the Mortgage

2- Effect of the Mortgage with Respect to Third Parties

Article (1053):

A mortgage is not enforceable against third parties unless the contract or judgment establishing it is registered before the third party acquires a real right on the property, without prejudice to bankruptcy rules.

A secured right cannot be assigned against third parties, nor can subrogation by law or agreement, nor the waiver of registration priority to another creditor, unless noted in the margin of the original registration.

Article (1054):

Registration, renewal, deletion, cancellation of deletion, and their legal effects follow the provisions of the Law on Real Estate Registration.

Article (1055):

The costs of registration, renewal, and deletion shall be borne by the mortgagor unless otherwise agreed.



Chapter One: Mortgage

Section Two: Effects of the Mortgage

2- Effect of the Mortgage with Respect to Third Parties: Right of Priority and Right of Pursuit

Article (1056):

Mortgage creditors are paid before ordinary creditors from the proceeds of the mortgaged property or any substitute property, according to the rank of each, even if registered on the same day.

Article (1057):

The mortgage rank is determined by the date of registration, even if the secured debt is conditional, future, or contingent.

Article (1058):

Registration of a mortgage implicitly includes contract, registration, and renewal expenses in the distribution and the mortgage rank.

If the interest rate is specified in the contract, registration also covers, within the mortgage rank, the principal, interest for the two years preceding the foreclosure notice registration, and interest from that date until the auction date, without prejudice to specific registrations for other interests which rank from their date. Registration of the foreclosure notice by any creditor benefits all creditors.

Article (1059):

The mortgagee may relinquish his mortgage rank, within the secured debt limit, in favor of another creditor holding a registered mortgage on the same property. The latter creditor may invoke against him any defenses available against the first creditor, except for those concerning the extinguishment of the first creditor's right after the rank waiver.



Article (1060):

Upon the debt's maturity, the mortgagee may foreclose on the property held by the possessor unless the possessor opts to pay the debt, clear the mortgage, or surrender the property.

A possessor is anyone who acquires ownership of the property or a real right capable of being mortgaged, without being personally liable for the secured debt.

Article (1061):

The possessor may, upon the secured debt's maturity, pay the debt and its accessories, including procedural costs from the warning date. This right persists until the auction date. He may recover from the debtor and the previous owner and subrogate the creditor's rights, except for guarantees provided by others.

Article (1062):

The possessor must maintain and renew the mortgage registration he substituted for the creditor until prior registrations are cancelled.

Article (1063):

If the possessor owes an immediately payable sum equal to all registered debts, any creditor may compel payment provided the possessor's title is registered.

If the possessor's debt is not yet due, less than the creditors' debts, or different in nature, the creditors may agree to demand partial payment per the possessor's obligations and schedule.

In either case, the possessor cannot evade payment by surrendering the property but may demand cancellation of registrations upon payment.



Article (1064):

The possessor who has registered his title may clear the property from all mortgages registered before his title.

He may exercise this right even before mortgagees notify the debtor or the possessor, up to the day of filing the auction terms.

Article (1065):

To clear the property, the possessor must notify registered creditors at their elected domiciles with a notice containing:

- A summary of his title deed showing type, date, prior owner, precise identification, sale price, and any included charges.
 - Date and number of his title registration.
 - His valuation of the property, not less than expropriation base price or unpaid sale price.
 - A list of registered rights before his title registration, with dates, amounts, and creditors' names.
-

Article (1066):

The possessor must declare his readiness to pay the registered debts up to the property valuation. He need not deposit the amount but must offer immediate payment regardless of due dates.

Article (1067):

Any registered creditor or guarantor may request the sale of the property within thirty days of the last notice, plus applicable distance periods, not exceeding thirty days.



Article (1068):

The sale request must be by notice to the possessor and previous owner, signed by the applicant or authorized representative. The applicant must deposit sufficient auction expenses with the court, which cannot be refunded if the sale price does not exceed the possessor's offer. The request is void if these conditions are unmet.

The applicant cannot withdraw the request without consent of all registered creditors and guarantors.

Article (1069):

If sale is requested, foreclosure sale procedures apply, initiated by the party interested in expediting. Sale notices must include the possessor's property valuation.

The successful bidder must reimburse the dispossessed possessor for title and registration expenses and notifications, besides the sale price and foreclosure costs.

Article (1070):

If no sale is requested within the specified period and procedures, the possessor definitively acquires the property free of encumbrances upon paying or depositing the valuation amount to entitled creditors.

Article (1071):

The surrender of the mortgaged property is by declaration to the competent court's registry, with a request for notation in the foreclosure notice margin and notification to the enforcing creditor within five days.

Any interested party may request the summary judge to appoint a custodian for foreclosure proceedings, and the possessor must appoint one upon request.



Article (1072):

If the possessor does not choose to pay the registered debts, purify the property from the mortgage, or relinquish this property, the mortgagee may not initiate foreclosure procedures against him according to the provisions of the Code of Civil Procedure except after serving him a notice to pay the due debt or vacate the property. This notice may come after or concurrently with the warning served to the debtor for foreclosure.

Article (1073):

The possessor who has registered his title and was not a party to the litigation in which the debtor was adjudged liable may invoke the defenses available to the debtor if the judgment was issued after the possessor registered his title.

The possessor may, in all cases, rely on any defenses the debtor is still entitled to invoke even after judgment.

Article (1074):

The possessor has the right to participate in the auction, provided that he does not offer a price less than the unpaid portion of the price of the property being sold.

Article (1075):

If the mortgaged property is foreclosed upon—even after purification or relinquishment procedures—and the auction is awarded to the possessor himself, he is considered the owner by virtue of his original title, and the property shall be cleared of all registered rights once the possessor pays or deposits in court the price for which the auction settled.

Article (1076):

If the auction is awarded to someone other than the possessor, that person shall receive his right from the possessor by virtue of the auction adjudication.



Article (1077):

If the price for which the auction is settled exceeds the amount due to the creditors with registered rights, the surplus belongs to the possessor, and the possessor's mortgage creditors may satisfy their rights from this surplus.

Article (1078):

The possessor retains any servitudes or other real rights he held before acquiring ownership of the property.

Article (1079):

The possessor must return the fruits of the property from the time of being warned to pay or vacate. However, if the proceedings lapse for three years, he shall only return fruits from the time a new warning is served.

Article (1080):

The possessor may bring a warranty claim against the previous owner within the same limits as any successor in title, whether by sale or gift.

The possessor may also recover from the debtor any amounts he paid in excess of what he owed under his title, regardless of the reason for such payment, and shall be subrogated to the creditors he has satisfied, especially regarding securities provided by the debtor but not those provided by a third party.

Article (1081):

The possessor is personally liable to creditors for any damage caused to the property due to his fault.



Chapter One: Mortgage

Section Three: Extinction of the Mortgage

Article (1082):

The real mortgage right is extinguished when the secured debt is extinguished, but it shall revive if the cause of extinguishment ceases, without prejudice to the rights acquired by third parties in good faith between the time of extinction and revival.

Article (1083):

Upon completion of the purification procedures, the real mortgage is definitively extinguished, even if the possessor loses ownership of the property for any reason.

Article (1084):

If the mortgaged property is sold by public auction—whether against the owner, the possessor, or the custodian to whom the property was delivered upon relinquishment—the mortgage rights are extinguished upon depositing the auction price or paying it to the creditors whose rank entitles them to be satisfied from this price.

Chapter Two: Right of Judicial Lien (Right of Attachment)

Section One: Establishment of the Right of Judicial Lien

Article (1085):

Any creditor holding a final enforceable judgment against the debtor may, in good faith, obtain a preferential right over the debtor's real property to secure the principal, interests, and costs.

A creditor may not obtain such a right over property in the deceased's estate after the debtor's death.



Article (1086):

A right of preference may not be obtained based on a foreign court judgment or arbitration award unless such judgment or award is enforceable.

Article (1087):

A right of preference may be obtained based on a judgment that affirms a settlement or agreement between the parties, but not based on a judgment confirming a signature's authenticity.

Article (1088):

The right of preference may only be taken over specified real property owned by the debtor at the time of registration, which can be sold at public auction.

Article (1089):

A creditor seeking to obtain a right of preference must submit a petition to the president of the primary court within whose jurisdiction the property is located.

This petition must be accompanied by an official copy of the judgment or a clerk's certificate stating the operative part of the judgment and must include:

- The creditor's full name, occupation, domicile, and chosen domicile within the court's jurisdiction.
 - The debtor's full name, occupation, and domicile.
 - The date of the judgment and the issuing court.
 - The amount of the debt; if not specified, the court president temporarily estimates the amount for the preference.
 - Precise description and location of the property, supported by documents evidencing its value.
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Article (1090):

The court president shall endorse the petition with an order granting the preference.

When granting it, the president must consider the debt amount and the approximate value of the property and may limit the preference to part of the property if deemed sufficient to secure the debt and costs.

Article (1091):

The court clerk must notify the debtor of the order granting the preference on the same day it is issued and must annotate this order on the judgment copy or certificate attached to the petition and notify the issuing court's clerk to annotate any other copies provided to the creditor.

Article (1092):

The debtor may appeal the preference order before the issuing authority or the primary court.

Any order or judgment canceling the preference must be annotated in the margin of the registration.

Article (1093):

If the court president rejects the preference petition—whether initially or after the debtor's objection—the creditor may appeal this rejection to the primary court.



Chapter Two: Right of Judicial Lien (Right of Attachment)

Section Two: Effects, Reduction, and Extinction of the Right of Judicial Lien

Article (1094):

Any interested party may seek to reduce the preference to a suitable extent if the secured property exceeds the value needed to secure the debt.

Reduction may occur by limiting the preference to part of the property or transferring it to another property of adequate value.

The expenses for reduction, even with the creditor's consent, are borne by the party requesting it.

Article (1095):

A creditor holding a right of preference enjoys the same rights as a creditor holding a mortgage, and the rules governing registration, renewal, cancellation, indivisibility of the right, its effect, and extinction apply similarly, subject to any specific provisions.

Chapter Three: Pledge (Possessory Mortgage)

Section One: Essential Elements of the Pledge

Article (1096):

A pledge with possession is a contract whereby a person undertakes, as security for a debt owed by him or another, to deliver to the creditor or to a third party agreed upon by the parties, an item upon which the creditor acquires a real right entitling him to retain it until the debt is satisfied and to have priority over ordinary creditors and subsequent creditors in recovering his debt from its price, regardless of whose possession it is in.



Article (1097):

Only items that can be independently sold by public auction, whether movable or immovable, may be the subject of a pledge with possession.

Article (1098):

Articles 1033 and 1040 to 1042 governing real mortgages apply to the pledge with possession.

Chapter Three: Pledge (Possessory Mortgage)

Section Two: Effects of the Pledge of Possession

1- As Between the Contracting Parties: Obligations of the Pledgor

Article (1099):

The pledgor must deliver the pledged item to the creditor or to the person designated by both parties.

The rules governing the delivery of sold property apply to the delivery of the pledged item.

Article (1100):

If the pledged item returns to the pledgor's possession, the pledge is extinguished unless the creditor proves that the return was for reasons unrelated to extinguishing the pledge. This is without prejudice to third-party rights.

Article (1101):

The pledgor warrants the validity and enforceability of the pledge and may not take any action that diminishes the value of the pledged item or impedes the creditor's rights under the contract. In urgent cases, the creditor may take, at the pledgor's expense, any necessary measures to preserve the pledged item.



Article (1102):

The pledgor is liable for the destruction or damage of the pledged item if due to his fault or a force majeure event.

Articles 1048 and 1049 concerning destruction or damage of property mortgaged under a real mortgage and the transfer of the creditor's rights to substitute rights apply similarly to pledges with possession.

Chapter Three: Pledge (Possessory Mortgage)

Section Two: Effects of the Pledge of Possession

1- As Between the Contracting Parties: Obligations of the Pledgee (Creditor)

Article (1103):

If the pledgee takes possession of the pledged item, he must exercise the care of a prudent person in its preservation and maintenance. He is liable for its destruction or damage unless he proves that this resulted from a foreign cause beyond his control.

Article (1104):

The creditor may not benefit from the pledged item free of charge.

He must make full use of it unless otherwise agreed.

Any net income the creditor obtains from the pledged item, and any benefit gained from its use, shall be deducted from the amount secured by the pledge, even if it has not yet become due. The deduction shall first cover expenses for preserving the item and repairs, then interest and costs, and finally the principal debt.



Article (1105):

If the pledged item yields fruits or income, and the parties agree to allocate all or part of it towards interest, such an agreement shall be valid within the maximum limit permitted for contractual interest by law.

If the parties do not agree to allocate the fruits towards interest and fail to specify the interest rate, interest shall be calculated at the legal rate without exceeding the value of the fruits. If no maturity date is fixed for the secured debt, the creditor may only recover his right by deducting it from the fruits' value, without prejudice to the debtor's right to settle the debt at any time.

Article (1106):

The pledgee shall manage the pledged item with the care of an ordinary person. He may not alter the manner of its utilization without the pledgor's consent and must promptly notify the pledgor of any matter requiring his intervention.

If the creditor abuses this right, mismanages the property, or commits gross negligence, the pledgor may request to place the item under receivership or recover it by paying what he owes. In the latter case, if the secured debt bears no interest and has not matured, the creditor is only entitled to the remaining amount after deducting legal interest for the period between payment and maturity.

Article (1107):

The creditor must return the pledged item to the pledgor after fully satisfying his right, including any related accessories, expenses, and compensations.

Article (1108):

Articles 1050 (regarding liability of a pledgor who is not the debtor) and 1052 (regarding conditional ownership upon non-payment and sale without procedures) apply to pledges with possession.



Chapter Three: Pledge (Possessory Mortgage)

Section Two: Effects of the Pledge of Possession

2- With Respect to Third Parties

Article (1109):

For the pledge to be effective against third parties, the pledged item must be in the possession of the creditor or a third party agreed upon by the parties.

A single pledged item may secure multiple debts.

Article (1110):

The pledge entitles the creditor to retain the pledged item against everyone, without prejudice to rights lawfully preserved for others.

If the item leaves the creditor's possession without his will or knowledge, he may reclaim it from third parties under possession laws.

Article (1111):

The pledge with possession secures not only the principal debt but also, with the same priority, the following:

- Necessary expenses incurred to preserve the item.
 - Compensation for damage arising from the item's defects.
 - Expenses of the contract creating the debt and the pledge contract and its registration if applicable.
 - Expenses incurred in enforcing the pledge.
 - All due interest, subject to Article 230.
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Section Three: Extinction of the Pledge

Article (1112):

The right of pledge with possession is extinguished upon the extinguishment of the secured debt and shall revive if the cause of extinguishment ceases, without prejudice to the rights lawfully acquired in good faith by third parties during the interim.

Article (1113):

The pledge with possession is also extinguished in the following cases:

- If the creditor waives the right of pledge and is competent to release the debtor. A waiver may be implied by the creditor's voluntary relinquishment of the pledged item or consent to its disposition without reservation. If the pledge secures a right established for a third party's benefit, the waiver is not effective against such party unless approved.
 - If ownership of the pledged item and the pledge right are united in one person.
 - If the item perishes or the pledged right is extinguished.
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Section Four: Certain Types of Pledge

1- Pledge of Immovable Property (Real Estate Pledge)

Article (1114):

For a real estate pledge with possession to be effective against third parties, in addition to possession transfer, the pledge contract must be registered. The provisions governing registration of a real mortgage apply.

Article (1115):

A creditor holding a real estate pledge may lease the property to the pledgor without affecting the pledge's enforceability against third parties. If the lease is agreed upon in the pledge contract, it must be stated in the registration. If agreed upon later, it must be annotated in the registration margin, except where renewal occurs implicitly.

Article (1116):

A creditor holding a real estate pledge must maintain the property, cover necessary expenses for its preservation, and pay annual taxes and charges, deducting these from collected revenues or recovering them from the sale proceeds with the rank granted by law.

The creditor may be released from these obligations by relinquishing the pledge.



Section Four: Certain Types of Pledge

2- Pledge of Movable Property

Article (1117):

For a pledge of movables to be effective against third parties, in addition to possession transfer, the contract must be recorded in a dated document specifying the secured amount and adequately describing the pledged item. The fixed date determines the creditor's rank.

Article (1118):

The rules on the effects of possession of tangible movables and bearer instruments apply to pledges of movables.

In particular, a good-faith pledgee may assert his right even if the pledgor lacked the power to dispose of the pledged item. Likewise, any good-faith possessor may assert his right acquired over the pledged item, even if subsequent to the pledge.

Article (1119):

If the pledged item is at risk of perishing, damage, or depreciation, threatening its sufficiency to secure the debt, and the pledgor does not request its return in exchange for a substitute, either party may seek court authorization to sell it by public auction or at its stock or market price.

The court shall decide on the deposit of the sale proceeds, and the creditor's right shall transfer from the item to its price.

Article (1120):

The pledgor may, if a favorable opportunity to sell the pledged item arises, request court authorization to sell it—even before the debt's maturity. The court shall determine the sale's terms and the deposit of the price.



Article (1121):

If the creditor fails to recover his right, he may request court authorization to sell the pledged item by public auction or at its stock or market price.

He may also request that the court order the item transferred to him in satisfaction of the debt, valuing it according to expert appraisal.

Article (1122):

The preceding provisions apply insofar as they do not conflict with commercial laws, the rules governing licensed pawnbrokers, or any specific laws and regulations applicable to movable pledges.

Chapter Three: Pledge (Possessory Mortgage)

Section Four: Certain Types of Pledge

3- Pledge of a Debt

Article (1123):

A pledge of debt is not effective against the debtor unless the pledge has been notified to him or accepted by him in accordance with Article 305.

It is not effective against third parties unless the pledgee holds the debt instrument, and the pledge's rank is determined from the fixed date of notification or acceptance.

Article (1124):

Registered bonds and promissory notes are pledged in accordance with the legal procedures prescribed for the assignment of such bonds, with mention that the assignment was made as a pledge. Such a pledge does not require notification.



Article (1125):

A debt that cannot be assigned or attached may not be pledged.

Article (1126):

The pledgee has the right to collect interest due on the pledged debt after the pledge, as well as any periodic entitlements of such debt, with deductions applied first to expenses, then to interest, and finally to the principal of the secured debt, unless otherwise agreed.

The pledgee must preserve the pledged debt. If he can collect amounts from this debt without the pledgor's involvement, he must do so at the specified time and place for payment and promptly notify the pledgor.

Article (1127):

The debtor of the pledged debt may invoke against the pledgee all defenses related to the validity of the right secured by the pledge, as well as defenses he may have against his original creditor, to the extent the debtor could raise these defenses against an assignee.

Article (1128):

If the pledged debt becomes due before the secured debt, the debtor may only pay jointly to the pledgee and the pledgor. Either party may request the debtor to deposit the payment, and the pledge shall attach to the deposited amount.

The pledgee and pledgor must cooperate to invest the deposited amount in the best interest of the pledgor without harming the pledgee and must promptly establish a new pledge for the creditor's benefit.

Article (1129):

If both the pledged debt and the secured debt become due, and the pledgee has not recovered his right, he may collect the pledged debt to satisfy his claim or request the sale or appropriation of the debt according to Article 1121, paragraph two.



Section One: General Provisions

Article (1130):

A privilege is a legal priority granted to a specific right due to its nature.

No right shall have a privilege unless provided by law.

Article (1131):

The rank of privileges is determined by law. If the law does not expressly specify the rank of a privileged right, it ranks after all privileges mentioned in this section.

If privileged rights rank equally, recovery shall be proportionate to their amounts unless otherwise stipulated.

Article (1132):

General privileges extend to all the debtor's assets, whether movable or immovable. Specific privileges are limited to certain movable or immovable property.

Article (1133):

Privileges may not be invoked against a good-faith possessor of movables.

For this article, the tenant of a property is considered a possessor regarding movables located on the premises, and so is a hotel keeper regarding items deposited by guests.

If the creditor reasonably fears dissipation of the encumbered movable, he may request its placement under receivership.



Article (1134):

The rules governing mortgages apply to privileges on real property to the extent they do not contradict the nature of these rights, including cleansing, registration, and related effects.

However, general privileges on real property require no registration and confer no tracing right. Registration is also not required for privileges securing amounts due to the public treasury. These privileges rank above any other real property privileges or mortgages regardless of registration date. Among themselves, the treasury's privilege takes precedence.

Article (1135):

Privileges are subject to the same rules applicable to mortgages concerning destruction or damage to the secured property.

Article (1136):

Privileges are extinguished by the same means as mortgages and pledges unless otherwise provided by law.

Chapter Four: Privileges (Preferential Rights)

Section Two: Types of Privileges (Preferential Rights)

Article (1137):

The rights set out in the following articles shall enjoy privilege status in addition to those established by special provisions.



Chapter Four: Privileges (Preferential Rights)

Section Two: Types of Privileges (Preferential Rights)

1- General Privileges and Special Privileges over Movable Property

Article (1138):

Court costs incurred for the benefit of all creditors in preserving and selling the debtor's assets enjoy privilege over the proceeds of these assets.

These costs are recovered before any other right, even privileged or secured by a mortgage, including rights of creditors for whose benefit the costs were incurred. Sale-related costs take precedence over distribution-related costs.

Article (1139):

Amounts due to the public treasury for taxes, fees, or other charges of any kind enjoy privilege under applicable laws and orders.

Such amounts are recovered from the sale proceeds of encumbered assets before any other rights, even privileged or secured by mortgage, except court costs.

Article (1140):

Expenses incurred for the preservation or repair of movables enjoy privilege over the entire item.

Such amounts are recovered from the proceeds of the encumbered movables after court costs and treasury dues. Among them, priority is given in reverse order of the expenses incurred.



Article (1141):

The following rights enjoy privilege over all the debtor's assets, movable and immovable:

- Amounts due to servants, clerks, workers, and other employees for their wages or salaries for the last six months.
- Amounts due for supplies of food and clothing to the debtor and his dependents for the last six months.
- Maintenance obligations owed by the debtor to relatives for the last six months.

These amounts are recovered immediately after court costs, treasury dues, and preservation and repair expenses, and among themselves in proportion to each claim.

Article (1142):

Amounts spent on seeds, fertilizers, pest-control substances, and expenses for farming and harvesting enjoy privilege over the crop produced thereby, all ranking equally.

These amounts are recovered from the crop's sale proceeds immediately after previously mentioned privileged rights.

Likewise, amounts due for farming equipment enjoy the same privilege over such equipment.

Article (1143):

Rent for buildings and agricultural land for two years or for the lease term if shorter, and any other landlord's rights under the lease, enjoy privilege over the tenant's movable property on the premises and agricultural produce.

This privilege applies even if the movables belong to the tenant's spouse or third parties unless the landlord knew of the third-party rights when the goods were placed on the premises, without prejudice to rules on stolen or lost property.

The privilege also applies to subtenants' movables if the landlord expressly prohibited subletting. Otherwise, it only applies to amounts owed by the subtenant to the original tenant at the time of the landlord's notice.

These amounts are recovered from the encumbered property's sale proceeds after previously mentioned privileged rights, except those not enforceable against the landlord as a good-faith possessor.



If such movables are removed from the premises despite the landlord's opposition or without his knowledge, and insufficient goods remain to secure the privilege, it persists on the removed property for three years unless third parties acquired good-faith rights.

Nevertheless, if the goods are sold to a good-faith buyer in a public market or auction or by a merchant in similar goods, the landlord must return the price to such buyer.

Article (1144):

Hotel keepers have privilege over guests' belongings for unpaid accommodation, meals, and expenses advanced on their behalf.

This privilege applies even if the belongings do not belong to the guest unless the hotel keeper knew of third-party rights when accepting them, provided they are not stolen or lost property. The hotel keeper may oppose the removal of such items until full payment. If removed despite opposition or without his knowledge, the privilege remains without prejudice to third-party good-faith rights.

The hotel keeper's privilege ranks equally with the landlord's; between competing claims, the earlier in date prevails unless ineffective against the other.

Article (1145):

Sellers of movables enjoy privilege over the sold item for unpaid price and accessories, provided the item remains intact. This does not prejudice third parties' good-faith rights, subject to commercial law provisions.

This privilege ranks after previously mentioned privileges on movables but is enforceable against landlords and hotel keepers if they knew of it when the item was placed on the premises.



Article (1146):

Co-owners who partition movables enjoy privilege to secure their rights of recourse and any equalization obligations arising from the partition.

This privilege ranks equally with the seller's; between competing claims, the earlier in date prevails.

Chapter Four: Privileges (Preferential Rights)

Section Two: Types of Privileges (Preferential Rights)

2- Special Privileges over Immovable Property

Article (1147):

Sellers of real property enjoy privilege over the sold property for unpaid price and accessories.

Such privilege must be registered, even if the sale is recorded, and ranks from the date of registration.

Article (1148):

Contractors and architects entitled to payment for constructing, reconstructing, repairing, or maintaining buildings or other structures enjoy privilege over such structures, but only to the extent their value increased thereby at the time of sale.

This privilege must be registered and ranks from the date of registration.

Article (1149):

Co-owners who partition real property enjoy privilege to secure their rights of recourse, including equalization payments. This privilege must be registered and ranks from the date of registration.

