

French Civil Code

BOOK III. Of The Different Modes Of Acquiring Property.

TITLE X.

OF LOANS.

Decreed the 9th of March, 1804. Promulgated the 19th of the same Month.

1874. There are two kinds of loan:

That of things, which a party can use without destroying them;

And that of things, which are consumed by the use which is made thereof.

The first species is called loan for use, or gratuitous lending;

The second is termed loan for consumption, or simply loan.

CHAPTER I.

Of Loan for Use, or gratuitously.

SECTION I.

Of the Nature of Loan for Use.

1875. Loan for use, or gratuitous lending, is a contract by which one of the parties gives up a thing to another in order to its employment, on condition by the borrower to restore it after having so employed it.

1876. This loan is essentially gratuitous.

1877. The lender remains proprietor of the thing lent.

1878. Every thing which is of a commercial nature, and which does not consume by using, may be the object of this agreement.

1879. Engagements which are formed by lending, pass to the heirs of him who lends, and also to the heirs of the borrower. But if the party has lent only on account of the borrower, and to him personally, then his heirs cannot continue the enjoyment of the thing lent.

SECTION II.

Of the Engagements of the Borrower.

1880. The borrower is bound to watch like a good father of a family over the security and preservation of the thing lent. He cannot make use of it except for the purpose determined by its nature, or by agreement, the whole on pain of damages, if there be ground.

1881. If the borrower employ the thing for another use, or for a longer time than he ought, he shall be bound for any loss which happens even by accident.

1882. If the thing lent perish by accident, against which the borrower would have been able to secure it, by employing his own property, or if, being able to preserve only one of the two, he prefer his own, he is bound for the loss of the other.

1883. If the thing were estimated on lending it, the loss which happens, even by accident, falls upon the borrower, if there be no agreement to the contrary.

1884. If the thing be deteriorated simply by the effect of the using for which it was

borrowed, and without any fault on the part of the borrower, he is not bound for such deterioration.

1885. The borrower cannot retain the thing by way of^t compensation for that which the lender owes him.

1886. If, in order to use the thing, the borrower has been put to any expense, he cannot recover it.

1887. If several persons have conjointly borrowed the same thing, they are jointly and severally responsible therefor to the lender.

SECTION III.

Of the Engagements of the Party who lends for Use.

1888. The lender cannot withdraw the thing lent until after the term agreed on, or in default of agreement, until after it has been employed for the use for which it was borrowed.

1889. Nevertheless, if during such interval, or before the necessity of the borrower has ceased, there occur to the lender a pressing and unlooked-for need of his property, the judge may, according to circumstances, compel the borrower to restore it to him.

1890. If, during the continuance of the loan, the borrower has been compelled, for the preservation of the thing, to any expense, extraordinary, necessary, and to such a degree urgent, that he has not been able to advertise the lender thereof, the latter shall be bound to reimburse it to him.

1891. When the thing lent has such defects that it may cause injury to the party who employs it, the lender is responsible, if he knew of such defects and did not inform the borrower thereof.

CHAPTER II.

Of Loan for Consumption, or simple Loan.

SECTION I.

Of the Nature of the Loan for Consumption.

1892. The loan for consumption is a contract by which one of the parties delivers to the other a certain quantity of things which perish in using, on condition by the latter to return him so much of the same kind and goodness.

1893. By the effect of such loan, the borrower becomes proprietor of the thing lent; and it is at his risk it perishes, in whatsoever manner such loss happen.

1894. A party must not give, under title of loan for consumption, things which, though of the same species, differ individually, as animals: it is in that case a loan for use.

1895. The obligation which results from a loan in money, is always of that numerical sum only set forth in the contract. If there have been an augmentation or diminution in the currency before the period of payment, the debtor must return the numerical sum lent, and is only bound to render such sum in the specie having currency at the time of payment.

1896. The rule contained in the preceding article does not take place if the loan have been made in ingots.

1897. If they were ingots or commodities which were lent, whatever be the augmentation or diminution of their price, the debtor must always restore the same quantity and

quality, and need only restore that.

SECTION II.

Of the Obligations of the Lender.

1898. In the loan for consumption, the lender is bound by the responsibility established by article 1891 for the loan for use.
1899. The lender cannot demand again things lent, before the expiration of the term agreed on.
1900. If a term for restitution have not been agreed on, the judge may grant to the borrower a delay according to circumstances.
1901. If it have been agreed only that the borrower shall pay when he can, or when he shall have means to do so, the judge shall fix a term of payment for him according to circumstances.

SECTION III.

Of the Engagements of the Borrower.

1902. The borrower is bound to return the things lent in the same quantity and quality, and at the term agreed upon.
1903. If he is under an impossibility of making satisfaction therein, he is bound to pay the value thereof, regard being had to the time and place at which the thing was to have been restored, according to the agreement. If the time and place have not been regulated, the payment is made at the price of the time and place at which the borrowing took place.
1904. If the borrower do not restore the things lent, or their value at the term agreed on, he owes interest thereon from the day of the demand in court.

CHAPTER III.

Of Loan on Interest.

1905. It is lawful to stipulate for interest on simple loan either in money, or provisions, or other moveable things.
1906. The borrower who has paid interest which was not stipulated, cannot either recover it or deduct it from the capital.
1907. Interest is legal or conventional. Legal interest is that fixed by the law. Conventional interest may exceed that of the law in all cases where the law does not prohibit it. The rate of conventional interest must be fixed in writing.
1908. Acquittance of capital given without reservation of interest, raises presumption of the payment thereof, and operates as a discharge of it.
1909. A party may agree on interest for capital which the lender binds himself not to demand.
In this case the loan takes the name of annuity.
1910. Such annuity may be settled in two ways, in perpetuity or for life.
1911. A perpetual annuity is essentially redeemable. The parties can only agree that the redemption shall not be made within an interval not exceeding ten years, or without having advertised the grantee for the term before that they shall have determined.
1912. The grantor of a perpetual annuity may be compelled to redemption,

1st. If he cease to fulfil his obligations during two years;

2d. If he fail in furnishing to the lender the securities promised by his contract.

1913. The capital of a perpetual annuity becomes also demandable, in case of the bankruptcy or embarrassment of the grantor.

1914. The rules concerning life annuities are established under the title "Of aleatory Contracts."