

Code of Commerce**LEGISLATURE**

N° 3284

Decree:

Next:

CODE OF COMMERCE**PRELIMINARY TITLE****SINGLE CHAPTER**

ARTICLE 1.- The provisions contained in this Code govern the acts and contracts determined therein, even if the persons executing them are not merchants. Contracts between merchants are presumed to be acts of commerce, unless there is proof to the contrary.

The acts that are only mercantile for one of the parties shall be governed by the provisions of this Code.

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ARTICLE 2 - When there is no specific provision in this Code or in other commercial laws governing a specific matter or case, the provisions of the Civil Code, customs and practices and the general principles of law shall apply, in their order and as appropriate. As to the application of customs and usages, local customs and usages shall prevail over national customs and usages; national customs and usages over international customs and usages; and special customs and usages over general customs and usages.

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ARTICLE 3: For a custom to be applicable and to make up for the silence of the law, it must have been generally admitted for a long period of time, all in the judgment of the courts. Whoever invokes a custom must prove its existence, for which all kinds of evidence are admissible.

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ARTICLE 4. Commercial customs shall serve not only to make up for the silence of the law, but also as a rule to appreciate the meaning of the words or technical terms of commerce used in commercial acts or contracts.

[Article sheet](#)**BOOK ONE****TITLE I****CHAPTER I**

From the Merchants

ARTICLE 5º.- They are merchants:

- a) Persons with legal capacity who exercise in their own name acts of commerce, making it their usual occupation;
- b) Sole proprietorships with limited liability;
- c) Companies incorporated in accordance with the provisions of this Code, regardless of their purpose or activity;
- d) Foreign companies and their branches and agencies, which carry out commercial activities in the country, only when they act as distributors of the products manufactured by their company in Costa Rica; and
- e) The dispositions of Central Americans who exercise commerce in our country.

(Thus amended by Article 1 of Law No. 4625 of July 30, 1970)

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ARTICLE 6. Those who occasionally carry out acts of commerce shall not be considered merchants, but shall be subject, with respect to such acts, to the laws and regulations governing acts of commerce.

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When a minor or an incompetent person acquires by any title, a business or commercial enterprise, the Civil Judge of the place, in information initiated by the legal representative, the National Children's Trust, following the procedures corresponding to the acts of voluntary jurisdiction, shall authorize him/her to exercise the commerce under the custody and direction of his/her legal representative.

(Thus amended by Article 219, paragraph 4) of the Code of Contentious Administrative Procedure, No. 8508 of April 28, 2006, in the sense that references to the participation of the Office of the Attorney General of the Republic in non-contentious judicial activities are eliminated).

Exceptions to this provision are those cases in which the rights of the minor or incapacitated person refer to a corporation, in which event the special provisions of the Chapter on Corporations shall apply.

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ARTICLE 8: They may not engage in commerce, even if they have the capacity to do so in accordance with common law:

- a) Those deprived of that right by court sentence;
- b) Bankrupt or insolvent persons who have not been rehabilitated; and

c) Public officials who are prohibited by law from doing so.

Foreigners may engage in commerce in the national territory, provided they have been permanently established in the country, with a residence of not less than 10 years, subject to the legal regime and the jurisdiction of the courts of the Republic, except as provided for in international treaties or conventions.

With respect to foreign companies, the provisions of this Code shall apply.

(Thus amended by Article 1 of Law No. 4625 of July 30, 1970)

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CHAPTER II

Of the Individual Limited Liability Company

The individual limited liability company is an entity that has its own autonomy as a legal entity, independent and separate from the natural person to which it belongs. Legal entities may not incorporate or acquire companies of this nature.

For income tax purposes, the owner of sole proprietorships will include in his personal income tax return the taxable income from each of them.

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ARTICLE 10.- The individual limited liability company shall be constituted by means of a public deed which shall include the following:

- a) The name of the company to which the expression "Empresa Individual de Responsabilidad Limitada", or the initials "E.I.R.L." must be placed before or added. It is prohibited to use the name or part of the name of a natural person as a distinctive sign;
- b) The domicile of the company, indicating whether it is authorized to open agencies or branches, inside or outside the country;
- c) The capital with which it is founded, to which the provisions of Articles 18, paragraph 9) and 32 of this Code shall be applied, as applicable;
- d) The object to which the company will be dedicated. It may not engage in any activity other than that stated in the deed;
- e) The duration of the company, with an indication of the date on which it is to begin operations. If this information is omitted, it will be understood, for all purposes, that it begins operations at the moment it is registered in the Public Registry; and
- f) The appointment of the manager, who may be appointed for the entire duration of the company or for periods to be indicated in the deed.

The manager may or may not be the owner of the company; he/she shall have the powers of a general attorney-in-fact and may not substitute his/her mandate, unless authorized by the deed; however, he/she may confer powers of attorney.

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ARTICLE 11.- Only when the annual inventory and balance sheet have been carried out, and these show realized and liquid profits, may the owner withdraw profits.

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ARTICLE 12.- Only the patrimony of the company shall be liable for the obligations of the same, and the owner shall not be held responsible for any liability, since his obligation is limited to contributing the capital.

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ARTICLE 13. The incorporation of the company, as well as its modifications, dissolution, liquidation or transfer, shall be published in an extract in the official newspaper and shall be recorded in the Public Registry.

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ARTICLE 14.- The sale of the commercial establishment, workshop, business or activity shall not necessarily result in the liquidation of the company.

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ARTICLE 15.- The founder, or his legitimate successors, may liquidate the company before maturity, in which case they shall make an inventory and balance sheet and publish the notice of liquidation in "La Gaceta", calling creditors and interested parties, so that they may present their claims within one month from the date of publication. The patrimony of the company will serve to pay the credits. If any creditor whose claim is recorded in the company's books does not appear, the amount thereof shall be deposited in a bank to the order of the defaulting creditor. After four years have elapsed from the date of publication without the interested party having claimed the amount deposited, his right shall lapse in favor of the owner of the liquidated company. The same procedure shall be observed when the company is liquidated due to the expiration of its term.

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ARTICLE 16.- The bankruptcy of the company does not entail the bankruptcy of the owner; however, if the manager is convicted of the crime of fraudulent or culpable bankruptcy, the Judge shall decree, ex officio, a general seizure of the owner's assets, under the terms of Article 960 of this Code.

(As amended by Article 5 of Law No. 4327 of February 17, 1969)

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CHAPTER III

Of the Companies

ARTICLE 17. It is mercantile, regardless of its purpose:

- a) The partnership in collective name;
- b) The limited partnership;

c) The limited liability company; and

d) The corporation.

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Article 18.- The articles of incorporation of any mercantile corporation shall contain:

1) Place and date on which the contract is entered into;

2) Name and surname, nationality, profession, marital status and domicile of the natural persons constituting it;

3) Name or company name of the legal entities involved in the foundation;

4) Type of company being incorporated;

5) Object pursued;

6) Company name or denomination;

7) Duration and possible extensions;

8) Amount of capital stock and the form and term in which it is to be paid;

9) Statement of the contribution of each member in money, goods or other values. When values other than money are contributed, they must be given and the corresponding estimate must be recorded. If, due to fault or fraud, an appraisal higher than the true value is fixed, the partners shall be jointly and severally liable in favor of third parties for the excess value assigned and for the resulting damages.

The same liability shall apply to the partners for whose fault or fraudulent intent the contributions recorded as made in cash are not realized;

10) Address of the company: it must be a current and certain address within the Costa Rican territory, where notifications may be validly delivered.

(As amended by Article 1 of Law No. 7413 of June 3, 1994)

11) Form of administration and powers of the administrators;

12) Appointment of the administrators, with indication of those who are to represent the company with their acceptance, if applicable;

13) Appointment of a resident agent who meets the following requirements: be a lawyer, have an office open in the national territory, have sufficient powers to serve judicial and administrative notices on behalf of the company, when none of its representatives is domiciled in the country.

The Registry will not register any document relating to the company, if in the cases in which it is necessary, the appointment is not in force.

(Thus added to paragraph 13) above by Article 8 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990).

(As amended by Article 1 of Law No. 7413 of June 3, 1994)

14) The manner of preparing balance sheets and distributing profits or losses among the partners;

(Thus corrected the numbering of the previous subsection by Article 8 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990, which transferred it from the former subsection 13 to the current subsection 14).

15) Stipulations on the legal reserve, when applicable;

(Thus corrected the numbering of the previous subsection by Article 8 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990, which transferred it from the former subsection 14 to the current 15).

16) Cases in which the company has to be dissolved early;

(Thus corrected the numbering of the previous subsection by Article 8 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990, which transferred it from the former subsection 15 to the current 16).

17) Bases for the liquidation of the company;

(Thus corrected the numbering of the previous subsection by Article 8 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990, which transferred it from the former subsection 16 to the current 17).

18) The manner of proceeding with the election of the liquidators, when they have not been appointed in advance, and the powers conferred upon them; and

(Thus corrected the numbering of the previous subsection by Article 8 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990, which transferred it from the former subsection 17 to the current 18).

19) Any other agreement to which the founders have consented.

(Thus corrected the numbering of the previous subsection by Article 8 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990, which transferred it from the former subsection 18 to the current 19).

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ARTICLE 19.- The incorporation of the corporation, its modifications, dissolution, merger and any other acts that in any way modify its structure, must necessarily be recorded in a public deed, published in an extract in the official newspaper and registered in the Mercantile Registry.

[Article sheet](#)

ARTICLE 20.- Companies registered in the Commercial Registry shall have legal personality. Once the non-existence or nullity of the constitutive act has been declared, the dissolution and liquidation of the corporation shall proceed without retroactive effect.

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ARTICLE 21.- The law also recognizes joint venture accounts, without attributing to them a legal status different from that of the associates.

[Article sheet](#)

Until the publication and registration referred to in Article 19 have been carried out, the resolutions, agreements and corporate documents shall not produce any legal effect to the detriment of third parties, and the founding partners shall be jointly and severally liable to said third parties for the obligations contracted in such circumstances on behalf of the company. Any partner will be able to manage the registration of the deed and if he proves his activity in that sense, the responsibility will cease as for him, from the moment in which he initiated formal managements for the registration.

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ARTICLE 23.- In the absence of a corporate deed, interested third parties may prove the existence of the de facto corporation and the conditions under which it has operated, by all common evidentiary means.

The partners have the same right to verify the contract between them.

[Article sheet](#)

ARTICLE 24.- It shall be prohibited to make use of a corporate name, name or distinctive sign, if the company being advertised is not duly constituted in accordance with this Code. Violators of this provision, apart from the civil liability they may incur, shall be punished with the penalties set forth in Articles 281 and 282 of the Penal Code, according to the circumstances.

() (Note Sinalevi: The mentioned criminal types referred to the crimes of fraud (art.281) and similar conducts (art.282), which were included in the Penal Code No.368 of August 21, 1941, repealed in 1970 by Penal Code No.4573 of May 4, 1970. Said conducts currently correspond to those indicated in articles 216 (Swindle) and 217 (Stellionate) of the Indicated Penal Code).*

[Article sheet](#)

ARTICLE 25.- Stipulations that exclude one or more partners from profit sharing shall not produce any legal effect, except as otherwise provided with respect to non-common shares of corporations.

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ARTICLE 26. The members shall have the right to examine the books, correspondence and other documents that prove the status of the corporation. If the exercise of this right is unjustifiably hindered, the judge, at the request of the interested party, shall order the examination of books and documents, in order for the latter to obtain the data he needs.

At the request of the partner or partners representing at least twenty percent (20%) of the capital stock, the judge will order an audit of the company in accordance with generally accepted accounting standards, at the expense of the applicants. This percentage may be reduced in the bylaws.

The judge shall appoint for this purpose a certified public accountant or a firm of certified public accountants, and shall prudently fix the amount of their fees, which shall be deposited prior to the appointment and drawn as the judge may order. The participants shall have the same rights with respect to the

manager, in a joint venture account.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 27.- The corporation may not make loans or advances to the members on their own shares or partnership interests.

No dividends or distributions of any kind may be paid, except on realized and liquid profits resulting from a balance sheet approved by the meeting.

If there is a loss of capital stock, it must be reinstated or legally reduced prior to the distribution or allocation of profits.

The administrators shall be personally liable for any distribution made in contravention of the foregoing.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 28.- A new member of a company already incorporated shall be liable, like the others, for all the obligations contracted by the company prior to its admission, even if the name or corporate name has changed. Any stipulation to the contrary shall be null and void.

[Article sheet](#)

ARTICLE 29.- Each member shall contribute some part of the capital, whether in money, movable or immovable property, securities, credits, personal work or knowledge. The partners may not be obliged to increase the agreed contribution, nor to replace it in case of loss, unless otherwise agreed.

The industrial partner shall be assigned, for his work, a sum related to the cooperation he renders, but it shall never be less than the salary agreed upon for work of that nature, taking into account the place where such personal cooperation is rendered. In any case, the industrial partner shall enjoy the rights stipulated in the Labor Code.

[Article sheet](#)

The capital stock may be increased:

a) By contribution.

b) Capitalizing reserves and special funds appearing on the balance sheet.

The same rules shall be observed in capital stock increases as in the incorporation of the company.

Companies are prohibited from incorporating or increasing their capital by means of reciprocal subscription in shares, even through an intermediary.

Companies may not invest all or part of their own capital in shares of the company that controls them, or in other companies subject to the same control.

The capital increase in which these provisions are violated shall be deemed not to have been carried out, without prejudice to the liability action that may be brought against the administrators.

(Thus amended by Article 2 of Law No. 7201 of October 10, 1990)

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ARTICLE 31. The capital may be reduced:

- a) By reimbursing members or releasing them from their outstanding contribution obligations.
- b) By absorption of losses.

The capital decrease will not affect third parties until three months after it has been published for the third time in the official gazette La Gaceta.

During this term, any creditor of the company may oppose the reduction of capital, if he proves that it causes him prejudice.

The opposition shall be processed by the procedure of the incidents.

The Public Registry shall not register agreements that contravene the provisions of this and the preceding article.

(Thus amended by Article 2 of Law No. 7201 of October 10, 1990)

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ARTICLE 32.- When the contribution is in cash, it shall become corporate property. If it is in credits or other securities, the partnership shall receive them, subject to their payment on maturity, and if this does not occur, it shall return them to the partner who contributed them, with the requirement that he must pay the contribution in money within a term to be set by the partnership, which shall not be less than one month. If he does not make the payment within that term, he shall be excluded from the partnership, and any partial delivery he may have made shall remain in favor of the company as a fixed indemnity for damages. If the contribution consists of movable or immovable property, the transfer must be definitive and firm, with no other encumbrances or limitations than those existing at the time of offering them as a contribution and which have been accepted by the other partners. If the contribution is the exploitation of a trademark, a patent, a national or municipal concession or other similar right, it must be stated whether what is contributed is only the use or exploitation thereof, with the partner retaining his quality of owner, so that it may be returned to him upon expiration of the term stipulated in the contract, or if on the contrary the transfer is definitive in favor of the partnership. If on this matter there is silence or the contract is not sufficiently clear, it will be understood that the transfer has been made totally and definitively to the partnership. If the contribution consists of personal work or knowledge, the terms and conditions under which they will be placed at the disposal of the company must be stipulated.

[Article sheet](#)

ARTICLE 32 bis.- The dissenting partners of the resolutions to extend the corporate term, transfer the corporate domicile abroad and transformation and merger that generate an increase in their liability, have the right to withdraw from the corporation and to obtain the reimbursement of their shares, according to the average price of the last quarter, if they are listed on the stock exchange, or proportionally to the corporate assets resulting from an expert appraisal.

The declaration of withdrawal must be communicated to the company by registered letter or other easily verifiable means, by the partners who took part in the meeting, within five days following the registration of the resolution in the Commercial Registry.

The right of recess may also be exercised by the member who proves:

- a) That the company, in spite of having profits for two consecutive periods, did not distribute in cash at least ten percent (10%) in dividends, in each period.
- b) That it has changed its line of business in such a way as to cause damage. In these cases, the action expires one year after the occurrence of the cause of action.

For the purposes of exercising the right of recession, the shares of the receding shareholder must be deposited in a financial or banking institution, or in a central securities depository, as from the notification established in the second paragraph of this article.

The value of his shares will be reimbursed to the beneficiary within a maximum period of sixty days, counted from the date of notification to the company, in cash.

Any agreement that tends to hinder, limit or exclude the right of recess is null and void.

(Thus added by Article 6 of Law 7201 of October 10, 1990)

[Article sheet](#)

CHAPTER IV

General Partnerships

ARTICLE 33. Partnership in collective name is that which exists under a corporate name and in which all the partners are liable in a subsidiary but unlimited and jointly and severally for the corporate obligations.

[Article sheet](#)

ARTICLE 34. Any agreement by virtue of which the unlimited and joint and several liabilities of the partners are eliminated or diminished shall be absolutely null and void and shall not produce any legal effect to the detriment of third parties.

[Article sheet](#)

ARTICLE 35.- The corporate name shall be formed with the name and surname or only the surname of one or more partners, with the addition "and Company" or other equivalent expression indicating the existence of more partners, if any.

[Article sheet](#)

ARTICLE 36.- A person who is a stranger to the corporation and consents to have his name and surname appear in the corporate name shall be subject to the unlimited liabilities that correspond to the partner.

[Article sheet](#)

ARTICLE 37.- The separation of a partner or the entry of a stranger into the partnership shall not prevent the continuation of the use of the existing corporate name; but if the

If the name or surname of the separate partner appears in the corporate name and the latter consents to its continued use, the expression "Successors" or an equivalent expression must be added to the corporate name. This circumstance does not limit the liability of the separate partner, which shall be maintained as long as his name appears in the corporate name.

[Article sheet](#)

ARTICLE 38. Partners may not assign their rights in the partnership without the express consent of the others. Neither may they interest third parties in the partnership in any way whatsoever without such consent.

[Article sheet](#)

ARTICLE 39.- The administration of the corporation and the use of the corporate signature shall correspond exclusively to the person or persons to whom, according to the terms of the contract, such authority has been granted. The signature of all the partners binds the corporation.

[Article sheet](#)

ARTICLE 40. Any person who is not a member may be a director, but the corporate charter must expressly authorize him/her to do so.

[Article sheet](#)

ARTICLE 41.- The directors shall have the powers and authority determined in the corporate deed.

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The use of the corporate signature is not transferable. In order to substitute the power of attorney, it shall be indispensable that it be authorized by the corporate deed or expressly consented to by all the partners. However, the administrators may appoint attorneys-in-fact.

[Article sheet](#)

ARTICLE 43. The partnership shall not be bound by the acts, even if done in the name of the partnership firm, of partners who are not administrators. However, if their names appear in the corporate name, the corporation shall bear the results of the acts executed in its name with third parties in good faith, without prejudice to the actions that may proceed against the partner who has acted without right.

[Article sheet](#)

ARTICLE 44.- The power to administer and the use of the corporate name may be conferred at the time of signing the deed or subsequently, for the entire duration of the corporation, for a shorter term or for fixed periods. In any case, the appointment shall be made by unanimous vote.

[Article sheet](#)

ARTICLE 45.- The powers of the administrators shall not be transferred to their heirs, even when it has been stipulated that the partnership shall continue between them and the surviving partners.

[Article sheet](#)

ARTICLE 46.- When there is more than one administrator, the corporate deed shall indicate whether they may act individually or only jointly.

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ARTICLE 47.- The effects of the acts executed or contracts entered into by the administrator on behalf of the company shall be binding on the company even if the nature in which the administrator acted has not been stated, if the intention to act on behalf of the company is clear from the circumstances of the case. However, notwithstanding the use of the corporate signature, commitments arising from operations notoriously unrelated to its object and usual trade shall not produce effects against the company.

[Article sheet](#)

ARTICLE 48.- The partners may not, without the consent of the others, take an interest as partners in other similar companies, nor undertake on their own account, or on behalf of another, business analogous to that of the partnership.

Consent shall be presumed to have been given if such transactions are public knowledge, prior to the incorporation of the company, and the partners have not stipulated anything in this respect.

The company may exclude the partners who contravene this provision, or take over the business on its own account or demand that the partner deliver to it the profit obtained in the operations that it has already executed, all without prejudice to the indemnification for any damage that it may have caused to the company.

[Article sheet](#)

ARTICLE 49.- As long as it is not accepted by the others, the fact of being awarded in favor of a third party by auction, inheritance or any other form, a participation in the corporation shall not grant the quality of partner to a third party; as owner of such participation, he shall only have the right to receive the corresponding dividend and to receive the amount of his participation when the corporation is liquidated.

When the agreement provides that the partnership shall continue with the heirs of the partner who dies, the agreement shall govern, but it shall be indispensable that the heirs expressly accept to be part of the partnership.

[Article sheet](#)

In the case of the preceding article, if the heirs of the deceased partner do not accept to be part of the partnership, the partnership may continue among the surviving partners, who may pay their participation to the heir or heirs, plus the possible benefits accumulated on the day of liquidation; or else, recognize and pay them the respective dividends or profits earned and continue serving them the corresponding annual dividend, and upon liquidation of the partnership, deliver them their participation according to the contribution made by the deceased, and under the terms that would have corresponded to the latter.

The corporation may not be extended if the heirs who do not wish to be part of it are not paid what corresponds to them for capital and profits or dividends, at the date of the expiration of the corporate term.

[Article sheet](#)

ARTICLE 51. The creditors of the partnership may not proceed against the partners personally, except after having unsuccessfully brought an action against it.

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ARTICLE 52.- A partner who, by virtue of his liability to third parties for the obligations of the partnership, shall make payment, shall be entitled to have the

The Company will be reimbursed the proportional part that corresponds to each of them, according to their contribution.

[Article sheet](#)

ARTICLE 53.- When there are two administrators and according to the deed they are to proceed jointly, the opposition of one of them shall prevent the consummation of the acts or contracts planned by the other. If there are three or more joint administrators, they must proceed in accordance with the majority vote and refrain from executing acts or contracts that have not obtained the majority.

If the act or contract is executed notwithstanding the opposition or the lack of majority, it shall have full effect with respect to third parties in good faith and the administrator who has entered into it shall be liable to the corporation for the damages caused to it.

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ARTICLE 54. The directors shall be obliged to render detailed and documented accounts of their administration, whenever so requested by the majority of the members, even if this is not the opportunity fixed by the corporate charter to do so.

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ARTICLE 55.- Members are prohibited:

- a) Withdraw from the common fund more than the amount allocated for their private expenses;
- b) Apply the common funds to their personal businesses;
- c) Assign, by any title and without prior consent of the other partners, its interest in the company or be substituted in the performance of the functions that correspond to it in the administration. The assignment or substitution made contrary to the foregoing is absolutely null and void;
- d) To exploit, for its own account or for the account of others, the same branch of activities of the company, and to carry out, without the consent of all the partners, particular operations similar to those included in the object of the company; and
- e) To take an interest as a partner with unlimited liability in other companies having the same object, and to carry out operations on their behalf or on behalf of third parties in the same line of business, without the consent of the other partners. This consent is presumed if the interest in another partnership, or the operations of which merit has been made, exist with the knowledge of the other partners, before the incorporation of the partnership and it was not stipulated in the articles of incorporation that they should cease.

[Article sheet](#)

The partnership is dissolved for the following causes:

- a) Termination of the term or fulfillment of the condition set for that purpose;
- b) Consummation of the business for which it was constituted;
- c) Final declaration of bankruptcy;

d) Death of one of the partners. It may be agreed, however, that this fact does not put an end to the partnership, and that it continues with the remaining partners or with the heirs. In order for it to continue with the heirs, the acceptance of the latter shall be necessary, as indicated in Article 49;

e) Merger with another company; and

f) Prematurely, by unanimous consent of the members.

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CHAPTER V

Limited Partnership

ARTICLE 57. A limited partnership is a partnership formed by limited partners or managing partners who are responsible for representation and administration, and by limited partners.

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Among the limited partners, the manager, managers or assistant managers who shall have the legal representation of the partnership shall be appointed.

[Article sheet](#)

ARTICLE 59.- The corporate deed, in addition to the requirements set forth in Article 18, shall necessarily contain the following provisions:

a) Indication of who are the managing or limited partners and who are the limited partners; and

b) Contribution of each partner to the capital stock.

[Article sheet](#)

The liability of managing or limited partners is similar to that of general partners, but that of the limited partner or partners is limited to the amount of the subscribed capital.

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If the contribution of the partners does not consist of money, the provisions of subsection 9) of Article 18 shall apply, and the corporation shall not be incorporated until such contribution has been approved.

[Article sheet](#)

The corporate name or firm must necessarily be formed with the name, first names or surnames of the managing or limited partners, and the addition of "and Company, Sociedad en Comandita", which may be abbreviated "S. en C.". The limited partner who consents that his full name appear in the corporate name, will be considered, for legal purposes, as if he were a limited partner.

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ARTICLE 63.- In addition to the causes for which partnerships in general are terminated, the limited partnership is terminated by the death, bankruptcy, interdiction or impossibility to administer of the limited partner.

However, if there are several limited partners and the case is provided for in the corporate charter, the partnership may continue under the administration of the other partners, and the corporate name must be modified, if necessary.

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ARTICLE 64.- Unlimited liability partners may not engage, either directly or through another, in business equal to that which constitutes the purpose of the partnership, except as provided in paragraphs d) and e) of Article 55.

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ARTICLE 65. Limited partners may not, even as attorneys-in-fact of the managing partners, perform acts of administration. If they proceed against this provision, they shall be jointly and severally liable before third parties for all the losses and obligations of the corporation derived from their administrative management.

When a limited partner acts on behalf of the partnership by virtue of a power of attorney granted by it, this circumstance must be stated.

Failure to do so will incur the liabilities of a person who allows his name to appear in the corporate name.

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In the event of the death of the administrator, if there is nothing foreseen in this respect in the articles of incorporation, a limited partner may, in the absence of managing partners, perform the acts of mere administration or of urgency on an interim basis, for a period of one month, counted from the death of the administrator. The liability of the partner in these cases is limited to the execution of his management.

[Article sheet](#)

ARTICLE 67.- The limited partner may not contribute his personal capacity, credit or industry as capital to the partnership. His capital contribution may consist of a patent of invention, trademarks or the communication of a secret of art or science, provided that he does not apply it himself or cooperate in its execution.

[Article sheet](#)

The capital of a limited partnership must necessarily be contributed by one or more limited partners or by the latter and the managing partners.

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When the contribution of a limited partner consists of the use or usufruct of a thing, only to these, for the term stipulated in the articles of incorporation, shall the loss that he may suffer be reduced.

[Article sheet](#)

In the event of losses in the economic management, the limited partners may not receive interest or dividends as long as the losses have not been recovered by reason of subsequent profits. The limited partners shall not be obliged to return any dividends received in good faith by way of profits.

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If for any reason the limited partner is obliged to pay third parties on behalf of the company, he shall have the right to demand from the limited partners the reimbursement of the amount paid in excess of the amount of his contribution, if the limited partners have consented to the contravention.

[Article sheet](#)

ARTICLE 72. For the purposes of legal liabilities, acts of administration on the part of the limited partners are not considered as acts of administration:

- a) Attendance at membership meetings with an advisory vote;
- b) Examination, inspection and supervision of accounting and administrative acts;
- c) Contracts entered into with the company for their own account or for the account of others;
- d) Subordinate labor in society;
- e) Surveillance exercised in accordance with the corporate charter or the law; and
- f) Representation in accordance with Article 66.

[Article sheet](#)

ARTICLE 73.- A limited partner who, in accordance with the provisions of the law, engages in business on his own account or on behalf of others, which is the same or similar to that which constitutes the object of the partnership, shall lose the right to examine the books and to learn about the corporate operations.

[Article sheet](#)

ARTICLE 74.- The provisions of general partnerships and corporations shall be applicable to this class of corporations, insofar as applicable.

[Article sheet](#)

CHAPTER VI

Of the Limited Liability Company

ARTICLE 75.- In a limited liability company the partners shall be liable only with their contributions, except in those cases in which the law extends such liability.

[Article sheet](#)

ARTICLE 76.- These corporations may have a corporate name, or be called by its object, or by the name the partners wish to give it, and it shall be an indispensable requirement, in any case, the addition of "Sociedad de Responsabilidad Limitada" or only "Limitada", which may be abbreviated as follows: "S.R.L.", or "Ltda". The persons who expressly allow the inclusion of their name or surname in the corporate name shall be liable up to the amount of the largest of the contributions.

[Article sheet](#)

In all documents, invoices, announcements or publications of the corporation, the name or denomination shall be preceded or followed by the words "Sociedad de Responsabilidad Limitada", "Limitada" or their abbreviations. The omission of this requirement shall render the partners jointly and severally and unlimitedly liable for the damages caused to third parties for such reason.

[Article sheet](#)

The capital stock shall be represented by registered quotas, which shall only be transferable by means of the formalities set forth in this Code and never by endorsement. The certificates representing such quotas shall be issued when the interested parties so request and it shall be stated therein that they are not transferable by endorsement.

Any transfer of quotas, in order to affect third parties, must necessarily be recorded in the book of minutes or register of partners of the company, or have a date certain, and may also be recorded in the Commercial Registry.

[Article sheet](#)

ARTICLE 79.- This kind of corporations may not be incorporated by public subscription and its capital shall be divided in quotas of one hundred colones or multiples of this amount. Foreign monetary units may not be used.

(As amended by Article 5 of Law No. 6965 of August 22, 1984)

[Article sheet](#)

At the time of incorporation of the corporation, the full amount of the capital stock must be subscribed and every partner must have paid at least one fourth of each of the installments subscribed, being obliged to pay the remainder in cash, goods or securities, within a period of one year from the incorporation of the corporation. Upon expiration of the term for the payment of the subscribed installments, the corporation may compel their cancellation by executive action, and the certification, as appropriate, of the articles of incorporation will constitute sufficient title for that purpose.

[Article sheet](#)

The corporation may increase its capital, complying with the same requirements indicated in Articles 79 and 80. The capital may also be decreased. In both cases the respective publication and registration must be made.

[Article sheet](#)

ARTICLE 82. The same rules shall be observed in capital stock increases as in the incorporation of the corporation; the partners shall have preference to subscribe it, in proportion to their shares. To this effect, if they have not attended the Meeting in which the increase was agreed upon, they must be notified of the resolution in the manner indicated for the call of the meeting. If any shareholder does not exercise the right conferred by this article within fifteen days following the communication, it will be understood that he/she waives it and the capital increase may be subscribed and paid by the other shareholders in the same proportion.

indicated. The increase may be subscribed by third parties as long as there are no subscribing partners, if the legal requirements for their admission as new partners are met.

[Article sheet](#)

The resolution to reduce the corporate capital must be published twice consecutively in the official newspaper; the reduction will not take effect for third parties until three months after the first publication. Oppositions that occur in a timely manner shall prevent the reduction of the capital until they are withdrawn, declared deserted or dismissed by a final judicial resolution.

[Article sheet](#)

ARTICLE 84.- The dissolution of the corporation for any reason whatsoever does not exonerate the partners from the payment of their quotas, in the part and proportion necessary for the fulfillment of the corporate obligations contracted.

[Article sheet](#)

ARTICLE 85.- The corporate quotas may not be assigned to third parties except with the prior and express consent of the unanimous majority of the members, unless the articles of incorporation provide that in such cases the agreement of a majority of not less than three-fourths of the capital stock shall suffice.

[Article sheet](#)

In the event that the proposed assignment is rejected, the corporation or the partners shall have the option for fifteen days to acquire the quotas to be transferred under the same conditions as those offered to the rejected third parties. If the option is not exercised, the proposed assignment shall be deemed to have been accepted.

[Article sheet](#)

ARTICLE 87.- The corporation may acquire its corporate quotas provided that the purchase is made with its effective profits, and while they are in its possession, such quotas shall not have the right to vote.

[Article sheet](#)

ARTICLE 88.- For the incorporation of heirs or legatees of the deceased partner, the same requirements shall be met as in the case of assignment of quotas to third parties, unless otherwise provided in the deed. The rejected heirs or legatees may appeal to a tribunal that shall rule definitively on the admission, composed of three members independent of the partnership and its partners, appointed, one by the partnership, one by the interested party, and the other by the Chamber of Commerce.

[Article sheet](#)

ARTICLE 89.- Limited liability companies shall be managed by one or more managers or assistant managers, who may be partners or outsiders. The appointment may be made in the same corporate contract or in a subsequent deed, which shall only take effect after its publication and registration. The appointment of these officers may be made for the entire term of the company or for fixed periods to be indicated in the deed. In the latter case, they may be re-elected indefinitely for equal periods, without it being necessary to publish or register such re-election. In any case, these appointments may be revoked at any time, by resolution taken by a relative majority of votes.

[Article sheet](#)

ARTICLE 90.- Managers or assistant managers may not carry out, on their own account, operations that constitute the object of the corporation, nor assume the representation of another person or corporation engaged in the same trade or industry, without the express authorization of all the partners, under penalty of forfeiture of

immediately, and to recover the damages and losses caused by their actions.

[Article sheet](#)

ARTICLE 91. Managers and Assistant Managers may not delegate their powers of attorney except when the corporate charter expressly permits it. Any delegation made contrary to this provision shall make the person making the delegation jointly and severally liable with the substitute for the obligations contracted by the latter. However, managers or assistant managers may confer powers of attorney.

[Article sheet](#)

ARTICLE 92.- Each manager and assistant manager, as the case may be, shall be personally and jointly and severally liable to the corporation with respect to third parties, when he/she improperly performs his/her mandate or violates the law or the corporate charter.

[Article sheet](#)

ARTICLE 93.- The articles of incorporation shall indicate whether the powers of the managers and assistant managers are those of a general or very general attorney-in-fact.

[Article sheet](#)

The partners shall hold a meeting at least once a year, within three months following the end of the fiscal year, in order to appoint managers and assistant managers, as the case may be; to know the inventory and balance sheet and to take the necessary resolutions for the good running of the corporation. The manager or assistant manager shall summon the partners for all the meetings by registered letter or by any other means that allows to prove the summons, at least eight days in advance. The quorum shall be formed by any number of members in attendance. The calling of a meeting shall be dispensed with when the totality of the capital stock is represented.

[Article sheet](#)

ARTICLE 95.- Members shall not lose their right to vote because their quotas have been pledged or seized. If the quota belongs to two or more persons, only one may exercise the right to vote. If the new ownership and the usufruct belong to different persons, the vote shall correspond to the usufructuary when it is a question of resolving matters of administration, and in all other cases to the owner.

[Article sheet](#)

ARTICLE 96.- Limited liability companies shall keep a duly legalized book of minutes, in which all resolutions adopted and appointments made at the meetings shall be recorded. Said minutes shall be signed by the attendants.

[Article sheet](#)

ARTICLE 97.- The change of the corporate purpose of the corporation and the amendment to the corporate charter that imposes greater liability on the partners may only be agreed upon by unanimous vote and in a meeting in which the totality of the corporate capital is represented. For any other amendment to the articles of incorporation, the favorable vote of three-fourths of the capital stock shall be required.

[Article sheet](#)

Members shall be entitled to a number of votes equal to the number of quotas belonging to them. For voting purposes, membership dues shall be indivisible.

Votes at meetings may be cast in person or by means of a general, very general or special proxy. A third party may also be authorized by proxy.

[Article sheet](#)

ARTICLE 99.- Five percent of the net profits of each year shall be allocated to the formation of a legal reserve. Such obligation shall cease when such reserve reaches ten percent of the capital.

[Article sheet](#)

ARTICLE 100.- No dividends or distributions of any kind may be paid to the members, except on realized and liquid profits. The manager or assistant manager, as the case may be, shall be personally liable for any distribution made without prior verification of realized profits, or for any amount in excess thereof.

[Article sheet](#)

ARTICLE 101.- Limited liability companies shall not be dissolved by the death, interdiction or bankruptcy of their partners, unless otherwise provided in the articles of incorporation. The bankruptcy of the corporation does not entail the bankruptcy of its partners. In the cases of joint and several and personal liability contemplated in this Chapter, the procedure shall be in accordance with the provisions of Article 960.

[Article sheet](#)

CHAPTER VII

Corporations

SECTION I

General Provisions

In a corporation, the capital stock shall be divided into shares and the partners are only obligated to pay their contributions.

(The second paragraph of this article, amended by Article 5 of Law No. 6965 of August 22, 1984, which stated: "The amount of the capital stock and the par value of the shares may only be expressed in current national currency", was repealed by Article 187, paragraph a) of the Securities Market Regulatory Law No. 7732 of December 17, 1997, and subsequently declared unconstitutional by resolution of the Constitutional Chamber No. 1188-99 of 9:30 p.m. on February 27, 1999).

[Article sheet](#)

The name shall be freely formed, but it must be different from that of any pre-existing corporation, in such a way that it does not lend itself to confusion; it is the exclusive property of the corporation and shall be preceded or followed by the words "Sociedad Anónima" or its abbreviation "S.A.", and may be expressed in any language, provided that the articles of incorporation state its translation into Spanish.

In order to enjoy the protection granted by the Trademark Office, it must be registered in accordance with Article 245.

[Article sheet](#)

ARTICLE 104.- The formation of a corporation shall require:

- a) There must be at least two partners and each of them must subscribe at least one share;
- b) That of the value of each of the subscribed shares to be covered in cash, at least twenty-five percent is paid in the act of incorporation; and
- c) That in the act of incorporation the value of each subscribed share to be paid in full, in whole or in part, with assets other than cash.

[Article sheet](#)

The corporation shall be incorporated by public deed, by simultaneous foundation, or by public subscription.

[Article sheet](#)

The articles of incorporation shall state, in addition to the requirements set forth in Article 18, the number, par value, nature and class of shares into which the capital stock is divided. Only a corporation may issue debentures.

The deed may authorize the Board of Directors to increase the capital one or more times up to the limit established, and to determine the characteristics of the corresponding shares.

Likewise, the Board of Directors may be authorized to decrease the capital stock when the decrease is due to the cancellation of redeemed shares.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

Contributions in cash shall be deposited in a bank of the National Banking System, in the name of the corporation in formation, to which the notary shall attest. The money deposited shall be delivered only to the person who holds the legal representation of the corporation once it is registered, or to the depositors, if they prove with a public deed that they have withdrawn from the incorporation by mutual agreement.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 108.- When the corporation is to be incorporated by public subscription, the founders shall draw up a program which shall contain the draft corporate charter, with the requirements mentioned in Article 106, except for those which, due to the nature of the successive foundation, cannot be included in the program.

[Article sheet](#)

ARTICLE 109.- Subscriptions shall be collected in duplicate in copies of the program and shall contain:

- a) Name, nationality and address of the subscriber;
- b) Number, expressed in letters; nature, category and value of the shares subscribed;
- c) Form and terms in which the subscriber is obliged to verify the first payment;
- d) Determination of assets other than cash, when shares are to be paid for in this way;
- e) Manner in which the convocation for the constitutive general meeting shall be made and the rules according to which it shall be held;
- f) Date of subscription; and
- g) Declaration that the subscriber is aware of and accepts the draft articles of incorporation and bylaws, if any.

The founders shall keep in their possession a copy of the subscription and shall deliver the duplicate to the subscriber.

[Article sheet](#)

ARTICLE 110.- The subscribers shall deposit with the person designated for such purpose by the founders, the sums they have undertaken to pay in cash, in accordance with subsection c) of the preceding article, so that they may be collected by the representatives of the corporation once it has been registered.

[Article sheet](#)

ARTICLE 111. Contributions other than in cash shall be formalized when the minutes of the incorporation meeting are notarized.

[Article sheet](#)

ARTICLE 112.-If a subscriber does not pay his contribution on time, the founders may judicially demand compliance or consider the shares as not subscribed and, in both cases, shall be entitled to collect damages. The subscription document shall serve as enforceable title for the purposes of this article.

[Article sheet](#)

ARTICLE 113.- The program shall establish the term within which the capital stock must be subscribed.

[Article sheet](#)

If upon expiration of the term set forth in the program, the capital stock is not fully subscribed, or for any reason the corporation is not incorporated, the subscribers shall be released from their commitment and may withdraw the amounts they have deposited.

[Article sheet](#)

ARTICLE 115.- Once the capital stock has been subscribed and the legal payments have been made, the founders, within fifteen days, shall call the meeting of the constitutive general assembly, in the manner provided for in the program.

[Article sheet](#)

ARTICLE 116.- The General Incorporation Meeting shall hear the following matters:

- a) Approval of the draft articles of incorporation, in accordance with the program. In case it is modified, dissenting subscribers may withdraw their contributions;
- b) Verification of the existence of the payments foreseen in the respective project;
- c) Examination and, if applicable, approval of the appraisal of the assets other than the cash that the members have undertaken to contribute. The subscribers shall not have the right to vote with respect to their own contributions in kind;
- d) Approval of the participation that the founders have reserved in the profits; and
- e) Appointment of the administrators, with designation of those who are to use the corporate signature.

[Article sheet](#)

ARTICLE 117. Once the incorporation of the corporation has been approved by the General Meeting, the articles of incorporation shall be notarized for registration in the Mercantile Registry.

[Article sheet](#)

ARTICLE 118.- Any agreement in which the founders stipulate in their favor, in the act of incorporation of the corporation or subsequently, benefits that diminish the capital stock, shall be null and void.

[Article sheet](#)

ARTICLE 119.- The participation granted to the founders of a corporation in its annual profits may not exceed ten percent thereof, nor extend for a period longer than ten years.

In order to credit the participation corresponding to each founder, "founder's vouchers" may be issued.

[Article sheet](#)

SECTION II

Of the Shares

Article 120.

The share is the title by means of which the quality of partner is accredited and transmitted. Common shares - also called ordinary shares - grant identical rights and represent equal parts of the capital stock. The issuance of worthless shares is prohibited. Both common and preferred shares or other equity securities may be issued in local or foreign currency and must be registered.

(As amended by Article 6 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

[Article sheet](#)

In addition to the common shares, the corporation shall have broad authority to authorize and issue one or more classes of shares and securities, with such designations, preferences, privileges, restrictions, limitations and other modalities as may be stipulated in the corporate charter and which may refer to profits, corporate assets, certain corporate business, profits, voting, or any other aspect of the corporate activity.

[Article sheet](#)

ARTICLE 122.- Stipulations that exclude one or more partners holding common shares from participation in the profits shall not produce any legal effect.

[Article sheet](#)

ARTICLE 123. Shares are indivisible. When there are several owners of the same share, they shall appoint a common representative, and if they cannot agree, the appointment shall be made by the competent judge, through the procedures of voluntary jurisdiction. The common representative may not alienate or encumber the share, except in accordance with the provisions of the Civil Code on co-ownership. The co-owners shall be jointly and severally liable to the company for the obligations inherent in the shares.

[Article sheet](#)

ARTICLE 124.- No action shall be released until it has been fully paid.

[Article sheet](#)

ARTICLE 125.- Shares not fully paid shall be registered shares. The purchasers of unpaid shares shall be jointly and severally liable with the transferor for the unpaid amount thereof.

[Article sheet](#)

When there is an overdrawn balance and the term for payment has expired, the corporation shall proceed to demand payment thereof or to sell the shares out of court.

[Article sheet](#)

The proceeds of the sale referred to in the preceding article shall be applied to cover the debt, and if it exceeds the amount thereof, the expenses of the sale and the legal interest on what is owed shall also be covered. The remainder shall be delivered to the former shareholder, if he claims it within a period of one year counted from

from the date of the sale; otherwise it will remain for the benefit of the company.

[Article sheet](#)

If it has not been possible to carry out the sale within three months from the date on which payment should have been made, the shares shall be cancelled and the shareholder shall lose all rights to his contributions, which shall be for the benefit of the corporation, which may reissue the shares.

[Article sheet](#)

ARTICLE 129.- The corporation may not acquire, for valuable consideration, shares representing its own capital, except with the prior authorization of the stockholders' meeting, with sums from net profits resulting from a legally approved balance sheet, provided they are fully paid-up shares. In no case may the corporation own more than fifty percent (50%) of its own capital.

In order for the company to acquire its own shares free of charge, it is only required that the shares be fully paid up.

The exercise of the rights inherent to the shares will be suspended for as long as they belong to the company. If, one year after the acquisition, the company has not disposed of its own shares, it must reduce its capital in proportion to the shares it holds.

The limitations set forth in the first paragraph of this article shall not apply to the acquisition of own shares made by virtue of a resolution of the shareholders' meeting that provides for the reduction of capital by means of the redemption and elimination of shares.

The acquisition that does not comply with the legal requirements shall be absolutely null and void, without prejudice to the liability action that could be brought against the administrators.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 130.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

The exercise of the rights and obligations inherent to the share shall be governed by the provisions of this chapter, by those of the corporate charter and, in the absence thereof, by the provisions of this Code relating to securities, insofar as they are compatible with their nature.

[Article sheet](#)

(Repealed by Article 16 paragraph a) of Law No. 9068 of September 10, 2012, "Law for Compliance with the Fiscal Transparency Standard").

[Article sheet](#)

ARTICLE 133.- Shares must be issued within a period not to exceed two months, counted from the date on which they are paid and requested by the interested party. In the meantime, provisional certificates may be issued stating the payments made by the shareholder, which must be timely exchanged for the definitive shares.

[Article sheet](#)

ARTICLE 134. The shares and certificates shall contain:

- a) The name, domicile and duration of the company;
- b) The date of the deed, the name of the notary who authorized it and the data of the registration in the Public Registry;
- c) The member's name.

(As amended by Article 7 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

- d) The amount of authorized or paid-in capital and the total number and par value of shares;
- e) The series, number and class of the share or certificate, with an indication of the total number of shares it covers; and
- f) The signature of the administrators who, according to the corporate deed, must sign the document.

[Article sheet](#)

ARTICLE 135. Provisional certificates and definitive certificates may cover one or more shares.

Transitory: The definitive certificates issued based on the text of article 135 prior to the amendment introduced by this law, or on the previous legislation, will continue to have the same value as the definitive certificates or the shares themselves.

(Thus amended, as well as the Transitory, by Article 1 of Law No. 5216 of June 22, 1973).

[Article sheet](#)

ARTICLE 136. The shareholders may judicially demand the issuance of the provisional certificates and, as the case may be, the issuance of the definitive certificates, upon the expiration of the terms set forth in the corporate charter or, in the absence thereof, the legal terms.

[Article sheet](#)

ARTICLE 137.- Corporations shall keep the necessary registers in which they shall record:

(Thus amended by Article 8 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

- a) The name, nationality and domicile of the shareholder; the number of shares belonging to him/her, expressing the numbers, series, classes and other particulars;
- b) Payments to be made;
- c) Transfers made;
- d) *(Repealed by Article 16 paragraph b) of Law No. 9068 of September 10, 2012, "Law for Compliance with the Fiscal Transparency Standard")*.
- e) Exchanges and cancellations; and
- f) Liens affecting the shares.

[Article sheet](#)

It may be agreed in the corporate deed that the transfer of registered shares may only be made with the authorization of the Board of Directors. This clause shall be stated in the text of the certificates.

The holder of these shares who wishes to transfer them must notify the corporate administration in writing, which, within the time limit stipulated in the corporate deed, shall authorize or not the transfer by designating, in the latter case, a buyer at the current price of the shares on the stock exchange, or in default thereof, by that determined by an expert appraisal. Silence on the part of the administrative council shall be tantamount to authorization.

The company may refuse to register a transfer that has been made without being authorized.

When these titles are judicially adjudicated, the successful bidder must inform the company, so that the latter may make use of the rights conferred by this precept; and if it does not do so, the company may proceed in the manner set forth in the preceding paragraphs.

The provisions of this article shall not apply in the case of companies whose shares are registered in the National Registry of Securities and Intermediaries, and are traded through an authorized stock exchange.

(This final paragraph was added by Article 187, paragraph c) of the Securities Market Regulatory Law No. 7732 of December 17, 1997).

[Article sheet](#)

Each common share shall have the right to one vote. The articles of incorporation may not establish total or partial restrictions to this right, except with respect to shares that have privileges regarding the distribution of profits or reimbursement of the liquidation quota, but the right to vote in extraordinary meetings may not be limited to these shares, nor in the matters referred to in Article 147.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 139 bis.- In the event of pledging of shares, the voting rights correspond to the shareholder, both in ordinary and extraordinary meetings, unless otherwise agreed, to the pledgee in ordinary meetings and to the shareholder in extraordinary meetings.

In case of usufruct of shares, the voting right corresponds, unless otherwise agreed, to the usufructuary in ordinary meetings and to the bare owner in extraordinary meetings.

In the two preceding cases, the preemptive subscription right always corresponds to the shareholder. If three days before the expiration of the term, the shareholder does not deposit the sums necessary for the exercise of the option right, the latter must be sold at the shareholder's expense through a stockbroker or a free agent.

(Thus added by Article 6 of Law 7201 of October 10, 1990)

[Article sheet](#)

SECTION III

Membership

Article 140.

The corporation shall consider as a partner the person registered as such in the shareholders' registers.

(As amended by Article 9 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

[Article sheet](#)

Every member has the right to request that the General Assembly meet to approve the annual balance sheet and deliberate on the distribution of the profits resulting therefrom.

[Article sheet](#)

ARTICLE 142.- The distribution of profits shall be made in accordance with the provisions of the Articles of Incorporation and Article 27 of this Code.

The shares will receive their earnings in proportion to the amount paid for them.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

Five percent (5%) of the net profits of each year shall be set aside for the formation of a legal reserve fund, an obligation that shall cease when the fund reaches twenty percent (20%) of the capital stock. If once this reserve and those provided for in the corporate charter have been made, the shareholders' meeting agrees to distribute profits, the shareholders will acquire a right against the corporation to collect the dividends due to them.

If the payment has been agreed upon in cash, it may be collected at maturity through the enforcement procedure. The certification of the respective agreement shall serve as enforceable title.

Once the distribution of dividends has been agreed upon, the company must pay them within three months after the closing of the meeting.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 144.- The partners shall receive their dividends in cash, unless the corporate deed provides otherwise.

[Article sheet](#)

ARTICLE 145.- Total or partial restrictions may be established in the articles of incorporation on the voting rights of non-common stockholders, but in no case shall they be deprived of such right in the extraordinary meetings held to modify the duration or purpose of the corporation, to agree on its merger with another or to establish the corporate domicile outside the territory of the Republic.

(NOTE: this article has been reformed in its entirety by Law No. 7201 of October 10, 1990, with respect to restrictions to the right to vote. See supra Article 139 and the opinion of the Office of the Attorney General of the Republic C-120-92 of August 3, 1992).

[Article sheet](#)

ARTICLE 146.- Shareholders may be represented at meetings by a general or general proxy or by a power of attorney granted to any person, whether a member or not.

[Article sheet](#)

ARTICLE 147.- When there are several classes or categories of shares, any proposal tending to eliminate or modify the privileges of one of them must be approved by the shareholders of the affected category, gathered in a special meeting.

[Article sheet](#)

SECTION IV

Other Equity Securities

ARTICLE 148.- The founder's bonds only confer the right to receive the participation in the profits expressed therein and for the time indicated therein. They do not give the right to intervene in the administration of the corporation, nor may they be converted into shares, nor do they represent participation in the capital stock.

[Article sheet](#)

Article 149.

The founder's bonds must be nominative and must contain:

(Thus amended by Article 10 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

- a) The expression "founder's bond" with visible characters;
- b) The name of the company, domicile, duration and capital; date of the deed, notary before whom it was granted and the date of its registration in the Mercantile Registry;
- c) The number of the bond with an indication of the total number of bonds issued;
- d) The profit sharing to be paid and the time during which it is to be paid; and
- e) The signature of the administrators who must sign the document in accordance with the deed.

[Article sheet](#)

ARTICLE 150.- The holders of Founder's Bonds shall have the right to exchange their securities for others representing smaller fractions, provided that the total participation of the new bonds is identical to that of the exchanged bonds.

[Article sheet](#)

ARTICLE 151.- To the extent that they are compatible with their nature, the provisions relative to securities are applicable to the founder's bonds.

[Article sheet](#)

SECTION V

Shareholders' Meetings

The legally called shareholders' meetings are the supreme body of the corporation and express the collective will in matters within their competence.

The powers that the law or the articles of incorporation do not attribute to another body of the corporation shall be vested in the assembly.

[Article sheet](#)

ARTICLE 153. Shareholders' meetings are general and special. General meetings may be attended by all the members; special meetings may be attended only by members having special rights; general meetings may be ordinary or extraordinary.

[Article sheet](#)

ARTICLE 154.- Ordinary meetings are those assembled to deal with any business other than those listed in Article 156.

Constitutive, extraordinary and special meetings shall be governed, as applicable, by the rules of the ordinary meetings, unless otherwise provided by law.

[Article sheet](#)

ARTICLE 155.- An ordinary meeting shall be held at least once a year, within three months following the closing of the fiscal year, which shall deal, in addition to the matters included in the agenda, with the following:

- a) To discuss and approve or disapprove the report on the results of the annual fiscal year presented by the directors, and to take such action thereon as it deems appropriate;
- b) To agree on the distribution of profits as provided for in the corporate charter;
- c) Where appropriate, appoint or revoke the appointment of administrators and officers exercising oversight; and
- d) Other ordinary matters determined by the corporate charter.

[Article sheet](#)

ARTICLE 156. Extraordinary meetings are those assembled for the following purposes:

- a) Modify the social pact;
- b) Authorize shares and securities of classes not provided for in the articles of incorporation; and
- c) Other matters that according to the law or the articles of incorporation are within its knowledge.

These assemblies may meet at any time.

[Article sheet](#)

The Assembly may appoint special executors of its resolutions.

[Article sheet](#)

ARTICLE 158.- The meeting shall be called in the manner and by the officer or body indicated in the Articles of Incorporation, and in the absence of express provision, by notice published in "La Gaceta".

The call shall be dispensed with when, all the members being assembled, they agree to hold a meeting and expressly agree to dispense with said procedure, which shall be recorded in the minutes to be signed by all.

[Article sheet](#)

ARTICLE 159.- The shareholder or shareholders representing at least twenty-five percent of the capital stock may request in writing to the directors at any time, the calling of a shareholders' meeting, to deal with the matters indicated in their request.

[Article sheet](#)

ARTICLE 160.- The request referred to in the preceding article may be made by the holder of a single share, in the following cases:

- a) When no meeting has been held for two consecutive fiscal years; and
- b) When the assemblies held during that time have not dealt with the matters indicated in article 155.

[Article sheet](#)

In the cases of the two preceding articles, if the administrators refuse to summon the meeting, or do not do so within fifteen days following the date on which they received the request, the request shall be filed before a competent judge to summon the meeting, after transferring the petition to the administrators and following the procedures established for acts of voluntary jurisdiction.

[Article sheet](#)

Meetings may be held within or outside the country, in the place determined by the corporate charter or, failing that, at the domicile of the corporation.

[Article sheet](#)

The agenda shall contain a list of the matters to be submitted to the discussion and approval of the meeting, and shall be drawn up by the person calling the meeting.

Those who have the right to request the convocation of the meeting also have the right to request that certain items be included in the agenda.

[Article sheet](#)

ARTICLE 164.- The call for the meeting shall be made with the advance notice established in the Articles of Incorporation, or otherwise fifteen days prior to the date set for the meeting, except as provided in Articles 159 and 161.

This period shall not include the day of publication of the notice of the meeting, nor the day of the meeting. During this time, the books and documents related to the purposes of the meeting shall be at the offices of the corporation, at the disposal of the shareholders.

If the corporate charter has subordinated the exercise of the participation rights to the deposit of the share certificates at a certain time in advance, the call shall be made with a term that allows the shareholders at least one week to make the deposit in question.

[Article sheet](#)

ARTICLE 165.- The first and second call may be made simultaneously, for opportunities that shall be separated, at least, by a period of one hour.

[Article sheet](#)

ARTICLE 166.- Ordinary and extraordinary business may be transacted at the same meeting, if the notice of meeting so states.

[Article sheet](#)

The stockholders may resolve to continue the meeting on the following days, until the conclusion of the agenda.

[Article sheet](#)

ARTICLE 168.- Unless otherwise stipulated in the corporate charter, ordinary or extraordinary meetings shall be presided over by the chairman of the board of directors; and in his absence, by whomever the shareholders present may designate; the secretary of the board of directors shall act as secretary, and in his absence, the shareholders present shall elect an ad-hoc secretary.

[Article sheet](#)

In order for a regular meeting to be considered legally convened on first call, at least one half of the shares with voting rights must be represented thereat; and resolutions shall only be valid when adopted by more than one half of the votes present.

[Article sheet](#)

ARTICLE 170.- Unless a higher majority is established in the corporate charter, at least three-fourths of the shares with voting rights must be represented at extraordinary meetings in order to be considered legally convened on first call; and resolutions shall be validly adopted by the vote of those representing more than one-half of the total number of shares.

[Article sheet](#)

If the ordinary or extraordinary meeting is held on second call, it shall be validly constituted regardless of the number of shares represented, and resolutions shall be adopted by more than half of the votes present.

[Article sheet](#)

At the request of those holding twenty-five percent of the shares represented at a meeting, the voting on any matter regarding which they do not consider themselves sufficiently informed shall be postponed for a period of no more than three days and without the need for a new call. This right may be exercised only once for the same matter.

[Article sheet](#)

The shareholders may request, during the meeting, all the reports and clarifications they deem necessary regarding the matters included in the agenda. The directors shall be obliged to provide them with such information, except in those cases in which, in the opinion of the chairman, the disclosure of the requested data would be detrimental to the corporate interests. This exception shall not apply when the request comes from shareholders representing at least twenty percent (20%) of the capital stock or the lower percentage established in the bylaws.

The person who has been refused information may request that both his request and the reasons given for the refusal be included in the record.

The meetings must be attended by at least one director, or one director and one fiscal of the corporation; otherwise, the meeting may be adjourned for one time only, in accordance with the preceding article.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The minutes of the shareholders' meetings shall be recorded in the respective book and shall be signed by the chairman and the secretary of the meeting. A file will be made of each meeting with a copy of the minutes, with the documents that justify the legality of the calls and those in which the accredited proxies have been recorded.

[Article sheet](#)

The resolutions legally adopted by the shareholders' meetings shall be binding even on those absent or dissenting, except for the rights of opposition set forth in this Code.

[Article sheet](#)

ARTICLE 176. The resolutions of the meetings shall be null and void:

- a) When the company does not have the legal capacity to adopt them;
- b) When taken in violation of the provisions of this chapter; and
- c) When they are incompatible with the nature of the corporation, or violate provisions dictated for the protection of the corporation's creditors or in the public interest.

[Article sheet](#)

ARTICLE 177.- The nullity action to which the preceding article entitles shall be governed by the provisions of common law, and shall prescribe in one year, counted from the date on which the resolution was adopted or of its registration in the Mercantile Registry, if such registration is necessary.

[Article sheet](#)

ARTICLE 178. The members may also request the nullity of the resolutions not included in Article 176, by fulfilling the following requirements:

- a) The claim must indicate the clause of the articles of incorporation or the legal precept infringed and the nature of the violation;
- b) The plaintiff member or members did not attend the meeting or voted against the resolution; and
- c) The claim must be filed within one month after the closing date of the meeting.

[Article sheet](#)

ARTICLE 179.- The Judge of the domicile of the corporation shall have jurisdiction to rule on actions for nullity of the resolutions.

[Article sheet](#)

ARTICLE 180.- The shareholders, of any class whatsoever, shall have the same rights for the purposes of the exercise of the nullity actions.

[Article sheet](#)

SECTION VI

Administration and Representation of the Company

The corporate business shall be managed and directed by a board of directors or a board of directors, which shall be formed by a minimum of three members, who may or may not be partners and who may hold the offices of president, secretary and treasurer. Unless otherwise provided in the bylaws, in the election of directors, the shareholders shall vote by the cumulative voting system, as follows:

- a) Each shareholder shall have a minimum number of votes equal to the result of multiplying the votes that would normally have corresponded to it by the number of directors to be elected.
- b) Each shareholder may distribute or accumulate his votes in a number of candidates equal to or less than the number of vacancies to be filled, as he deems appropriate.
- c) The voting results shall be computed on a per person basis.

The Board may not be renewed in part or in stages, if this prevents the exercise of cumulative voting.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The judicial and extrajudicial representation of the corporation shall correspond to the chairman of the board of directors, as well as to the directors determined in the corporate charter, who shall have the powers assigned to them therein.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The office of director is personal and may not be held through a representative; the respective appointment may be revoked.

[Article sheet](#)

ARTICLE 184. Unless otherwise agreed, the Chairman of the Board shall be the Director first appointed, and in the absence of such Director, the next in order of appointment shall preside at the meetings.

In order for the board of directors to function legally, at least half of its members must be present, and its resolutions will be valid when adopted by the majority of those present. In the event of a tie, the person acting as chairman of the board shall decide with a double vote.

The articles of incorporation or bylaws shall determine the manner of convening the board, the place of meeting, the manner in which the minutes are to be kept, and other details regarding the operation of the board.

Irregularities in the operation of the board shall not be prejudicial to third parties in good faith, without prejudice to the liability of the directors before the company.

[Article sheet](#)

The articles of incorporation shall indicate the manner in which temporary or definitive vacancies of directors shall be filled. In the absence of such vacancy, a general meeting shall be called immediately.

The directors shall be appointed for a fixed term to be determined by the deed, which may also provide for the appointment of alternate directors.

[Article sheet](#)

At the end of the term for which they were appointed, the directors shall continue to perform their duties until such time as their successors may legally hold office.

[Article sheet](#)

ARTICLE 187.- The board of directors, or those who exercise the corporate representation, may, within their respective powers, appoint officers, such as managers, attorneys-in-fact, agents or representatives, with the denominations deemed appropriate, to attend to the business of the corporation or special aspects thereof, and who may or may not be shareholders.

The officers mentioned in the preceding paragraph shall have the powers set forth in the articles of incorporation, bylaws, regulations, or the respective appointment agreement.

[Article sheet](#)

It is the duty of the Board of Directors to issue the bylaws and regulations of the corporation.

[Article sheet](#)

The directors and other administrators must fulfill the duties imposed on them by law and the bylaws with the diligence of an agent, and are jointly and severally liable to the corporation for the damages derived from the non-observance of such duties, unless they are attributions of one or more directors or administrators.

The directors or administrators are jointly and severally liable if they have not supervised the general progress of the management or if, being aware of harmful acts, they have not done their utmost to prevent their occurrence or to eliminate or mitigate their consequences.

However, there shall be no liability when the director or administrator has acted in execution of resolutions of the shareholders' meeting, provided that they are not not notoriously illegal or contrary to the bylaws or regulations of the company.

The liability for the acts or actions of the directors or administrators does not extend to the one who, being immune from fault, has had a dissent noted in writing, without delay, and gives immediate notice thereof, also in writing, to the public prosecutor; nor shall the director who has been absent from the act of deliberation be liable.

The directors and other administrators shall be jointly and severally liable, together with their immediate predecessors, for any irregularities they may have committed in their management, if at the time they become aware of such irregularities they do not report them in writing to the public prosecutor.

(Thus amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 190.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

The liability of the directors with respect to the corporation shall be extinguished:

- a) For the approval of the balance sheet with respect to the operations explicitly contained therein or in its annexes, unless such approval has been given by virtue of untruthful data or with express reservations on the matter or it has been agreed to exercise the action of liability;
- b) By the approval of the management, or by express resignation agreed upon by the general meeting; and
- c) When the directors have acted in compliance with resolutions of the general assembly, which are not not notoriously illegal.

[Article sheet](#)

The liability of the directors may only be demanded by resolution of the general meeting of shareholders, which shall designate the person who shall exercise the corresponding action.

[Article sheet](#)

SECTION VII

Surveillance of the Company

ARTICLE 193.- The surveillance system of corporations shall be optional and shall be recorded in the corporate charter.

[Article sheet](#)

ARTICLE 194.- Notwithstanding the provisions of the preceding article, the oversight of companies that form their capital by public subscription shall be carried out in accordance with

the rules set forth in the following articles.

[Article sheet](#)

The supervision of the corporations mentioned in the preceding article shall be in charge of one or several public prosecutors who may or may not be partners.

Unless otherwise provided, his appointment shall be for one year.

[Article sheet](#)

ARTICLE 196.- They may not be appointed to the office of prosecutor:

- a) Those who, in accordance with the law, are disqualified from practicing commerce;
- b) Those who hold another position in the company; and
- c) The spouses of the administrators and their blood relatives and relatives by blood and affinity up to the second degree.

[Article sheet](#)

ARTICLE 197.- The powers and obligations of the prosecutors:

- a) Verify that a monthly balance sheet is prepared in the company;
- b) Verify that minutes are kept of board meetings and shareholders' meetings;
- c) Oversee compliance with the resolutions adopted at shareholders' meetings;
- d) Review the annual balance sheet and examine the accounts and statements of operations at the close of each fiscal year;
- e) To call ordinary and extraordinary shareholders' meetings in the event of omission of the directors;
- f) Submit to the Board of Directors its observations and recommendations regarding the results obtained in the performance of its duties, at least twice a year.

It shall be the duty of the board to submit the respective reports to the ordinary general assembly;

- g) To attend the meetings of the Board of Directors for the presentation and discussion of its reports, with voice but without vote;
- h) To attend shareholders' meetings to report verbally or in writing on its management and activities;

- i) In general, to supervise unlimitedly and at any time, the operations of the corporation, for which purpose they shall have free access to the books and papers of the corporation, as well as to the cash on hand;
- j) Receive and investigate complaints from any shareholder and report on them to the Board; and
- k) Any others set forth in the Articles of Incorporation.

[Article sheet](#)

When the office of fiscal officer becomes vacant, the Board of Directors shall appoint a substitute for the remainder of the term of appointment or until the date on which the Assembly elects a new one.

[Article sheet](#)

ARTICLE 199. The persons who exercise the supervision of corporations shall be individually liable for the fulfillment of the obligations imposed on them by law, the Articles of Incorporation and the Bylaws.

[Article sheet](#)

ARTICLE 200.- Persons in charge of the supervision of corporations who have an interest in any business that is opposed to that of the corporation, shall abstain from any intervention therein, under penalty of being liable for the damages they may cause to the corporation.

[Article sheet](#)

CHAPTER VIII

Dissolution of Corporations

ARTICLE 201. Corporations are dissolved for any of the following causes:

- a) The expiration of the term indicated in the corporate deed;
- b) The impossibility of realizing the object pursued by the company, or the consummation of the same;
- c) The definitive loss of fifty percent of the capital stock, unless the partners replace such capital or agree to reduce it proportionally; and
- d) The agreement of the partners.

[Article sheet](#)

ARTICLE 202.- The fact that all the shares of a corporation become the property of a single person is not a cause for dissolution of the corporation.

[Article sheet](#)

A partnership in a collective name shall be dissolved by the death of one of the partners, except in the case that the articles of incorporation provide that it shall continue with the survivors or with the heirs. The same rule shall apply to limited partners in partnerships of this type.

[Article sheet](#)

The exclusion or withdrawal of a general partner or limited partner is not a cause for dissolution, unless expressly agreed upon.

[Article sheet](#)

In limited liability companies, the clause establishing the dissolution due to death, exclusion or withdrawal of one of the partners is valid.

[Article sheet](#)

In the case of subsection a) of Article 201, the dissolution of the corporation shall be effected by the mere expiration of the term set forth in the deed.

In other cases, the dissolution resolution or the declaration made by the company that one of the causes for dissolution has occurred must be recorded in the Commercial Registry.

[Article sheet](#)

The notice of dissolution of the corporation shall be published once in "La Gaceta". Within thirty days following this publication, any interested party may judicially oppose the dissolution, which is not based on legal or agreed cause.

[Article sheet](#)

The directors shall be jointly and severally liable for the operations carried out after the expiration of the term of the corporation, the dissolution resolution or the declaration of the occurrence of any of the causes for dissolution.

[Article sheet](#)

CHAPTER IX

Liquidation of Companies

ARTICLE 209.- Once the corporation is dissolved, it shall enter into liquidation, preserving its juridical personality for the purposes thereof.

[Article sheet](#)

ARTICLE 210.- The liquidation shall be in charge of one or more liquidators, who shall be the administrators and legal representatives of the company in liquidation, and they shall be liable for the acts they execute if they exceed the limits of their office.

[Article sheet](#)

ARTICLE 211.- The appointment of the liquidators shall be made in accordance with the provisions of the Articles of Incorporation. In the absence of such provision, it shall be made by agreement of the partners at the same time at which the dissolution is agreed or acknowledged. If they do not reach an agreement, the appointment will be made by the judge at the request of the interested party, through the procedures established in the Code of Civil Procedure.

When the company is dissolved by expiration of the term or by judgment, the appointment must be made within thirty days following the date on which the term expired or the judgment ordering the dissolution became final.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 212.- The liquidation shall be carried out in accordance with the provisions of the Articles of Incorporation. In the absence thereof, in accordance with the resolutions adopted by the majority of the members necessary to amend the Articles of Incorporation and with the provisions of this Chapter.

[Article sheet](#)

The administrators shall deliver to the liquidators, by means of an inventory, all the assets, books and documents of the corporation, and shall be jointly and severally liable for the damages caused by their omission.

[Article sheet](#)

ARTICLE 214. The liquidators shall have the following powers:

- a) Conclude the corporate operations pending at the time of dissolution, when legally possible;
- b) Collect receivables and satisfy the company's obligations;
- c) Sell the company's assets, for the authorized price according to the liquidation rules;
- d) Prepare the final liquidation statement, and submit it to the discussion and approval of the partners, in the form that corresponds to the nature of the company;
and
- e) To deliver to each partner the part corresponding to him/her of the capital stock.

[Article sheet](#)

In the liquidation of partnerships, limited partnerships or limited liability companies, once the corporate debts have been paid, the remainder shall be distributed among the partners in accordance with the following rules:

- a) If the assets constituting the corporate assets are easily divisible, they shall be distributed in the proportion corresponding to each partner in the common assets;
- b) If among the assets constituting the corporate assets are those contributed by a partner or others of identical nature, they shall be delivered preferentially to the partner who contributed them, taking into account their current value;
- c) If the assets are of a different nature, they will be distributed according to their value, in lots proportional to the contributions, and any differences will be compensated among the partners;
- d) Once the lots have been formed, the liquidator will summon the partners to a meeting, at which he will inform them of the respective project, and they will have a period of eight working days from the meeting to request modifications, if they consider their rights affected.
- e) If the partners expressly express their conformity, or do not make timely observations, the liquidator shall make the respective award, and the appropriate documents shall be granted;
- f) If the partners make timely observations on the division project, the liquidator will call a new meeting, within eight days, so that the necessary modifications may be made to the project; if it is not possible to obtain agreement, the liquidator will award jointly to the respective partners the lot or lots with respect to which there is disagreement, and the resulting legal situation among the awardees will be governed by the rules of joint ownership; and
- g) If the corporate liquidation is made by virtue of the death of one of the partners, the division or sale of the real estate shall be made in accordance with the provisions of this Code.

[Article sheet](#)

In the liquidation of corporations and limited partnerships, the liquidators shall proceed to distribute the remainder among the partners, subject to the following rules:

- a) The final statement shall indicate each member's share of the capital stock;
- b) An extract of the statement will be published in "La Gaceta";
- c) Said statement, as well as the papers and books of the corporation, will be made available to the shareholders, who will have fifteen days from the date of publication to present their claims to the liquidators; and
- d) Once this period has elapsed, the liquidators will call a general shareholders' meeting, chaired by one of the liquidators, to approve the liquidation balance sheet.

[Article sheet](#)

ARTICLE 217. Once the liquidation balance sheet has been approved, the liquidators shall proceed to make the corresponding payments to the shareholders against delivery of the share certificates.

[Article sheet](#)

Article 218.

The sums belonging to the shareholders and not collected within two months from the date of approval of the final balance sheet shall be deposited with the order of the judge of the domicile of the company, with indication of the shareholder.

(As amended by Article 11 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

[Article sheet](#)

Insofar as it is compatible with the state of liquidation, the corporation shall continue to be governed by the rules corresponding to its kind.

The liquidators shall be subject to the rules applicable to the administrators, with the limitations inherent to their nature.

[Article sheet](#)

CHAPTER X

Merger and Transformation of Companies

ARTICLE 220.- There is a merger of corporations when two or more of them are integrated to form a single corporation.

The constituent companies will cease to exercise their individual legal personality when the merger results in the creation of a new company.

If the merger is produced by absorption, the corporate charter of the prevailing company must be amended, if applicable.

[Article sheet](#)

The legal representatives of each of the companies intending to merge shall prepare a draft agreement which they shall sign and in which the terms and conditions of the merger, the manner of effecting it and any other facts and circumstances that may be necessary in accordance with their respective articles of incorporation shall be stated. The merger agreement must be submitted to the members of each of the constituent companies, in extraordinary meetings called for that purpose, and must be approved by each company in accordance with the requirements of its articles of incorporation to be amended and those established in this Code. An extract of the merger deed will be published once in the Official Gazette.

[Article sheet](#)

The merger shall take effect one month after publication and once registered in the Mercantile Section of the Public Registry.

Within said term, any interested party may oppose the merger, which shall be suspended in such case as long as the interest of the opponent is not sufficiently guaranteed, in the judgment of the Judge hearing the action.

If the judgment declares the opposition unfounded, the merger may be effected as soon as it becomes enforceable.

[Article sheet](#)

The general partner or limited partner who does not agree with the merger may withdraw from the partnership; but his corporate participation and unlimited personal liability shall continue to guarantee compliance with the obligations contracted before the merger agreement was approved.

[Article sheet](#)

The rights and obligations of the constituent corporations shall be assumed by right by the new corporation or by the prevailing corporation.

Neither the liability of the members, directors and officers, nor the rights and actions against them, will be affected by the merger.

In judicial or administrative proceedings in which any of the constituent companies has been a party, the new company or the prevailing one will continue to be a party.

[Article sheet](#)

ARTICLE 225.- Any civil or commercial company may be transformed into a company of another type by amending its articles of incorporation, so that it complies with all the requirements established by law for the new type of company into which it is to be transformed. The transformation will not exempt the partners from the responsibilities inherent to the operations carried out prior to it, which will be maintained in the same way as contemplated by law for the cases of liquidation. The name or corporate name must be adapted to comply with the respective legal requirements.

The assets and liabilities will continue to be assumed by the company and the same accounting may be followed, provided that the Book Legislation Department of the Direct Taxation Department records the transformation in the books.

[Article sheet](#)

CHAPTER XI

Representation of Foreign Companies and Corporations and the Transfer of their Headquarters to the National Territory

ARTICLE 226.- The individual enterprises or foreign companies referred to in subsection d) of Article 5 of this Code, which have or wish to open branches in the Republic, are obliged to constitute and maintain in the country a general attorney-in-fact for the business of the branch. The power of attorney shall state in the power of attorney:

- a) The purpose of the branch and the capital assigned to it;
- b) The object, capital, the full name of the officers or administrators and duration of the principal company;
- c) Express manifestation that the representative and the branch office, if any, are subject to the laws and courts of Costa Rica with respect to all acts or contracts entered into or to be executed in the country and expressly waive the laws of their domicile; and
- d) Proof that the grantor of the power of attorney has sufficient legal capacity to do so.

The corporate personality and that of the attorneys-in-fact in the cases that require registration will be complete if the mandate is presented to the Mercantile Registry together with a certificate issued by the respective Costa Rican Consul, or in the absence of such, by that of a friendly nation, that the company is constituted and authorized according to the laws of its principal domicile and a relation, granted as additional, by the attorney-in-fact himself, accepting the power of attorney.

The declaration of the capital of the company or principal company has no other purpose than to make known here its economic solvency and does not imply any obligation to pay special registration fees for such concept.

(Thus amended by Article 1 of Law No. 4625 of July 30, 1970)

[Article sheet](#)

ARTICLE 227.- The foreign corporations referred to in paragraph d) of Article 5, which according to the laws of the country in which they were created, are authorized to transfer their corporate headquarters to other countries, may transfer them to the territory of Costa Rica after having submitted to the Commercial Registry, for their registration, the following documents duly authenticated in accordance with the provisions of the preceding article:

- a) Copy of the Articles of Incorporation and its amendments;
- b) Consular certificate referred to in the second paragraph of the preceding article;
- c) Certificate of the agreement authorizing the transfer of the registered office to the Republic; and
- d) A list containing the names and surnames of the persons who are members of the board of directors and of the company's officers.

The transfer of the corporate headquarters to the territory of the Republic in the indicated form, does not imply the dissolution or liquidation of the company in its country of origin, nor the constitution of a new company in the Costa Rican territory. The declaration of the capital of the company in its country of origin that appears in the articles of incorporation or its modifications, has no other purpose than to make known here its economic solvency and does not imply the obligation to pay special registration fees for such concept.

(As amended by Article 1 of Law No. 4625 of July 30, 1970)

[Article sheet](#)

ARTICLE 228.- Foreign corporations that have transferred their registered office to Costa Rica, must register in the Commercial Registry the amendments to their articles of incorporation and the instruments of merger and dissolution that affect them.

[Article sheet](#)

ARTICLE 229.- Foreign corporations that transfer their corporate headquarters to the Republic shall continue to be governed by the laws of the country where they were created, with respect to their corporate charter, but shall be subject to the laws of public order of Costa Rica and shall be obliged to pay Income Tax only on those businesses carried out within the territory of the Republic. The businesses located, developed and that have effect abroad, will be exempted from said tax.

[Article sheet](#)

ARTICLE 230.- Foreign corporations that transfer their registered office to the Republic may, at any time, retransfer it to any other country, for which purpose they shall submit, for registration in the Commercial Registry, a duly authenticated certificate of the agreement by which said decision is made.

[Article sheet](#)

ARTICLE 231.- For the purposes of the preceding articles, the registered office shall be understood to be the place where the board of directors of the corporation holds its meetings or where the corporate administration center is located.

[Article sheet](#)

Any foreign company or corporation may grant powers of attorney to be represented in the country, if it complies with the requirements set forth in Article 226, with the exception of the one indicated in paragraph a); but if it is a special power of attorney for a single act or management, it shall be sufficient to comply with the requirement of paragraph c) and the consular diligence. The general powers of attorney imply submission to the Costa Rican laws and courts; in the special powers of attorney of this kind, the companies may expressly except this submission for certain cases or concrete relations. Any company incorporated under foreign laws,

operating in the country or having branches or agencies in the country, shall comply with the provisions of Article 18(13).

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 233.- Any person who, on behalf of a foreign person or company, advertises or does business as agent or representative, without being provided with the documents accrediting him as attorney-in-fact, shall incur joint and several liability with respect to the obligations contracted and to be fulfilled in the country, without prejudice to the criminal liability that he may incur if there has been fraudulent intent.

[Article sheet](#)

TITLE II

CHAPTER I

Obligations Common to Those Engaged in Commerce and Trade

ARTICLE 234. Those who engage in commerce undertake the following obligations:

- a) Register with the Commercial Registry the documents indicated in the following chapter;
- b) Distinguish its establishment with its name, which may be, in the case of a company, its corporate name or denomination, duly registered;
- c) Keep the accounts of the business in order and in accordance with the following provisions of this Code; and
- d) Keep the accounting books from the time they are started until five years after the closing of the business and also keep the correspondence, invoices and other vouchers, for a period of not less than five years, counted from their respective dates, unless there is a pending lawsuit in which such documents have been offered as evidence.

(As amended by Article 12 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

[Article sheet](#)

CHAPTER II

From the Commercial Registry

ARTICLE 235.- The Mercantile Registry shall be registered:

- a) The deeds of incorporation, extension, modification or dissolution of commercial companies and individual limited liability companies, as well as the documents referring to the merger or transformation of companies;

- b) The transfer of the interest of partnerships in general partnerships, of limited partners in limited partnerships, of capital quotas in limited liability companies, when applicable, and the notarization of the deed of creation of non-common shares in corporations;
- c) The general and very general powers of attorney granted by merchants, as well as the revocation, substitution, modification or extension thereof;
- d) The deeds evidencing the appointment, modification or revocation of the powers conferred to managers, administrators and legal representatives of commercial, national or foreign companies;
- e) The appointment of the board of directors of corporations;
- f) Patents for sworn brokers;
- g) Marriage contracts affecting a merchant, when by virtue of them community of property is established with the other spouse;
- h) Deeds in which a merchant acknowledges any debt or right in favor of his spouse;
- i) The judgment of divorce or separation of bodies affecting a businessman, as well as the deed or judgment defining the liquidation of his assets in the marital partnership;
- j) The orders issued by a judicial authority stating the declaration of bankruptcy of a merchant or a company, as well as the reinstatement of the same or the rehabilitation of the bankrupt;
- k) The appointment of a trustee in bankruptcy; and
- l) The authorization granted to a minor or incompetent person to engage in commerce and the modification or revocation thereof.

[Article sheet](#)

ARTICLE 235 bis.- A name reservation office shall be created in the Commercial Registry of the Public Registry of Real Property, the purpose of which shall be to guarantee a right of priority in the use of names of legal entities referred to in subsection a) of Article 10 and Article 17 of this Code.

The request for reservation of name shall be made in a public deed or in a private document, signed by the interested parties and authenticated by a notary public or only signed by him. This request shall not accrue taxes or stamps, except for the fees set within the Public Registry Tariff Law.

The application shall be filed by a notary before the Name Reservation Office and shall have the effect of granting the applicant a provisional right of priority for the use of the reserved name.

From the date on which the name reservation is approved, the notary shall have a period of three months for the respective registration. The right of reservation will expire after this period.

The operation of this Office shall be subject to the provisions of the Organizational Regulations of the Public Registry.

(Thus added by Article 186 of the Notarial Code No.7764 of April 17, 1998)

[Article sheet](#)

CHAPTER III

Furniture Registry

ARTICLE 236.- The Registry of Movable Property is hereby created with its seat in the city of San José, which shall act jointly with the Registry of Pledges.

[Article sheet](#)

ARTICLE 237.- All non-expendable furniture that can be identified either by its number, series or mark or other characteristics that describe it shall be recorded in this Register.

[Article sheet](#)

ARTICLE 238.- Registration in this Register shall be optional and shall be made when the owner so requests.

[Article sheet](#)

ARTICLE 239.- The registry shall keep two books: one for the presentation of documents and the other for the respective registration. The first entry shall contain the complete description of the property so that it may be easily identified; and then, in successive entries, all other operations ordered by the administrative or judicial authorities shall be recorded. In the margin of the respective entry, any document that in any way affects the movable shall be noted immediately upon receipt.

[Article sheet](#)

Any document referring to a registered piece of property shall affect third parties from the moment it is presented to the Registry. The Registry Office shall issue the certifications requested by the authorities of any order or by private parties, provided that the corresponding fiscal specimens are presented, except for those requested by the criminal and labor authorities, which shall be issued free of charge.

[Article sheet](#)

ARTICLE 241.- The original registration, as well as the following transfers, shall accrue a registration fee of five colones and shall be made on the corresponding paper and stamps.

[Article sheet](#)

CHAPTER IV

Trade Name

Every merchant shall carry on business and shall sign the documents relating to his line of business under a name that shall constitute his trade name. No merchant may, individually, use as a trade name a name distinctive from his own.

[Article sheet](#)

ARTICLE 243.- A merchant may register his signature or trade name in the Register of Trademarks. In that case, he shall enjoy the protection that the respective law grants to all registrations made in that Register.

[Article sheet](#)

ARTICLE 244.- New commercial firms shall be clearly distinguished from those already established and registered. If the name of any merchant who intends to carry on business individually is the same as another one registered as a commercial firm, the new merchant shall do whatever is necessary to differentiate it from the one already registered.

[Article sheet](#)

ARTICLE 245.- Independently of the registration in the Commercial Registry, in order to enjoy the protection of the Trademark Registry, corporations must register their trade name. The trade name of a partnership, in the absence of the surname of all the partners, must contain at least the surname of one of them with the addition "and Company", "and Brothers", "and Sons", "and Sons" or other similar. The corporate name of a limited partnership must contain the surname of at least one of the limited partners and an addition indicating that the partnership is of this type. It may not contain names other than those of the unlimited partners.

Joint-stock companies shall not have a corporate name, but a name that is distinctive of their object or purpose, or any other name that the partners may deem convenient.

In the case of limited liability companies, the corporate name or denomination may be used indistinctly, but always with the addition "Limited Liability" or similar.

[Article sheet](#)

ARTICLE 246.- The trade name may not contain any indication of companies that are not related to the business to which it corresponds. Neither may the business name contain an indication of a business that has been totally modified.

[Article sheet](#)

ARTICLE 247.- If commerce is exercised by one or several persons jointly, the business name shall not contain any mention that could lead one to believe in the existence of a partnership. This provision shall apply even in the case of the transfer of an establishment by a corporation.

[Article sheet](#)

ARTICLE 248.- The successor in title of a commercial firm may continue to use it, provided that he expressly indicates his capacity as successor.

[Article sheet](#)

When there is a modification in a partnership that is not a corporation due to the separation or death of a partner, whose name appears in the corporate name, the corporate name may continue without alteration, with the prior consent of the withdrawing partner or his heirs, adding the word "Successors" to the corporate name. In such case, the respective deed must be executed, its extract published in the official newspaper and registered in the Commercial Registry.

[Article sheet](#)

ARTICLE 250.- The illegal use of a duly registered trade name shall entitle the owner to request the prohibition of its use and the consequent indemnities, without prejudice to the corresponding criminal action.

[Article sheet](#)

CHAPTER V

Accounting and Correspondence

Article 251.

Without prejudice to the records required by tax regulations for any natural or legal person, traders are obliged to keep their accounting and financial records in such a way that they can easily, clearly and accurately record their commercial operations and their economic situation, and without these records having to be legalized by any entity. When this Code refers to accounting books, it also includes the use of computerized accounting systems.

(Thus amended by Article 8 of Law No. 9069 of September 10, 2012, "Law for the Strengthening of Tax Management").

[Article sheet](#)

Article 252.

Corporations and limited liability companies must keep a book of minutes of shareholders' meetings. Commercial companies, according to Article 17, must keep a register of partners, the legalization of which will be in charge of the National Registry. Corporations must keep a book of minutes of the Board of Directors.

(Thus amended by Article 8 of Law No. 9069 of September 10, 2012, "Law for the Strengthening of Tax Management").

[Article sheet](#)

Unless the bylaws indicate another director or administrator, the secretary of the board of directors, in corporations, and the manager, in limited liability companies, shall be the custodian of the register of partners, of the minutes of partners' meetings and of the board. The same rule shall be observed with respect to the manager in limited liability companies, and the treasurer in corporations, with respect to the accounting and bond registry books.

The accounts must be kept by a legally authorized accountant, who may be the merchant himself, who, in both cases, shall be liable for the contents of the books as if he had personally kept them.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 254. Books must be written in Spanish, clearly, in progressive order of dates, without leaving blank spaces, and without erasures or erasures. Any mistake or omission made shall be saved by means of a new entry on the date on which the error is noticed, and a note shall be placed in the margin of the erroneous entry, in a different ink, indicating that it is wrong and the page where the respective correction is to be found.

[Article sheet](#)

The Inventory book shall be opened with an exact and detailed description of the money, securities, credits, credits, merchandise, movable and immovable property and others that make up the assets at the beginning of operations, as well as the debts and all kinds of obligations that make up the liabilities, detailing, in addition, the resulting net capital. At the end of each fiscal year, the new inventory resulting from the closing of the fiscal year will be recorded in the same book. This inventory, in its different accounts, must coincide with the balances they have in the Balance Sheet book.

[Article sheet](#)

The results of the inventory referred to in the preceding article shall be recorded in the Journal as the first item. Likewise, or in auxiliary records, all the operations carried out shall continue to be recorded in strict chronological order, and the individual merchant or industrialist shall specify the cash withdrawals, the others destined for his personal expenses or those of his family, which he shall keep in a special account.

[Article sheet](#)

The journal entries or auxiliary records shall be transferred to the General Ledger, which shall be kept in debit and credit order. Summarized total transfers may be made from the latter. Those items may be grouped in a single general ledger account and transferred to the corresponding auxiliary ledger when such grouping is appropriate for reasons of affinity and convenience. Each item recorded in the General Ledger shall refer to the Journal folio in which it was recorded, or to the summary of the respective auxiliary record.

[Article sheet](#)

ARTICLE 258.- The first item to be recorded in the Balance Sheet Book shall be the Balance Sheet of the business or company at the beginning of its operations. Subsequently, each year, at the close of operations of its fiscal year, the following statements shall be recorded:

- a) Trial Balance, prior to the closing of operations of the General Ledger;
- b) Statement of Profit and Loss;
- c) Balance Sheet, subsequent to such closing; and
- d) Statement of surplus or application of surplus, in the case of corporations.

Said balance sheets and statements shall be signed in this book by the owner of the business or economic activity. In the case of a general partnership, the partners shall do so; in the case of a limited partnership, the partners with unlimited liability; and in the case of a corporation or limited liability company, the accountant in charge.

[Article sheet](#)

ARTICLE 259.- In the Minutes book, which shall be bound and numbered, the detailed minutes of each ordinary or extraordinary meeting shall be recorded, stating:

- 1) Place and date of the meeting;
- 2) Number of shares or capital quotas attending the meeting;
- 3) Vote count; and

4) Resolutions adopted, recording the saved votes cast.

[Article sheet](#)

If it is a meeting of the Board of Directors, in addition to the date and place where it is held, the number of attendees shall be recorded, stating whether the resolutions have been adopted unanimously or by majority, recording literally the votes withheld and the reasons for the same, if so requested by the interested parties. If the corporate charter does not establish otherwise, all minutes must be signed by the person presiding and by the secretary or the person acting in his stead.

[Article sheet](#)

ARTICLE 261.- The share or quota corresponding to the subscribing or founding member shall be entered in the membership registers and then, in chronological order and without leaving spaces, the successive transfers. If the transfers are due to a contract or an adjudication, whether in a probate proceeding, in a public auction or by court order, the original document or, as the case may be, an authentic certification of the respective resolution, stating that it is final, shall be submitted. These documents shall be filed, and the corresponding reason shall be included in the transfer entry.

If the company, at the request of the acquirer, issues a new certificate, it must collect and cancel the transferred document.

If a new certificate is not issued in favor of the acquirer, a record shall be made of the entry made in the records in favor of the new member and the registration made shall be recorded in the document.

[Article sheet](#)

ARTICLE 262.- The use of loose sheets of paper in other books is authorized in accordance with the provisions of this Chapter, it being understood that when it is said books, the term also includes these sheets, whether they are bound or not. These sheets, lined as appropriate in each case, must be numbered consecutively and bear the name of the person or company to whom they belong and any other pertinent details when they refer to auxiliary records. In the case of Auxiliary Ledgers, they must have the name of the person to whom they belong and any other pertinent detail.

[Article sheet](#)

Article 263.

The corporate books must be kept in loose sheets, with the particularities defined by the National Registry that guarantee their integrity and security; they will be legalized by the National Registry, which will issue them. The shareholders' and partners' meeting registry books, and the minutes book of the Board of Directors, if applicable, must be delivered at the same time the incorporation document is delivered. The National Registry is authorized to charge a fee of up to twenty percent (20%) of a basic salary, to cover the cost of the issuance of the books and their respective legalization, the decision to fix the exact amount of such fee falling to the Administrative Board of the National Registry. The National Registry may authorize the use of other means that in accordance with science and technology guarantee the reliability of the records.

(Thus amended by Article 8 of Law No. 9069 of September 10, 2012, "Law for the Strengthening of Tax Management").

[Article sheet](#)

It is absolutely forbidden to tear out pages or alter the binding or foliation of the books referred to in this Chapter. When one or more pages are rendered unusable or annulled, they shall not thereby cease to appear in their proper place so as not to alter the order of the folios.

[Article sheet](#)

ARTICLE 265.- No authority may inquire whether the accounting books are properly kept, nor make an investigation or general examination of the

accounting. Nor may the communication, delivery or general recognition of books, correspondence and other papers and documents be ordered, except in the case of bankruptcy or liquidation. Apart from these cases, the exhibition of books and documents may only be ordered by a competent judicial authority, at the request of a legitimate party or ex officio, when the person to whom they belong has an interest or responsibility in the matter or question at issue.

The examination shall be carried out at the premises of the owner of the books, in his presence or in the presence of a commissioner, and shall be limited to taking copies of the entries or papers that have a bearing on the matter in question.

When special or auxiliary books or records have been kept, their exhibition may be ordered on the same terms and in the same cases as the main books.

[Article sheet](#)

ARTICLE 266.- Exceptions to the rule contained in the preceding article are the reviews that, within the limitations of the law, may be made by the General Directorate of Direct Taxation for tax purposes.

[Article sheet](#)

The books are evidence against their owner, but the adversary may not accept some entries and discard others, but must take the result they yield as a whole. If there is no conformity between the books kept by the parties, and if those of one party are in order and those of the other are not, the entries of the books in order shall be authentic against those of the defective ones, unless the contrary is proved by other evidence admissible in law. If one of the parties does not present its books or declares not to have them, the books of the adversary shall be authentic against it, provided that they are kept in due form, unless it is proved that the lack of such books is due to force majeure or an act of God, and unless there is effective proof against the entries exhibited. If the books of both parties are equally arranged and contradictory, the court shall decide in accordance with the other evidence.

[Article sheet](#)

Passive correspondence must be carefully rejected as it is received. As for active correspondence, the interested party must leave a copy of every letter or dispatch sent.

[Article sheet](#)

In case of sale of the establishment or company, the new owner also acquires the accounting books, which he may continue to use, if he does not decide to open new accounting records. In case he decides to continue with the books he has started, he shall submit them to the Tax Authorities so that they may record the transfer and the reason why they belong henceforth to the new owner of the business or company. If he/she decides to open new books, the books kept up to that moment will also be presented so that the Direct Taxation or its delegate, puts the corresponding closing reason, opening the new ones as indicated.

[Article sheet](#)

Article 270.

The natural or juridical person, obliged to keep books, who closes his business, liquidating it, is obliged to keep the books and correspondence for a term of five years, as of the day on which the liquidation ends; but if there is a lawsuit pending before the courts and it continues after the five years, he shall be obliged to keep them for the entire term of the lawsuit.

(Thus amended by Article 13 of Law No. 9068 of September 10, 2012, "Law for Compliance with the Fiscal Transparency Standard").

If there is a transfer of the business to a third party and for such reason the books and correspondence are not in the possession of the former owner, and the latter needs them, either to file a lawsuit, or to answer or to defend himself against a lawsuit brought against him, the present owner shall be obliged, even if he is not a party to the respective lawsuit, to allow the judicial authorities to obtain all kinds of copies or certifications that may be required. Failure to comply with this obligation shall make the holder of the books liable for the consequent damages.

[Article sheet](#)**Article 271.**

If the merchant or businessman dies, the books, vouchers and correspondence are presumed to be in the possession of the heirs. In case of liquidation, they must be kept by the liquidators for the indicated period of five years, and in case of bankruptcy, they will be kept by the respective court. In all these [Fcaicschoas,alrotsictuelonedores](#) of the books and the vouchers are obliged to exhibit them in the same form that the original owner, under penalty of compensating damages, if they refuse to do it.

TITLE III

(As amended by Article 14 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

CHAPTER I**Of the Auxiliary Members of the Trade**

ARTICLE 272.- They are subject to the mercantile laws in their condition of auxiliary agents of commerce and with respect to the operations that correspond to them in this capacity:

- a) Commission agents;
- b) Sworn racers;
- c) Factors;
- d) The porters;
- e) Travel agents;
- f) Representatives of foreign companies;
- g) Dependents; and
- h) Customs agents or brokers.

(As amended by Article 2 of Law No. 4319 of February 5, 1969)

[Article sheet](#)**CHAPTER II****Commission Merchants**

A commission agent is a person who is professionally engaged in carrying out in his own name, but on behalf of others, commissions for the performance of acts of commerce. Acting in his own name, the commission agent personally assumes the responsibility for the business; and the person contracting with him does not acquire any right or obligation with respect to the owner thereof. The commission agent may also act on behalf of his principal, in which case he binds him, and the third party contracting with him acquires rights and contracts obligations with the principal and not with the commission agent.

[Article sheet](#)

ARTICLE 274.- A commission may be given verbally or in writing. A commission shall be presumed to be accepted when it is conferred to a person who publicly holds the character of commission agent, by the sole fact that he does not refuse it within two days following the day on which he receives the respective proposal.

Even if the commissioner refuses the commission entrusted to him, he shall not be exempted from taking such steps as may be necessary for the preservation of the effects that the principal has sent him, until the latter provides a new commissioner, without the commission being understood to have been tacitly accepted by taking such steps.

[Article sheet](#)

The commission agent is free to accept the assignment or not, but if he refuses, he shall immediately notify the principal of his decision in the quickest and safest way possible.

[Article sheet](#)

ARTICLE 276.- When the commission agent is not expensed by the principal, as in the case that he does not accept the commission and it is necessary to deposit the merchandise, he shall request the competent judicial authority of the place, through the procedure of acts of voluntary jurisdiction, to sell effects in sufficient quantity to cover such expenses. If it is possible, taking into account the circumstances, the principal shall be given a prior hearing, but if due to the distance, means of communication or nature of the goods, this is not possible, the Judge shall proceed to the immediate sale, using as a basis the report rendered by the expert that he shall appoint in summary form, under his responsibility.

[Article sheet](#)

ARTICLE 277.- The commission agent who carries out any action in performance of the commission given to him by the principal shall be obliged to continue it until its conclusion. He may not replace the mandate if he is not expressly authorized to do so, but he may, under his responsibility, entrust one or more persons to carry out any diligence aimed at the performance of the function.

[Article sheet](#)

If funds are required to fulfill the commission, the commission agent shall not be obliged to supply them, unless the respective contract, or according to local custom, requires him to do so. If he has not undertaken to advance funds, he shall not carry out the commission as long as the principal does not supply the necessary sum. The same shall apply when the funds supplied by the principal have been exhausted. If he has undertaken to advance funds, he shall do so, except in the event of bankruptcy or notorious suspension of payments of the principal.

[Article sheet](#)

The commission agent shall be subject to the instructions received from the principal in the performance of his duties. However, when due to circumstances not foreseen by the principal, the commission agent considers that he should not carry out the instructions received literally, and that doing so would cause damage to his principal, he may suspend compliance with them and request new instructions. If, notwithstanding the commission agent's observations, the principal insists that he must proceed in accordance with his original instructions, the commission agent may withdraw from the contract or act in accordance with the principal's reiterated instructions, in which case the commission agent shall be exempt from all liability.

[Article sheet](#)

In matters not provided for by the principal, the commission agent shall consult the principal, provided that the nature of the business so permits. If it is not possible to

If the commission agent has been consulted or is authorized to act at his own discretion, he shall do what prudence dictates, proceeding with the same care that he would use in his own business.

[Article sheet](#)

If the commission agent acts outside the instructions received, with evident imprudence, to the detriment of the principal, he shall indemnify the latter for all damages and losses, and shall be responsible for the consequences of the business, if so provided by the principal.

[Article sheet](#)

If in the course of the commission circumstances occur that the commission agent considers to have such an influence on the fate of the business that if he acts, the principal may be prejudiced, he shall inform the principal without delay and await his instructions. In the absence of such instructions and in the impossibility of communicating with the principal, the commission agent shall act according to the circumstances, with the same prudence and caution as if it were his own business.

[Article sheet](#)

ARTICLE 283.- The commission agent is obliged to submit himself in all respects to the laws and regulations in force in the matter, as well as to the customs of the place where he acts, and shall be exclusively liable for any violation or omission thereof.

[Article sheet](#)

With respect to the funds belonging to the principal, the commission agent shall be liable for any damage or loss, even if caused by an act of God or by violence, unless otherwise expressly agreed.

[Article sheet](#)

ARTICLE 285.- The commission agent who has received funds to carry out his assignment and invests them differently shall pay the principal and legal interest to the principal as from the day on which he received the funds and shall also indemnify him for any damages he may have caused, without prejudice to any criminal action to which he may be entitled.

[Article sheet](#)

ARTICLE 286.- The commission agent who has in his possession goods or effects on behalf of others shall be liable for their conversation and good condition, keeping them as he received them, unless deterioration or loss occurs as a result of an act of God or force majeure, and the natural deterioration due to the passage of time or the inherent defect of the thing. Any deterioration or loss and its cause shall be accredited by the commission agent by means of a notarial act.

[Article sheet](#)

ARTICLE 287.- To make loans and to sell on credit or in installments, the commission agent needs the principal's authorization; if he does not have it, the principal may demand delivery of the price as if he had sold for cash, leaving in favor of the commission agent any interest or advantage resulting from the granting of the installment.

When he is authorized to sell on credit, once the transaction has been made, the commission agent must inform the principal, giving the names of the purchasers and the conditions under which the business was carried out. In the absence of such report, the principal shall consider the sale to have been made in cash and may, of course, demand delivery of the price.

[Article sheet](#)

ARTICLE 288.- The commission agent is obliged to collect in a timely manner the credits related to each business. If he does not do so in due time or does not use the legal means to obtain payment with due diligence, he shall be liable for the damages caused by his omission or delay.

[Article sheet](#)

ARTICLE 289.- When the commission agent receives on a sale, in addition to the ordinary commission, another so-called guarantee commission, the risks of collection shall be borne by him, and he shall be under the direct obligation to pay the principal the proceeds of the sale within the same terms agreed with the buyer, assuming joint and several liability.

[Article sheet](#)

Unless otherwise agreed, the commission agent may not acquire directly for himself, nor by means of another person, the effects the alienation of which has been entrusted to him. Neither may he sell his own articles to the principal, unless otherwise agreed. Commissioned to place money, he may not take it for himself even if it yields a guarantee, except with the express and prior consent of the principal.

[Article sheet](#)

If the principal has given instructions that the goods be kept or sent to him, as the case may be, duly insured, the commission agent shall be obliged to do so provided that the principal sends the necessary funds to pay the respective premium, or has made the necessary arrangements to cover the amount thereof. The insurance shall be limited to the risks indicated by the principal.

[Article sheet](#)

The principal is obliged to pay the commission agent his fees and expenses without delay. The fees shall be expressly agreed between the parties; in the absence of an agreement, the commission agent shall be entitled to the usual commission in the place where the assignment is carried out. As long as the amount of his fees and justified expenses is not paid or guaranteed to his satisfaction, the commission agent shall have the right to retain what is necessary to cover the credit in his favor, with preference over any other creditor.

[Article sheet](#)

All the advantages that the commission agent may obtain in the negotiation entrusted to him shall exclusively benefit the principal. The commission agent may not compensate the damages he may cause to the principal in one business with the advantages or benefits he may have obtained in another, since each assignment shall be settled entirely separately.

[Article sheet](#)

The commission agent is obliged, at the end of his work, to render a detailed and documented account of his performance and may settle his commission and expenses in the same act.

[Article sheet](#)

ARTICLE 295. Upon death or disqualification of the commission agent, the commission contract shall be terminated. The death of the principal does not terminate the contract, but the representatives of the estate, or the heirs, as the case may be, may revoke it by settling the commission agent's fees and expenses for the work performed.

[Article sheet](#)

CHAPTER III

Of the Sworn Brokers

A sworn broker is an auxiliary agent of commerce with whose intervention mercantile contracts may be proposed, adjusted and proved within the limitations established by law.

[Article sheet](#)

ARTICLE 297. To be a sworn broker, the following are required:

- a) Have reached twenty-one years of age;
- b) To be Costa Rican and to have practiced commerce in the national territory for at least three years;
- c) Have sufficient training in commercial matters, which will be assessed by the Ministry of Economy and Finance in the respective file;
- d) Be domiciled in the Republic; and
- e) Be of notorious good conduct.

A sworn broker may not be a broker who is unable to engage in commerce, or who, having obtained the status of such, has violated the law in such a way as to merit the loss of his patent.

[Article sheet](#)

ARTICLE 298. In order to practice brokerage it is necessary to obtain a special patent, which shall be issued by the Ministry of Economy and Finance.

Whoever exercises brokerage without such patent shall have no right of action to collect commission of any kind.

[Article sheet](#)

Sworn brokers shall guarantee their performance with a bond or any other guarantee to the satisfaction of the Ministry of Economy and Finance, for the amount corresponding to them according to the regulations issued by the Executive Branch on brokerage. The sureties shall be jointly and severally liable and the guarantee may not be cancelled until one year after the sworn broker has ceased to perform his duties, unless there is a pending trial for liability, in which case the guarantee shall be kept alive until a final judgment is rendered. The Ministry shall verify every two years the goodness of the guarantee, for which purpose the interested party shall provide the documentation requested. If the guarantee is not replaced within a period of one month, in the event that its conditions have deteriorated, the granted patent shall be cancelled.

[Article sheet](#)

ARTICLE 300.- Sworn brokers shall propose business with accuracy, precision and clarity, and shall ascertain the identity of the persons between whom the business in which they intervene is transacted and their legal capacity to enter into it.

If by making false assumptions they mislead the contracting parties by making them consent to a detrimental contract, they shall be liable for the damages caused. If they knowingly or through culpable ignorance intervene in a contract made by a person who according to the law could not do so, they shall be liable for the damages resulting from the direct and immediate effect of the capacity of the contracting party.

It shall be considered false to have proposed a commercial object under a different quality than that which is attributed to it by the general usage of commerce, and to give false information about the current market price of the thing on which the negotiation is based.

[Article sheet](#)

Sworn brokers are not liable nor can they be held responsible for the solvency of the contracting parties.

They shall, however, be guarantors in the negotiation of bills of exchange, shares and other securities, of the material delivery of the security to the borrower, and of the security to the transferor, unless it has been expressly stipulated in the contract that the interested parties shall make direct deliveries.

In addition to the cases in which they intervene in the sale of merchandise, they are obliged to express the quality, quantity and price of the same, as well as the place and time of delivery and the form in which the price is to be paid. They are also obliged, unless the contracting parties exempt them from this obligation, to keep the samples of all the goods sold with their intervention, until the moment of delivery, taking the necessary precautions so that the identity can be proved, such as keeping the samples with their seal, and those of the contracting parties, as long as they are not received to the satisfaction of the buyer.

[Article sheet](#)

Sworn brokers shall have a foliated manual book in which they shall keep a detailed record of all the transactions in which they take part, once they have been concluded. They shall express in each entry the names and domicile of the contracting parties, the qualities, quantities and price of the effects that were the object of the negotiations, the terms and conditions of payment and all the circumstances that may contribute to the greater clarification of the business.

[Article sheet](#)

ARTICLE 303.- All entries in the manual shall be transferred daily to the Register, a book duly foliated and stamped by the respective Department of the General Directorate of Direct Taxation, for the procurement and renewal of which all the requirements established in the chapter on accounting of this Code shall be followed. The transcription of these entries shall be made literally, without amendments, abbreviations and interpositions, keeping the same rigorous order of date and number that they must bear in the Manual. Any correction to be made in the Register must be saved by a new entry, making reference to the case in the margin of the erroneous entry.

[Article sheet](#)

ARTICLE 304.- Once a Registry book has been concluded or definitively closed for any reason, it shall be deposited in the National Archives, where it may be consulted by any person.

[Article sheet](#)

Sworn brokers must keep rigorous secrecy in all matters concerning the negotiations entrusted to them, even after they have been concluded, under the responsibility of the damages that may result from not doing so. They may not reveal at any time to third parties the names of the contracting parties, unless the interested parties expressly consent to their names being known.

[Article sheet](#)

ARTICLE 306. Once the contract has been concluded, the sworn broker shall deliver to each of the contracting parties, within a term of twenty-four hours, certification of the entry of its registration.

No sworn broker may give certifications other than what is recorded in his register. Only by virtue of a court order may he testify to what he has seen or heard in connection with the business of his office.

The sworn broker who gives certification that does not conform to what is recorded in his books shall have his license cancelled, without prejudice to incurring in the crime of forgery.

[Article sheet](#)

Sworn brokers must carry out by themselves the negotiations entrusted to them. However, if for special reasons they cannot do them personally, they shall be allowed to execute them, under their entire responsibility, by a dependent or a delegate of their choice.

[Article sheet](#)

The intervention of sworn brokers in mercantile acts is not obligatory for the contracting parties, but if a negotiation is initiated through a sworn broker, it must be concluded with his intervention, unless justified circumstances force the parties to dispense with his services.

[Article sheet](#)

The commission or fee of the sworn broker shall be that agreed with the party in whose interest he intervenes; in the absence of agreement, he shall be entitled to the usual and customary fee in the market where the negotiation is consummated. If several sworn brokers intervene simultaneously or successively in the same transaction, the commission shall be divided among them in proportion to the work performed.

[Article sheet](#)

ARTICLE 310.- The sworn broker who accepts the commission to manage a certain business may not abandon his intervention without just cause. Upon separating from the knowledge of the business, being his attitude justified, he shall be entitled to the recognition of the proportional part of the corresponding fee or commission.

[Article sheet](#)

ARTICLE 311.- Sworn brokers shall have all the other powers set forth in this Code, and may especially perform the work of auctioneers or auctioneers, and that of experts, in accordance with the provisions of the Code of Civil Procedures.

[Article sheet](#)

It is forbidden to the sworn rider:

- a) To give, in any negotiation or contract in which it intervenes, a guarantee or bond. The granting against this prohibition will be null and void and will not produce any effect in court;
- b) To trade for his own account in the branch that is the object of his activity as a broker;
- c) To be a factor, dependent or partner of a merchant;
- d) To be a member of the board of directors, management or other function in corporations; and
- e) To acquire for himself or for another person with whom he is related up to the fourth degree inclusive, by consanguinity or affinity, the effects of whose negotiation he is in charge, except with the express consent to the contrary of the interested party.

[Article sheet](#)

Sworn brokers shall be sanctioned with a six-month suspension in the exercise of their functions, when they do not comply with the current formalities in the handling of their books; and with definitive loss of the patent, when they violate the stipulations of the preceding article. These sanctions will be imposed by the Ministry of Economy and Finance when the interested party expressly requests it and verifies the charge.

[Article sheet](#)

CHAPTER IV

Factors

ARTICLE 314.- In order to be a factor, the necessary capacity to contract according to common law is required; and to perform his duties he must be provided with a general or very general power of attorney, as provided by the principal.

[Article sheet](#)

Contracts made by the factor in an establishment that notoriously belongs to a known person or company shall be deemed to have been entered into on behalf of the owner of the establishment, even if the factor does not declare it at the time of entering into them, provided that such contracts relate to objects included in the line of business of the establishment; or if, even if they are of a different nature, it appears that the factor acted with the orders of the principal, or that the latter approved his management in express terms, or by positive facts that induce a legal presumption.

[Article sheet](#)

The joint owners of an establishment, even if they are not partners, are jointly and severally liable for the obligations contracted by their factor. The same rule shall be applicable when, due to the death of the owner, an establishment administered by a factor comes to belong to several heirs.

[Article sheet](#)

ARTICLE 317. No factor may negotiate on his own account, nor take interest under his own or another's name in negotiations of the same type as those entrusted to him, unless expressly authorized by the principal. If notwithstanding the prohibition set forth in this Article, the factor makes such negotiations, the profits shall be for the exclusive benefit of the owner; and in case of loss, the factor shall bear it exclusively.

[Article sheet](#)

The principal shall not be exonerated from the obligations contracted in his name by the factor, even if he proves that he proceeded without his order in a specific negotiation, provided that the factor was authorized to enter into it according to the power of attorney by virtue of which he acts, and that it corresponds to the business of the establishment under his direction. The principal cannot evade the fulfillment of the obligations contracted by his factor on the pretext that he abused his trust, that he misused the powers conferred upon him, or that he consumed for his own benefit the effects he acquired for his principal. His action against the factor for the compensation of possible damages and prejudices remains unaffected.

[Article sheet](#)

Fines incurred by the factor for contravention of the laws or regulations in the management of the establishment shall be paid in the assets of the principal, without prejudice to the liability of the factor to the owner of the business, if such contraventions are imputable to the factor.

[Article sheet](#)

Powers of attorney conferred on a factor shall be deemed to subsist in any case as long as they are not expressly revoked or the establishment for which he was in charge has not been sold. The revocation shall take effect, as to the factor, as soon as he receives the respective communication from the principal, and as to third parties, as soon as the revocation deed is filed with the Public Registry.

[Article sheet](#)

The death of the principal does not imply the expiration of the power of attorney. The sale of the commercial establishment means termination of the power of attorney. The death of the factor terminates the contract.

[Article sheet](#)

The salary or emolument of the factor shall be fixed in accordance with what is agreed in the respective contract. In the absence of stipulation, the custom of the place where the mandate has been exercised shall apply.

[Article sheet](#)

CHAPTER V

Of the Carriers

ARTICLE 323.-By the contract of carriage the carrier undertakes to transport things or news from one place to another in exchange for a price. The transportation may be performed by public or private companies. Public companies are those that advertise and open to the public an establishment of this nature, committing themselves to transport for determined prices, conditions and periods, whenever their services are required in accordance with the bases of their prospectuses, itineraries and tariffs. Private companies are those that provide such services on a discretionary basis, under conditions and by conventional adjustments.

The transportation contract regulated in this article does not authorize the transportation of persons by means of motor vehicles.

(As amended by Article 1 of Law No. 8955 of June 16, 2011)

[Article sheet](#)

ARTICLE 324.- The carrier may carry out the carriage by itself, by means of its agents or employees, or by a different person or company. In the latter case, the original carrier and the company that carries out the transportation shall be jointly and severally liable with the sender for the consequences that may arise due to noncompliance with the transportation contract.

[Article sheet](#)

The contract of carriage may be rescinded at the will of the shipper before or after the beginning of the voyage; in the first case, the shipper shall pay the carrier half of the agreed price; in the second case, the carrier shall pay the full amount.

(Thus amended by Article 1 of Law No. 5217 of June 22, 1973)

[Article sheet](#)

ARTICLE 326.- When a vehicle has been hired for the exclusive purpose of receiving goods in a certain place to drive them to another, the carrier shall be entitled to the full carriage if he does not make the transfer, provided he justifies that the goods were not delivered to him by the shipper or his agents and that he did not obtain another return cargo for the place of origin. If he has carried cargo on the return voyage, the carrier may only collect from the original shipper the amount that is lacking to cover the carriage stipulated with him.

[Article sheet](#)

ARTICLE 327.- Acts of God or force majeure occurring prior to the commencement of the voyage, and which prevents the performance thereof, shall give rise to the termination of the contract without liability for either party.

[Article sheet](#)

ARTICLE 328.- As long as the voyage is not completed, the shipper may demand, unless otherwise agreed, the restitution of the merchandise or that its destination be varied, and the carrier shall comply with the order, provided that the sender returns the duly cancelled waybill. If the counter-order is limited to varying the route, the corresponding change shall be recorded in the same letter, if any, and the price shall be the same as stipulated, if the new route is shorter and more favorable than the original one; otherwise, a new adjustment shall be made in accordance with the rates in force.

[Article sheet](#)

The contract of carriage may be verbal or written, but if one of the parties so requires, it shall be in writing. In that case, it shall be signed by both parties and they shall sign the waybill, which shall contain:

- a) Names, surnames and addresses of the shipper and carrier;
- b) Name, surname and address of the person to whom or to whose order the effects are addressed, or circumstances of being to bearer;
- c) Place of destination and delivery time;
- d) Designation of the effects with expression of their generic quality, weight, measure or number, marks or external signs of the envelopes containing them;
- e) Price of transportation, indicating whether it is already paid in full or in part;
- f) Date of issuance of the guide;
- g) Any other agreement agreed upon by the contracting parties; and
- h) Signatures of the sender and carrier or their agents or representatives.

[Article sheet](#)

ARTICLE 330: The stipulations agreed upon by the sender and the carrier without including them in the waybill shall not be detrimental to the consignee or to third parties that may become owners of the same.

[Article sheet](#)

The waybill may be to the order of the consignor or consignee or to bearer and shall be transferable by endorsement or by simple tradition, respectively. In any case of skillful transfer, the acquirer shall be subrogated to all the rights and obligations of the sender.

[Article sheet](#)

The declarations made in the waybill have the force of law between the parties and consequently, as proof of the contract, shall serve as the basis for resolving all questions that may arise in connection with the execution and performance of the same, without admitting any exception other than that of falsity. In case of fraud on the part of the carrier, all kinds of evidence tending to justify that the effects carried exceeded the enumerations of the waybill in quantity or quality shall be pertinent and effective.

Once the contract has been fulfilled, the cancelled waybill shall be returned to the carrier, and by virtue of the exchange of this title for the object carried, the respective obligations shall be deemed fulfilled, unless any claims that the parties may wish to raise are recorded in writing in the same act.

In case the consignee, due to loss or any other reason, cannot return the waybill signed by the carrier at the moment of receiving the carried goods, he shall give him a receipt for the delivered objects, this receipt having the same effects as the return of the waybill. At the same time, he shall grant a satisfactory guarantee to the carrier, in case the waybill appears in the hands of a third legitimate possessor. This guarantee shall remain in force for the term of the prescription, which is six months from the day of delivery of the goods to the consignee.

[Article sheet](#)

ARTICLE 333. The sender is bound:

- a) To deliver to the carrier or its agents the goods to be transported under the agreed conditions, place and time, with the necessary documents, municipal or otherwise, for the free transit and transport of the cargo. The goods or effects must be delivered duly packed and conditioned to withstand the journey. They are presumed to be free of defects and well packaged when the carrier accepts them without objections or objections;
- b) To suffer seizures, fines and other penalties imposed for failure to comply with legal or regulatory requirements or demands in order to carry out the shipment, and to indemnify the carrier for the damages caused for such reasons;
- c) To suffer loss or damage arising from the nature of the articles carried, from acts of God or force majeure, from the loss or damage that the merchandise may suffer due to negligence, fault or malice of its own employees or persons in charge;
- d) To indemnify the carrier for damages suffered by the carrier for non-performance of the contract in accordance with the rules established in articles 325 and 326;
- e) To reimburse him for any sum that the carrier has been obliged to provide for the benefit of the sender, even if not provided for in the waybill;
- f) To forward in due time the waybill to the consignee so that he may make use of it at the time of arrival of the cargo at its final destination; and
- g) To pay the price of the transport when signing the waybill. If it is agreed that this price is to be paid by the consignee, the sender shall be jointly and severally liable for such payment.

[Article sheet](#)

The sender has the right:

- a) To vary the consignment of the goods while they are on the way, if he gives the respective order to the carrier in due time, delivering the waybill and paying any difference;
- b) To be allowed to allow your company's employees to travel with all legal insurances up to date and properly identified, to take care of live animals or any other object that requires attention during the trip.

(As amended by Article 1 of Law No. 8955 of June 16, 2011)

- c) To demand compensation arising from negligence, fault or fraud of the carrier or its agents, as well as damages caused by the poor condition of the vehicles or the inadequate organization of the company. If the waybill is transmitted, such rights shall correspond to the legitimate holder of the waybill.

[Article sheet](#)

ARTICLE 335. The carrier is bound:

- a) To receive the goods for shipment at the agreed time and place;
- b) To place them in a convenient place as long as they are not transferred to the vehicles in which they are to be driven;
- c) To make the trip within the stipulated time following the route indicated in the contract;
- d) If there is no time limit for starting the trip, it shall do so as soon as possible in accordance with its own regulations and customs;
- e) To take care of and keep the goods as bailee from the time it receives them until it delivers them to the satisfaction of the consignee;
- f) To deliver the goods to the legitimate holder of the waybill. If the sender or consignee alleges that the waybill has been lost or mislaid, they shall be allowed to pick up the goods upon receipt and satisfactory guarantee, as set forth in article 332, third paragraph;
- g) To pay, in case of delay attributable to him, the indemnity agreed upon with the shipper, and if not stipulated, to pay him the amount of the damage caused to him. Said damage shall be determined by the competent judicial authority, by means of an expert of his appointment and following the procedures corresponding to acts of voluntary jurisdiction;
- h) To deliver the goods at the station or place of destination in full conformity with what is consigned in the waybill;
- i) To be liable for losses, damages and losses caused by negligence, fault or willful misconduct of its own, of its employees or managers. To calculate the indemnity for lost or damaged merchandise, the price prevailing at the place of destination shall be taken into account;
- j) To comply with the sender's order regarding the destination of the goods, either by leaving them at a certain place along the route or by taking them to another place, provided that the sender returns the waybill and pays any difference in freight resulting from the counter-order, all in accordance with the following article; and
- k) In the case of air transport, the carrier shall bear the costs of the stay and transfer of passengers who are obliged, for reasons of service, to make unforeseen stops or deviations in their routes and schedules, even if this is through no fault of the carrier.

[Article sheet](#)

ARTICLE 336. The carrier has the right:

- a) To demand payment of the service price when signing the guide, unless otherwise agreed;
- b) To receive the totality of the agreed freight if due to negligence or fault of the shipper the shipment is not carried out, provided that by virtue of the transportation agreement, one or several vehicles have been assigned for the exclusive purpose of carrying out the shipment, deducting what the carrier has taken advantage of by driving other goods in the same vehicle;
- c) To rescind the contract, if before starting the trip or already started, a force majeure event prevents it;
- d) To demand a proportional increase in the carriage if, due to an event of force majeure, it is not possible to continue the trip by the agreed route, thus making the journey more costly and longer; in such case, he shall not be entitled to charge any sum for the expenses or time lost;
- e) To demand from the shipper the opening and recognition of the packages containing the goods when receiving them to start the voyage. If the sender opposes such diligence, the carrier shall be released from any liability that does not arise from fraud or fraudulent intent. In order to claim exemption from liability, the refusal of the sender must be stated in the waybill;
- f) To receive from the consignee of the damaged cargo, the goods that are *undamaged*, provided that, separated from those that have suffered the damage, their value is not diminished, nor are they complementary to what was lost, and they maintain the same initial importance for the consignee;
- g) To retain the goods transported, as long as the freight is not paid;
- h) To promote the deposit of goods before the competent judicial authority of the place of destination, following the procedure corresponding to the acts of voluntary jurisdiction, if the consignee or his representative is not found, or if he refuses to receive them. Before the goods are deposited, they must be reviewed by said authority;
- i) To the immediate sale of the merchandise, after an appraisal by an expert appointed by the competent local judicial authority, following the procedures established for acts of voluntary jurisdiction; and
- j) To refuse to transport merchandise that is poorly packaged or poorly conditioned and that for this reason may suffer damage during the trip, unless the sender insists on the shipment, in which case the company will not assume any risk arising from this circumstance, provided that it is so stated in the waybill.

[Article sheet](#)

ARTICLE 337. The addressee is bound:

- a) To receive the goods without delay, provided that the condition of the goods allows it and that it has the conditions expressed in the waybill;
- b) To open and recognize the packages containing the goods at the moment of reception, when so requested by the carrier. If the consignee refuses to comply with this obligation, the carrier shall be released from liability;
- c) To return the waybill or, failing that, to issue the receipt referred to in article 332;
- d) To pay the price of the carriage, when so expressed in the waybill. He shall also pay any other justified and pertinent expenses incurred by the carrier for the preservation of the effects;
- e) To formulate to the carrier, in writing, within eight working days after receipt of the merchandise, the corresponding claims, demanding from the carrier the responsibilities it has incurred in relation to the transportation; and

f) To comply with the orders of the sender, giving him an account without loss of time, of all that occurs with respect to the goods carried.

[Article sheet](#)

The addressee has the right:

a) To have the merchandise delivered at the place of destination, by means of the return, on their part, of the waybill;

b) To request the carrier to open the packages at the time of delivery in his presence and that of a notary and, in the absence of the latter, of two witnesses, in order to check for possible damage or impairment. In default of the carrier or its agents, the diligence shall be carried out by the addressee with the notary or witnesses if any, as mentioned above;

c) To be reimbursed for any advance payments made; and

d) If, due to the appearance of the packages, the consignee receives them without repair and upon opening them in his establishment or warehouse discovers such damage or impairment, he shall formulate in writing to the carrier, within eight days from receipt, the corresponding claim, provided that he proves that due to the nature of the damage, it must have been caused during transportation.

[Article sheet](#)

If the carrier doubts the fidelity of the declarations of the consignor with regard to the contents of the cargo, a search and contrast shall be made before a notary and two witnesses, or before three witnesses with the assistance of the shipper or the consignee, if they can be present. Once the recognition has been made, a record of the result shall be drawn up, and the packages shall be closed at the same time. If the suspicions of the carrier are unfounded, he shall bear all the expenses of the examination; and if, on the contrary, they are founded, the sender or, if applicable, the consignee, shall have to pay these expenses without prejudice to the consequences that may arise from his insincere declarations.

[Article sheet](#)

Public transportation companies shall issue their own regulations, tariffs or schedules, which must be approved by the Ministry of the Interior and posted in a visible place in their stations and warehouses. Such regulations, tariffs or schedules are mandatory for all, provided they conform to the legal provisions governing the matter.

(Note SINALEVI: In the case of Paid Transportation of Persons, see Article 2 of the Law Regulating Paid Transportation of Persons in Motor Vehicles, No. 3503 of May 18, 1965).

[Article sheet](#)

ARTICLE 341.- Public companies may not refuse to receive passengers or effects for transportation, provided that the passenger or the sender, as the case may be, complies with and abides by the legal provisions and regulations of the company.

[Article sheet](#)

ARTICLE 342.- The public company may receive for transportation goods and passengers at stations or places of transit, where the company does not have an open office. In such case, the respective driver shall receive the merchandise or admit the passenger, and the contract entered into with such employee in such circumstances shall bind the company under the terms expressed.

[Article sheet](#)

ARTICLE 343.- Public transportation companies are obliged to:

- a) To print their regulations and post them in a visible place in the stations and warehouses, once they have been approved by the Ministry of the Interior;
- b) To give seat tickets to the passengers and to their porters the respective guide. The company may not sell more tickets than the number of seats contained in the vehicle;
- c) To start and finish the trip on the days and at the times indicated in the announcements, even if not all seats are taken or there is space left over in the vehicle;
- d) To deliver the cargo at the agreed points as soon as it arrives at its destination. Delivery shall be made to the legitimate holder of the waybill. If the consignee does not show up to pick up the merchandise upon arrival of the vehicle, the company shall keep it in its warehouses until the interested party shows up to pick it up. The respective regulations shall state the period during which the goods may remain in the warehouse, after which and from that moment the interested party must acknowledge storage; and
- e) Not to vary the established rates before the new rates are approved by the competent agency. Once approved, if the change means a reduction, they shall be applied immediately; but if an increase is agreed upon, it may not be applied before one month from the respective publication. The company may not give special treatment to any customer; if it does so, it shall be obliged to recognize the same advantage to all those who have requested the company's service after the date on which it is proven that the rate reduction was made to a certain person or company. The cases of official and compliance fares are excepted. They may also grant discounts or exemptions provided that these are of a general nature and may be used by all those who meet the conditions required to merit the discounts or exemptions.

[Article sheet](#)

When the consignee cannot be found, and when the term during which the goods may remain in the warehouses of the carrier has expired, the competent authority of the place where they are located shall proceed to deposit and auction the goods at the request of the latter, following the procedure for acts of voluntary jurisdiction. The proceeds of the auction shall be used to cover the value of the freight, interest and other expenses, with any remainder remaining at the disposal of the consignee.

[Article sheet](#)

ARTICLE 345.- Any public transportation company shall incur in the liabilities set forth in Article 1048 of the Civil Code in the cases of death or injury of any passenger, as well as in the cases of railway disasters or accidents caused by the acts of its agents or factors in the performance of the functions or offices they perform.

The respective civil action may be brought, if the victim dies or becomes disabled, by the persons listed in Article 162 of the Civil Code (*), even if they do not enjoy or do not need alimony; in such case the amount of compensation shall be fixed by the courts of justice and shall be paid in a single installment.

(*NOTE: refers to the current Article 169 of the Family Code).

[Article sheet](#)

ARTICLE 346.- The documents and documents in which the company declines or restricts its obligation to indemnify damages, even when approved by the interested party, shall be null and void and of no value or effect, except in the following cases:

- a) When transporting live animals;
- b) When it refers to goods that by their very nature suffer deterioration or damage;

- c) When, at the sender's request, the effects travel in carriages, ships or uncovered vehicles, when customs and logic advise that they should travel in covered or tarpaulin vehicles;
- d) When the effects travel under the supervision of the sender's own employees; and
- e) When caused by force majeure or the passenger's or the sender's own fault, as the case may be.

[Article sheet](#)

Any claim arising out of the contract of carriage, either by the shipper or the consignee against the carrier, or by the latter against any of the former, must be formulated in writing within eight working days, but the legal action may be brought within the following six months, this being the term of the statute of limitations that governs in this matter.

The eight days referred to in the preceding paragraph to file the claim, run for the carrier from the time he receives the goods for carriage or from the delivery of the goods to the consignee, as the case may be; for the sender, from the time he becomes aware of the damage caused; and for the consignee, from the time he removes the goods from the station or warehouse of destination. The six months to file a legal claim will begin to run, in any case, on the day following the end of the trip and that the goods are at the disposal of the consignee in the respective station or warehouse.

[Article sheet](#)

ARTICLE 348.- All matters related to air transportation shall be governed by the provisions of this chapter, insofar as they are not expressly contradicted by Decree-Law No. 762 of October 18, 1949.

(NOTE: refers to the Civil Aviation Law, now regulated by Law No. 5150 of May 14, 1973 and its amendments).

[Article sheet](#)

CHAPTER VI

Travel Agents

ARTICLE 349.- Traveling agents are classified in two groups:

- a) Those who travel as employees of a certain company, through the payment of a fixed salary, percentage or other type of remuneration; and
- b) Those who travel on their own account and risk, acting for the benefit of one or more merchants. The former are called dependent traveling agents, and the latter are called independent traveling agents.

[Article sheet](#)

ARTICLE 350: Traveling agents are duly authorized to contract on behalf of a particular house. They carry out their work within or outside the national territory; they follow the itinerary set by their principal; they carry out contracts for the sale and purchase of merchandise; they collect credits in favor of the house and carry out the other acts or contracts that the principal house entrusts them with. They may not conclude business on their own account or represent more than one merchant or industrialist.

[Article sheet](#)

Contracts entered into by independent traveling agents shall always be ad-referendum, so that they shall not be considered firm until the principal office gives its approval. Once the contract has been ratified by the principal office, it shall be binding on both parties as if they had personally entered into the contract.

[Article sheet](#)

ARTICLE 352.- The independent traveling agent shall carry out his activities in the manner he deems convenient, and is free to engage in any other kind of business, provided that they are different from those carried out by virtue of his capacity as agent, unless the respective contract excludes such prohibition.

[Article sheet](#)

In the absence of a special agreement, the travel agent on commission shall receive a percentage proportional to the amount of the business transacted through his intervention, in accordance with the customs of the place where the business is transacted.

[Article sheet](#)

If due to fraud or gross negligence of the principal the business is not executed in whole or in part, the agent shall retain the right to claim the amount of the commission.

[Article sheet](#)

ARTICLE 355.- If the independent agent has been assigned in the contract a specific area on an exclusive basis, he shall be entitled to a commission for the business of his line of business carried out by the principal or by another dependent of his in said area, even if the agent has not intervened in said business.

[Article sheet](#)

ARTICLE 356: The independent agent shall transmit without delay to the principal the proposals he receives and shall give an immediate account of the contracts he makes when he is authorized to do so. All the orders received by the independent agent shall be understood as simple proposals that shall not be binding for the principal, except at the moment in which he issues the letter or dispatch accepting it. The dispatch of the goods in accordance with the order indicates acceptance. The principal shall have the right to accept or reject the contracting proposals, without being obliged to disclose the causes or reasons that have determined it. Orders placed with independent agents become firm as to the buyer as soon as they are placed and signed by the buyer and the agent.

[Article sheet](#)

Every traveling agent is required to have a power of attorney or authorization that enables him to act on behalf of the principal.

[Article sheet](#)

Every traveling agent, once the business in his charge has been concluded, shall render detailed and documented accounts to his principal. He shall hand over the cash specimens that he has from his principal without delay, and any loss that may occur shall be at his own risk and expense, even if it is due to an act of God. The undue retention obliges him to recognize legal interests and the damages that he may cause to his principal for the lack of timely delivery, in addition to the possible criminal action if he has acted maliciously.

[Article sheet](#)

As for traveling agents of foreign houses, they shall be governed by the provisions of international treaties, and in the absence of such provisions, by

the provisions of this chapter.

[Article sheet](#)

CHAPTER VII

Representatives of Foreign Houses

Article 360.- Representatives or distributors of foreign companies or their branches, affiliates and subsidiaries, are any natural or juridical person, who in a continuous and autonomous manner, with or without legal representation, acts placing purchase or sale orders directly to local importing or exporting firms on a commission or percentage basis, or prepares, promotes, facilitates or perfects the sale of merchandise or services that another foreign industrial merchant sells or renders.

(Thus amended by Article 1 of Law No. 5457 of December 20, 1973)

[Article sheet](#)

ARTICLE 361.- To be a representative of foreign houses it is required:

- a) Be Costa Rican or foreigner duly established permanently in the national territory;
- b) *(Repealed by Article 3 of Law No. 8629 of November 30, 2007).*
- c) Be sufficiently prepared in commercial matters and be of recognized solvency and honorability; and
- d) REPEALED

(Repealed by Article 70, paragraph h) of the second group of paragraphs, of Law No. 7472 of December 20, 1994)

[Article sheet](#)

ARTICLE 362.- REPEALED

(Repealed by Article 70, paragraph h) of the second group of paragraphs, of Law No. 7472 of December 20, 1994)

[Article sheet](#)

ARTICLE 363. The representative of foreign houses always acts on behalf of the firms he represents and shall not be liable for their non-compliance. His responsibility is limited to the strict compliance with the instructions received from the firms he represents, in accordance with the most rigorous morality and commercial ethics.

[Article sheet](#)

ARTICLE 364.- REPEALED

(Repealed by Article 70, paragraph h) of the second group of paragraphs, of Law No. 7472 of December 20, 1994)

[Article sheet](#)

ARTICLE 365.- Once a contract for the sale and purchase of merchandise entered into by a representative of foreign houses has been ratified by the principal house, it shall become final; any questions arising from such contract shall be resolved by the local courts and in accordance with the laws of the country. The respective lawsuit will be notified to the house at its domicile, warning it that it must appoint a person residing in the place where the court is located to represent it in the lawsuit, and that if it does not do so, the proceedings will be followed with a legal representative. If, due to a change of domicile, or for any other circumstance, it is not possible to notify the house, it will proceed in accordance with the provisions of the Code of Civil Procedures (*), relating to the processing of a lawsuit against a person of unknown domicile. Subject to the provisions of the respective treaties.

(NOTE: currently Code of Civil Procedure)*

[Article sheet](#)

All foreign firms referred to in this Chapter may freely do business in Costa Rica through distributors, concessionaires, agents or factors and representatives of foreign houses, who must be Costa Ricans or foreigners with the limitations established in Article 362, except for agencies and branches of foreign companies whose products are manufactured in our country, which may directly and freely exercise the distribution and representation of their own lines and those of Central American origin duly proven.

(As amended by Article 1 of Law No. 4625 of July 30, 1970)

[Article sheet](#)

CHAPTER VIII**Accountants and Dependents****ARTICLE 367.- REPEALED**

(Repealed by Article 2 of Law No. 4319 of February 5, 1969)

[Article sheet](#)

ARTICLE 368.- The entries made by the private accountant in the books bind the principal with respect to third parties, as if he had made them personally.

(As amended by Article 2 of Law No. 4319 of February 5, 1969)

[Article sheet](#)

ARTICLE 369.- Dependents are the persons to whom the principal entrusts the execution of certain operations of his commercial activity within the establishment.

[Article sheet](#)

The clerks who attend to the public shall be empowered to carry out the operations they are in charge of, and shall collect the price of the merchandise sold by them in the same act, unless the principal announces to the public that the payments shall be made to the cashier.

[Article sheet](#)

ARTICLE 371.- The acts of the dependents bind their principal in the operations expressly entrusted to them.

[Article sheet](#)

ARTICLE 372.- If a merchant by means of a circular letter addressed to his correspondents authorizes an employee to carry out certain operations in his line of business, the contracts that the employee enters into with the persons to whom the circular letter was communicated shall be valid and binding, provided that the act or contract carried out is within the functions entrusted to said commissioned person. The same communication is necessary for the correspondence of merchants, signed by the employee, to be effective with respect to the obligations contracted thereby.

The authorization given to a dependent to draw on a current bank account must be in writing.

[Article sheet](#)

ARTICLE 373.- When a merchant entrusts his clerk with the reception of the goods that are to come into his possession, and the latter receives them without objection as to their quantity, the delivery shall be deemed to have been well made and no further claims shall be admitted thereon than those that could arise if the merchant in person had received them.

[Article sheet](#)

ARTICLE 374.- Neither factors, nor accountants, nor trade clerks may delegate to others the assignments they receive from their principals, without the express consent of the latter; and in the event of making such delegation without authorization, they shall be directly liable for the actions of the substitutes and for the obligations contracted by them.

[Article sheet](#)

CHAPTER IX

Customs Agents or Brokers

ARTICLE 375.- REPEALED.

(Repealed by Article 255(currently 274), paragraph a), of General Customs Law No. 7557 of October 20, 1995).

[Article sheet](#)

ARTICLE 376.- REPEALED.

(Repealed by article 255 (currently 274), paragraph a), of the General Customs Law No. 7557 of October 20, 1995).

[Article sheet](#)

ARTICLE 377.- REPEALED.

(Repealed by article 255 (now 274), paragraph a), of the General Customs Law No. 7557 of October 20, 1995).

[Article sheet](#)

ARTICLE 378.- REPEALED.

(Repealed by article 255 (now 274), paragraph a), of the General Customs Law No. 7557 of October 20, 1995).

[Article sheet](#)

ARTICLE 379.- REPEALED.

(Repealed by article 255 (now 274), paragraph a), of the General Customs Law No. 7557 of October 20, 1995).

[Article sheet](#)

(REPEALED, by Article 4 of Law No. 8373 of August 18, 2003).

[Article sheet](#)

(REPEALED, by Article 4 of Law No. 8373 of August 18, 2003).

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(REPEALED, by Article 4 of Law No. 8373 of August 18, 2003).

[Article sheet](#)

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(REPEALED, by Article 4 of Law No. 8373 of August 18, 2003).

[Article sheet](#)

TITLE IV

SINGLE CHAPTER

Of the Stock Exchanges

ARTICLE 398.- Stock exchanges must necessarily be incorporated as open stock corporations, in accordance with the legal provisions governing such corporations, insofar as they are not specially modified by this chapter. They may not be incorporated with less than ten shareholders and their shares shall always be nominative.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 399.- The articles of incorporation of the company shall be approved by the Ministry of Finance, after consultation with the Ministry or state agency deemed competent, in relation to the nature of the stock exchange to be established.

The stock exchanges are governed by the Securities Market Law.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 400.- In addition to the requirements indicated in the two preceding articles, for the formation of a commodities exchange, the following are required:

- a) The founders may not subscribe or own at any time a proportion greater than forty percent (40%) of the authorized capital. Sixty percent (60%) or more must be made available to the Ministry of Finance, so that it may place such shares among the public. The State, the Central Bank of Costa Rica and State credit institutions may acquire shares in such corporations.
- b) The corporation must provide a guarantee for an amount equal to the authorized capital, to ensure faithful compliance with all the requirements of this law and the respective regulations. Said guarantee shall be of a permanent nature and may consist of mortgages, mortgage bonds or credits, joint and several bonds of a person having sufficient assets, irrevocable cash deposits or guarantee bonds issued by the National Insurance Institute, all to the satisfaction of the aforementioned Ministry.
- c) The company will be subject to the permanent supervision of the Central Bank of Costa Rica and will be exercised in accordance with the regulations promulgated by that institution, which will refer to the rules to be followed to carry out stock exchange operations; to the rules to be followed for the orderly operation of the stock exchange and to the fees of the State or its institutions that are placed through it.

These regulations shall be authorized by the Central Bank of Costa Rica, at the proposal of the stock exchange concerned.

(NOTE: According to opinion No. C-124-2005, signed by Dr. Fernando Castillo Viquez, Constitutional Attorney, paragraph c) of this article has been tacitly repealed by "transitory" IX of Law No. 7732 of December 17, 1997, Securities Market Regulatory Law).

- d) The regulations issued by the stock exchanges containing the requirements for the authorization of brokers must be registered and approved by the respective ministry or state entity, as well as the initial or periodic fees to be paid by the brokers to the stock exchange.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 401. The net profits of these corporations shall be distributed in the following manner:

- a) 5% for the formation and increase of the legal reserve, up to 20% of the capital;
- b) 10% for the formation of a special reserve up to 40% of the capital; and
- c) The remainder will be distributed in accordance with the resolutions of the stockholders' meeting.

[Article sheet](#)

ARTICLE 402.- All kinds of commercial contracts indicated in the articles of incorporation may be freely carried out in the stock exchanges, except those which are prohibited by law or are reserved to the stock exchanges. Any person, natural or juridical, may contract in the stock exchange, depending on the nature thereof:

- a) The purchase and sale of all kinds of metals, in accordance with the law authorizing such operations.

- b) The purchase and sale of all kinds of merchandise, according to the samples exhibited.
- c) The purchase and sale of all kinds of agricultural products.
- d) The purchase and sale of all kinds of art objects, whether they are traded as simple merchandise or taking into account their historical, archaeological or other value.
- e) All other operations inherent to this type of activities that are lawful and not expressly prohibited, or are not reserved for stock exchanges.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 403.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 404.- REPEALED.

(Repealed by Article 192 of the Securities Market Regulatory Law No.7732 of December 17, 1997)

[Article sheet](#)

ARTICLE 405.- REPEALED.

(Repealed by Article 192 of the Securities Market Regulatory Law No.7732 of December 17, 1997)

[Article sheet](#)

ARTICLE 406.- Any security not registered in the stock exchange may be traded through the stock exchange, under the exclusive responsibility of the parties involved in the contracting and upon payment of the corresponding fees established by the stock exchange, the intervention of the latter being limited to disclose, in the manner it deems convenient, data relative to such operations.

[Article sheet](#)

ARTICLE 407.- All transactions that individuals wish to carry out on the stock exchange must be proposed and carried out through a stock exchange post, which shall carry them out through its agents duly authorized by the stock exchange. The agents may not carry out operations on the stock exchange in their own name or on their own account, and shall act under the responsibility of the post. The stock exchange may suspend or cancel the concession to the post, or the authorization to the agent, at any time, for justified cause. The regulations of the stock exchange shall establish the basis for the payment of commissions and other charges, as well as the respective rates, registration fees and other fees applicable to the transactions carried out in the stock exchange or corresponding to the positions. These regulations shall be issued by the stock exchange, in accordance with the provisions of this chapter.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

In the negotiation of securities of the State or its institutions, the authorized brokers or agents are liable for the legitimacy of the securities offered by them on behalf of individuals, and in the other kind of securities they are liable for the right of the owner to transfer them and for their own right to make a firm offer for sale or purchase. In the case of merchandise or products, the brokers or agents must provide the stock exchange with the samples according to which they propose the sale, and must be responsible for ensuring that they are representative of the lots or quantities offered. The stock exchange shall be obliged to ensure that all these requirements are complied with and to allow free access to all reports in its possession to verify the validity of the registrations, entries and transactions made or desired to be made through it. However, the stock exchange will not guarantee the solvency of the companies whose shares, securities or bills of exchange have been registered or traded therein, nor that of the suppliers or purchasers of goods acquired through it. Nor may it guarantee the payment of dividends or interest on any kind of shares or securities, its sole responsibility being to ensure that all the requirements demanded by law to carry out the transactions have been complied with, that the documents giving rise thereto are legitimate and that the broker or intermediary agent is duly authorized.

[Article sheet](#)

ARTICLE 409.- The stock exchange shall prepare a bulletin of quotations, which shall include the results of its operations, whether daily, weekly or monthly, which shall also include the movement of the traded bills or merchandise, indicating the class, numbers, amounts and corresponding values, as well as all other data or reports on maximum and minimum prices that give a clear idea of the movement of the stock exchange, during the periods in question.

The bulletin shall be faithfully recorded in a book or register kept for that purpose by the stock exchange, and the data shall be published periodically in the official gazette La Gaceta, in summary form.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

It is forbidden for the stock exchange, the posts and their agents, to provide lists of shareholders of the companies, whose securities have been registered in the stock exchange, as well as to divulge to third parties the names of the persons who have carried out transactions through them, without prejudice to the identification that must be made of the securities or merchandise traded. Negotiations carried out in contravention of the provisions of this chapter shall not produce any effect as acts of commerce, without prejudice to the criminal liability that, in accordance with the law, may be incurred by the contracting parties.

(As amended by Article 2 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

SECOND BOOK

TITLE I

Obligations and Contracts

CHAPTER I

General Provisions

ARTICLE 411. Commercial contracts are not subject, for their validity, to special formalities, whatever the form, language or idiom in which they are entered into, the parties shall be bound in the manner and on the terms in which it appears that they intended to be bound. Exceptions to this provision are those contracts which, in accordance with this Code or special laws, must be executed in a public deed or require a form or solemnities necessary for their effectiveness.

(Thus amended by Article 68 (now 81) of the Law on Equal Opportunities for Persons with Disabilities No. 7600 of May 2, 1996).

[Article sheet](#)

When a contract is required by law to be in writing, this provision shall also include Braille and shall apply equally to all modifications of the contract.

(Thus amended by Article 68 (now 81) of the Law on Equal Opportunities for Persons with Disabilities, No. 7600 of May 2, 1996).

[Article sheet](#)

ARTICLE 413.- Contracts required by law to be recorded in writing shall bear the original signatures of the contracting parties. If any of them is unable to sign, another person shall sign at his request, with the assistance of two witnesses of his free choice. The blind or visually impaired person who so requires shall sign for himself in the presence of two witnesses of his free choice. Letters, telegrams or facsimiles shall be equivalent to the written form, provided that the letter or the original of the telegram or facsimile is signed by the sender, or it is proved that it has been duly authorized by the sender.

(Thus amended by Article 68 (now 81) of the Law on Equal Opportunities for Persons with Disabilities No. 7600 of May 2, 1996).

[Article sheet](#)

ARTICLE 414.- A signature reproduced by any mechanical means shall not be considered effective, except for those businesses, acts or contracts in which the law or usage admits it, especially when it is a matter of subscribing securities issued in considerable number.

[Article sheet](#)

ARTICLE 415.- REPEALED.

(Repealed by article 81 (now 94), paragraph a), of the Law on Equal Opportunities for Persons with Disabilities No. 7600 of May 2, 1996).

[Article sheet](#)

ARTICLE 416.- The provisions of civil law concerning the capacity of the contracting parties, the exceptions and the causes that rescind or invalidate contracts, on the grounds of capacity, shall be applicable to commercial acts and contracts, with the modifications and restrictions of this Code.

[Article sheet](#)

Article 417.-No terms of grace or courtesy shall be recognized in commercial contracts, and in the computation of days, months and years, the following shall be understood: the business day, of twenty-four hours; the months, as designated in the Gregorian calendar, and the year, may be established as three hundred and sixty-five days or three hundred and sixty days, as agreed upon by the parties.

(As amended by Article 1° sub-article 25 of Law No. 8507 of April 28, 2006)

[Article sheet](#)

ARTICLE 418.- Commercial obligations payable on the day indicated in the contract, and in the absence of any stipulation to that effect, shall be due immediately, unless by the nature of the business, or by established custom, a period of time is required. Consequently, the effects of default shall commence:

- a) In the case of contracts with a date set for their performance, either by the will of the parties or by law, the day following their expiration; and
- b) Cases for which no time limit is specified, from the day following that on which the creditor summons the debtor, judicially or extra-judicially. The receipt of the post office gives rise to the presumption, in the absence of proof to the contrary, that the letter or telegram sent refers to the extrajudicial summons.

[Article sheet](#)

ARTICLE 419.- Commercial obligations shall be performed at the place determined in the contract. In the absence of any indication to that effect, performance shall take place in accordance with the nature of the business, or when the law or custom so determines. In the case of obligations payable in money, bills of exchange or other securities, where no domicile has been indicated for delivery, delivery shall be made at the commercial establishment or office of the debtor, and in default thereof at the residence of the debtor.

[Article sheet](#)

ARTICLE 420.- When it has been stipulated that the obligation is to be paid by successive installments, unless otherwise agreed, the failure to make a payment shall render the entire obligation due and payable.

[Article sheet](#)

If the contract does not state precisely the kind and quality of the goods to be delivered, the obligee may not demand the best, nor may the obligor perform by delivering the worst. In this case the obligee must be satisfied with the average kind and quality. If there is no understanding, the matter will be resolved by the competent judicial authority, following the procedures established for acts of voluntary jurisdiction.

[Article sheet](#)

ARTICLE 422.- When an obligation must be fulfilled or a legal act must be performed at the expiration of a term, the expiration shall be regulated in accordance with the following rules:

- a) If it is fixed in days, the day on which the contract was signed shall not be counted and the debt shall become due on the last day of the term.
- b) If it is fixed in weeks, the debt shall become due in the last week, on the day corresponding by name to that on which the contract was signed; and
- c) If the term is fixed in months, the debt shall become due on the day which in the last month corresponds by its number to the day on which the contract was signed; if in the last month there is no corresponding day, the obligation shall be fulfilled on the last day of such month.

The expression "half month" is equivalent to fifteen days; if the term is one or more months and a further half month, the fifteen days shall be counted last.

When an obligation must be fulfilled within a certain period of time, the debtor must satisfy it before its expiration.

[Article sheet](#)

ARTICLE 423.- Commercial obligations shall not be payable except during normal business hours. If the obligation is due on a Sunday, a holiday, a day of rest or on any other day when the establishment where payment is to be made is closed due to force majeure, it shall be satisfied on the following business day.

[Article sheet](#)

ARTICLE 424.- If the term fixed is extended, the new term, unless otherwise agreed, shall run from the day after the day on which it was due to expire.

[Article sheet](#)

In bilateral contracts, performance may only be demanded by the party who has satisfied his obligations, except in cases where he has a legal or conventional term, or where the nature of the contract so requires.

[Article sheet](#)

When the non-performance or imperfect performance of a contract has been subject to a penalty, unless there is fraudulent intent on the part of the debtor or an agreement to the contrary, the obligee may only demand performance of the stipulation or the agreed penalty; but if the penalty has been stipulated only in anticipation of non-performance at a specific time or place, the obligee may demand both the penalty and performance of the contract.

[Article sheet](#)

ARTICLE 427.- The penalty clause must be complied with even if the obligee has not suffered any damage. If the damages exceed the amount of the penalty, the obligee may claim a greater indemnity only if he proves fraudulent intent on the part of the obligor.

[Article sheet](#)

ARTICLE 428.-The penalty clause may not be demanded when the breach of contract is due to force majeure, fortuitous event, default of the obligee, or when the verified performance has been accepted without reservation.

[Article sheet](#)

When the obligation to do does not require the personal action of the debtor, and the latter refuses to perform it, the competent judge may enforce it or authorize the creditor to enforce it on behalf of the debtor. If the obligation to do is personal and the obligor refuses to perform it without just cause, the obligee shall be entitled to claim damages.

[Article sheet](#)

The obligation to give carries with it the obligation to keep the thing until delivery, and the debtor, in such case, assumes the responsibilities of a depositary.

[Article sheet](#)

ARTICLE 431.- Commercial obligations and their exceptions are proven by:

- a) Public documents.
- b) The minutes and the certifications of the registry book of the sworn brokers, if they have intervened in the operation.
- c) Invoices signed by the debtor.
- d) Correspondence.
- e) Commercial accounting.
- f) The testimony of witnesses, but this evidence shall not be admitted as sole evidence, when the principal obligation exceeds the value indicated in the first paragraph of Article 351 of the Code of Civil Procedure, unless there is another kind of complementary evidence.
- g) With any other means of proof admitted by civil law or custom and usage.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 432.- In mercantile obligations the co-debtors shall be jointly and severally, unless otherwise expressly agreed. Every guarantor of a mercantile obligation, even if he is not a merchant, shall be jointly and severally with the principal debtor and with the other guarantors, except as otherwise provided in the contract.

[Article sheet](#)

ARTICLE 433.- The debtor who pays has the right to demand a receipt and is not obliged to be satisfied with the simple return of the title to the debt, if on it is not written its cancellation signed by the creditor or his legitimate representative.

[Article sheet](#)

ARTICLE 434.- When the merchant settles his accounts in fixed periods or the obligation is divided into successive tracts, the settlement of an account shall presume that of the previous items referring to the same business.

[Article sheet](#)

ARTICLE 435.- The person who pays a bill or gives a receipt does not lose the right to request the rectification of errors, omissions, items or other vices contained in the bill or receipt, provided that the error suffered is duly proven.

[Article sheet](#)

ARTICLE 436.- When in the drafting of a contract clauses of absolute necessity to carry out what has been agreed are omitted, it is presumed that the parties intended to be subject to what in the same case is customary in the place where the contract is to be performed, and if the interested parties do not explain their agreement in the omission, the procedure shall be carried out according to custom.

[Article sheet](#)

In commercial matters, in case of accusation of falsity of the document serving as basis for the execution, the procedure established in Articles 206 and 207 of the Code of Civil Procedures shall be followed.

(NOTE: currently governed by the Code of Civil Procedure in Article 396 et seq.)

[Article sheet](#)

CHAPTER II

Sale and Purchase

ARTICLE 438.- It shall be a mercantile sale-purchase:

- a) The one carried out by a commercial enterprise, individual or collective, in the normal operation of its business, whether of objects purchased for resale in the same state or after processing;
- b) That of real estate acquired for resale for profit, whether transformed or not. The purchase and sale of real estate will also be mercantile when it is acquired for the purpose of leasing it, or to install a mercantile establishment therein;
- c) Air and maritime vessels, commercial papers, securities of any nature and shares of commercial companies.

[Article sheet](#)

ARTICLE 439.- The purchase and sale made by a merchant shall be presumed to be mercantile, unless it is proven that they do not correspond to any of those indicated in the preceding article.

[Article sheet](#)

ARTICLE 440.- The sale and purchase of another's thing is valid provided that the buyer is unaware of the circumstance. In this case the seller is obliged to deliver it or, failing that, to pay damages. The purchase-sale shall be null and void when the buyer, at the time the contract is entered into, knows that the thing is another's thing.

The promise of sale of another's thing shall be valid. Whoever offers such a thing shall be obliged to acquire it and deliver it to the buyer, under penalty of paying damages.

[Article sheet](#)

ARTICLE 441.- In the sale-purchase of a specific future thing, the contract shall be subordinated to the existence of the object. If the thing does not come into existence, the contract shall be terminated without liability for either of the contracting parties. If the price or part thereof has already been paid, the seller shall be bound to return the sum received, unless there is fault, fraud or negligence on his part, in which case he shall also be liable for the damages caused.

[Article sheet](#)

ARTICLE 442.- When the parties deal with each other orally, either in a meeting or by telephone, the contract of sale resulting therefrom shall be perfect as soon as the thing and price and other circumstances of the negotiation are agreed upon.

[Article sheet](#)

ARTICLE 443.- In the sale and purchase negotiated by correspondence, the following rules shall apply:

- a) If the bidder sets a waiting period, he shall be obliged to maintain his bid until that day; and
- b) If he does not set a waiting date, he shall be obliged to maintain his offer for five days, if it is for the same place; if it is for another place within the national territory, ten days; and if it is abroad, one month. These terms shall be counted from the day on which the bidder deposits the bid at the post office.

[Article sheet](#)

ARTICLE 444.- The contract shall be perfect from the moment in which, within the terms indicated in the preceding article, the tenderer receives communication from the other party accepting purely and simply. If the answer contains some modifications or conditions, the contract shall not be perfected until the original tenderer accepts the changes and so informs the other party. This reply, on the other hand, will produce the perfection of the contract, when it reaches the potential buyer.

[Article sheet](#)

ARTICLE 445.- The public solicitation made by merchants in the form of circulars, notices or by other means, shall not bind them to a certain person, and only to the person who first accepts it.

[Article sheet](#)

ARTICLE 446.- When in the purchase-sale reference is made to the market price, stock exchange, national or foreign market, it shall be determined in accordance with the price prevailing in those places or establishments on the day of the contract. If the object of the contract is things habitually sold by the seller and the parties have not agreed on the price or the manner of determining it, it shall be presumed that they have agreed with the price normally demanded by the seller, unless they are things that have a market or stock exchange price, in which case it shall be determined by the price they had in those establishments of the place on the day the contract was entered into.

[Article sheet](#)

ARTICLE 447.- Deposits, advances and amounts delivered as a token of the contract shall be deemed to have been received on account of the price, unless otherwise expressly agreed.

[Article sheet](#)

If the buyer so demands, the seller shall deliver to him duly cancelled invoices or documents that assure him the peaceful enjoyment of the purchased thing.

[Article sheet](#)

ARTICLE 449.- Whoever in good faith buys in an establishment open to the public things that are of his normal line of business, may not be deprived of them, even if they do not belong to the seller and he has fraudulently sold them.

[Article sheet](#)

ARTICLE 450: The buyer who, at the time of receiving the thing, examines and tests it to his satisfaction, shall not have the right to claim against the seller alleging defect or defect of quantity or quality.

The buyer shall have the right to recourse against the seller for these reasons, if he has received the goods wrapped or packed, provided that within five days of receipt he informs the seller or his representative in writing of any defect or defect resulting from an act of God or force majeure or deterioration due to the nature of the goods themselves. The seller may require that an examination as to quality and quantity be made at the time of delivery. Once this recognition has been made in the presence of the buyer or his agent for receiving the goods, if they are satisfied, no further claim may be made.

If the defects are hidden, the buyer must report them in writing to the seller or his representative within ten days of delivery, unless otherwise agreed.

The statute of limitations for legal action shall be three months from the date of delivery.

[Article sheet](#)

ARTICLE 451.- Unless otherwise agreed or unless there is an established custom, the thing sold shall be delivered at the seller's place of business, or at the seller's domicile in default thereof.

[Article sheet](#)

ARTICLE 452.- When the seller guarantees the operation of the thing sold for a specific period of time, if it is found to be defective, the buyer, unless otherwise agreed, must inform the seller within thirty days of having discovered it and as long as it does not exceed the guarantee period, under penalty of forfeiture.

The competent judicial authority, at the request of the interested party and following the procedures established for acts of voluntary jurisdiction, may fix a term for the repair of the thing, or, if necessary, order its replacement without prejudice to compensation for damages. If the guarantee of good working order has no term, it shall be understood to be given for one year.

[Article sheet](#)

ARTICLE 453.- The purchase and sale of a thing that is customary to be tasted shall not be perfected until the buyer expresses his conformity. If the examination is to be made at the seller's place of business, the latter shall be released if the buyer does not examine it within the term established by the contract or the use of the place; in the absence of both, within the term fixed by the seller.

If at the time of the conclusion of the contract the thing is already in the possession of the buyer and the latter does not express disagreement within twenty-four hours, his silence shall be construed as acceptance of quality and quantity.

[Article sheet](#)

ARTICLE 454.- When the purchase-sale is agreed upon subject to proof, it shall be understood to be subject to the suspensive condition that the thing has the qualities agreed upon and necessary for the use to which it is destined. The test shall be carried out in the manner and within the term agreed in the contract; in the absence of stipulation, custom shall be considered.

[Article sheet](#)

ARTICLE 455.- In the sale-purchase on samples or on qualities known in commerce, the thing shall be determined by reference to the sample or qualities. It is necessary that the thing sold be individualized for the purpose of having its ownership transferred. The individualization shall be made by mutual agreement between the parties, unless by agreement or by established custom, it is made by the seller.

[Article sheet](#)

ARTICLE 456.- When the price is to be paid in installments, it may be agreed that the failure to make one or several payments shall cause the termination of the contract, in accordance with the following rules:

- a) In the case of movable property such as automobiles, motors, pianos, sewing machines or other similar objects that can be identified, the contract must be made in authentic form. The termination of the contract will be effective against third parties when the termination clause has been registered in the Registry of Movable Goods; and
- b) In the case of movable property whose identification cannot be undoubtedly established, the termination of the contract shall not be effective against a bona fide third party who has acquired or accepted it as security for an obligation.

[Article sheet](#)

If the contract is terminated, the seller shall return the sums received as price, but shall have the right to deduct compensation for the use made of the movable during the term of the contract and the deterioration it may have suffered. In the case of motor vehicles, the buyer shall be exclusively responsible for the consequences of any crime, quasi-delict or misdemeanor caused to third parties through the use of the vehicle.

[Article sheet](#)

ARTICLE 458.- An agreement containing a reservation of title may not exceed a term of three years, and during the term thereof, the buyer must inform the seller of any change of address, as well as of anything that may in any way modify the value of the thing sold. Failure to give notice of these circumstances shall render the obligation due and enforceable. The seller shall enforce this right through the procedures corresponding to acts of voluntary jurisdiction.

[Article sheet](#)

ARTICLE 459.- The seller is liable for damages occurring to the things sold and not delivered to the buyer, even if they arise from acts of God:

- a) When the thing sold is not a determined object, identifiable with distinctive marks, numbers or signs that avoid its confusion with others of the same kind;
- b) When by convention, by usage or by law, the buyer has the right to examine and test the thing and it perishes or deteriorates before being satisfied with it;
- c) When the effects sold are to be delivered by number, weight or measure;
- d) When the sale has been made on condition of delivery within a certain period of time, or until the thing is in a state to be delivered in accordance with the stipulations of the sale;
- e) When the seller is in default of delivery of the thing sold, when the buyer is ready to receive it.
- f) When in the alternative obligations one of the things sold perishes fortuitously, the obligation is limited to the remaining thing; but if it has perished through the fault of the seller, the buyer can request the delivery of the existing one or the price of the loss. If both perish, the obligation shall be cancelled with the price of the last one that perished, and if they have perished simultaneously, with that of the one that the seller chooses, unless the right of choice corresponds contractually to the buyer.

[Article sheet](#)

The invoice shall be enforceable against the buyer for the amount of the overdrawn sum, if it is signed by the buyer, by his agent or by his representative, duly authorized in writing, and provided that a tax stamp is added to it at the time it is presented for judicial collection. The value of the stamp shall be that which would correspond to a promissory note and shall be charged to the debtor as collection expenses.

The amount stated in a commercial invoice is presumed to be true and the signatures covering it are authentic.

[Article sheet](#)

Article 460 bis - The commercial invoice and the invoice for services shall have the character of an enforceable title; they may also be validly transmitted by endorsement. The rules for the endorsement of securities to order, and especially Article 705, shall be applicable to such endorsement.

The above rules shall be extensible to commercial and service invoices that are covered by electronic documents, as applicable to the computer systems that allow the issuance, receipt and transmission of such invoices, in accordance with the corresponding legislation or regulations.

*(Thus amended by Article 56 of the Development Banking System Law, No. 8634 of April 23, 2014, which underwent a comprehensive amendment by Regulation No. 9274 of November 12, 2014. Previously this article had been added by number 55 of the aforementioned regulation and established the following: "**Article 460 bis**.- The invoice may be validly transmitted by means of endorsement").*

[Article sheet](#)

ARTICLE 461.- Once the purchase-sale contract has been perfected, any losses, damages and impairments that may occur to the goods sold shall be for the account of the buyer if they have already been delivered to him in real, legal or virtual form.

[Article sheet](#)

ARTICLE 462.- If delivery of the goods has been agreed upon in a determined quantity and time, the buyer shall not be bound to receive them under different conditions; but if he accepts different deliveries, the sale shall be consummated as to such deliveries, without prejudice to the indemnity to which he may be entitled for the seller's failure to perform.

[Article sheet](#)

ARTICLE 463.- Once the purchase-sale contract has been perfected, the contracting party who complies shall have the right to demand from the one who does not comply, the rescission of the contract or the performance thereof, and in addition, the indemnification for damages.

[Article sheet](#)

ARTICLE 464.- From the moment the buyer accepts that the goods sold remain at his disposal, he shall be deemed to have virtually received them, and the seller shall be left with the rights and obligations of a depositary.

[Article sheet](#)

If no date has been fixed for delivery of the goods, the seller shall have them at the disposal of the buyer within twenty-four hours following the contract.

[Article sheet](#)

ARTICLE 466.- Delivery of the thing sold shall be deemed to have been made:

- a) With the delivery receipt not objected to by the buyer;
- b) For the transfer of the bill of lading or waybill during the transportation of the merchandise;
- c) For the fixation by the buyer of his mark on the goods with the knowledge and acquiescence of the seller;
- d) By the delivery of the keys of the warehouse, store or cashier's office where the thing sold is located;
- e) By the entry in the book or certification issued by the public offices in favor of the buyer, by agreement of the parties; and
- f) By any other means recognized by custom in the trade.

[Article sheet](#)

ARTICLE 467.- The seller shall be bound in every sale to reorganization, unless otherwise agreed.

[Article sheet](#)

ARTICLE 468.- As long as the merchandise is in the seller's possession, even if it is as a deposit, the seller shall have preference over any other creditor to pay with it what is owed to him on account of its price.

[Article sheet](#)

If the buyer returns the purchased thing and the seller accepts it, or if having been returned against his will, he does not have it judicially deposited within the following five days, with notification of the deposit to the buyer, it is presumed that the seller has consented to the rescission of the contract.

[Article sheet](#)

ARTICLE 470.- The seller who, after the sale has been perfected, alienates, consumes or deteriorates the thing sold, without fraudulent intent on his part, shall be obliged to give the buyer another equivalent in kind, with an estimate of the use the buyer intended to make of it, and of the profit it would provide him.

[Article sheet](#)

If the non-delivery of the goods is due to loss caused by an act of God, the contract shall be rescinded and the seller shall be exclusively bound to return the price. If part of the merchandise has been saved, the buyer shall have the right to make good the contract to that extent.

[Article sheet](#)

ARTICLE 472.- The shipment of the goods to the buyer's domicile or to any other agreed place made by the seller through the buyer's employees or agents shall constitute the effective delivery of the goods; but if the shipment is made through the seller's employees, the delivery shall not be deemed to have been made until the buyer or his legal representative has acknowledged receipt of the goods.

[Article sheet](#)

ARTICLE 473.- Purchases made under the "cost, insurance and freight" clause, known in the trade by the acronym "CIF", include the value of the thing, the agreed insurance and the price of freight to the place indicated in the contract. The seller is obliged to contract the transport and take the type of insurance for the benefit of the buyer, according to the contract. The goods shall travel from the place of shipment to the place of destination at the buyer's risk and expense. The above provisions shall also apply, as appropriate, when the purchase is made including only cost and freight, known in the trade with the acronym "C and F".

Bills of lading, air waybills and bills of lading shall have the character of enforceable title for the purpose of collecting the freight price, provided that such price is stated in the document and is signed by the consignee, by his agent or by his duly authorized agent in writing.

(Paragraph added by Article 166, paragraph c) of the Organic Law of the Central Bank of Costa Rica No. 7558 of November 3, 1995).

[Article sheet](#)

ARTICLE 474.- The delivery of the goods to the carrier, whatever form of transport is used, is equivalent to delivery to the buyer. However, the claims that may arise due to lack of quantity or defect in quality, or because the samples or catalogs that served as the basis for the contract are not in conformity, or for any other reason attributable to the seller, shall be made within the term already provided for in article 450, in which case the terms shall be counted from the day on which the buyer received the goods.

[Article sheet](#)

In contracts of sale and purchase in which the phrase "Free on Board", known by the acronym "FOB", is included, the seller shall fix a price that shall include all expenses until the things sold are placed on board the ship or vehicle that is to transport them to their destination, at which time they shall be at the buyer's risk and expense. As regards possible claims for quality or quantity or other impairments attributable to the seller, the provisions of Article 450 of this Code shall apply.

[Article sheet](#)

ARTICLE 476.- If the goods are in transit, and the insurance policy for transportation risks is among the documents delivered, these shall be at the expense of the buyer from the moment of delivery of the goods to the carrier, unless the seller knew, at the time of entering into the contract, of the existence of the loss or damage to the goods and concealed it from the buyer.

[Article sheet](#)

If the buyer refuses, without just cause, to receive the purchased effects, the seller may request the termination of the contract, with compensation for damages, or the payment of the price with legal interest, consigning the goods at the disposal of the competent judge of the place indicated for delivery, which consignment shall be made through the procedures established for acts of voluntary jurisdiction, so that the latter may order their deposit or sale on behalf of the buyer, according to the nature of the thing. The seller may also request the judicial deposit, when the buyer delays the reception of the effects; and in this case, the expenses of transfer to the deposit and conservation of the same shall be borne by the latter.

[Article sheet](#)

CHAPTER III

Purchase and Sale of Mercantile and Industrial Establishments

ARTICLE 478.- The following are constituent elements of a commercial establishment, for the purposes of its transfer by any title: electrical, telephone and any other type of installations, furniture, stock in merchandise, patents and trademarks, accounting including the complete records of the business, industrial drawings and models, honorary distinctions, and other rights derived from commercial, industrial or artistic property. The sale of a commercial or industrial establishment includes all its elements, and all its assets and liabilities, unless otherwise expressly agreed.

[Article sheet](#)

The transfer by any onerous title of a commercial or industrial establishment, either directly or by auction, or the transfer of the individual limited liability company to which the same belongs, must necessarily be announced in the official newspaper by notice to be published three consecutive times, in which the creditors and interested parties shall be summoned to appear within fifteen days from the first publication to assert their rights.

[Article sheet](#)

ARTICLE 480.- The price of the establishment or of the individual limited liability company shall not be delivered to the transferor under any circumstances, until the fifteen days indicated in the preceding article have elapsed and the liquidation and payment of the accounts presented within that term have been made.

[Article sheet](#)

The price, if in cash, shall be deposited with the purchaser or with a third party of recognized honorability, who has an office installed in the place where the transferred establishment is located; a Bank or the notary public authorizing the deed may also be appointed as depositary. The depositary will have all the responsibilities that the law indicates for the exercise of functions of that nature, and must appear to accept and receive the securities. If the notary is appointed, he shall record his own acceptance, without this implying any violation of the provisions of the Notary Law. In case of an auction, once the price has been deposited, the Judge shall summon the creditors to the meeting referred to in Article 483. The expenses incurred in the publication of the edicts shall be covered with part of the deposited price.

[Article sheet](#)

ARTICLE 482.- Claims arising from the mercantile traffic of the establishment being sold must be presented within the aforementioned fifteen-day term, with proof of their existence and that they arise from the business of the establishment in question. The personal obligations of the seller shall not be taken into account, if he does not prove that they were contracted for the benefit of the establishment and in connection with its line of business.

[Article sheet](#)

ARTICLE 483.- Once the fifteen days referred to in Article 479 have expired, the depositary shall summon the creditors so that they may make the agreements they deem appropriate regarding the payment of the claims. Claims not presented within the aforesaid term shall be collectible from the seller without the establishment sold being liable. The creditors who present themselves in time, and whose credits have not been recognized, may demand by the corresponding means their recognition according to the nature of the title on which they base their credit, and a part equal to the amount thereof shall be deposited to the order of the judge of the case, to be delivered in a timely manner as decided in the judgment. Upon delivery of such sum, the depositary shall be relieved of his liability in respect thereof.

If the amount of the credits is greater than the deposited price, or if they cannot all be covered because there are securities that are part of the same that are not liquid and enforceable, the total amount shall be deposited with the competent judicial authority, so that the liquidation of the case may continue through the corresponding procedures.

[Article sheet](#)

The provisions of this chapter shall be applicable when the establishment is disposed of in its greater part as a single whole, and when the transfer refers to two or more lots, carried out in a manner that goes beyond the normal conditions of the business of the establishment.

[Article sheet](#)

ARTICLE 485.- The creditors of the commercial or industrial establishment sold may, within the aforementioned term of fifteen days, oppose the sale if they prove with a summary appraisal that the price is ten percent lower than that which rationally and given the market conditions and the special conditions of the merchandise, could have been achieved. For the opposition to succeed it is indispensable not only that verification, but to make the formal offer to take it for the sum that they indicate, or to present a buyer that pays in cash that amount.

[Article sheet](#)

ARTICLE 486.- The seller of the establishment or the purchaser may prevent the action of the creditors referred to in the preceding article, if they cover the difference in price alleged by them. The sale shall become firm upon payment of such difference in cash.

[Article sheet](#)

ARTICLE 487.- If payment is not made in cash, it must necessarily be represented by commercially discountable securities. The discount thereof must be made prior to the publication of the notice, since as to the creditors, the deposit must be in cash, unless they unanimously decide otherwise. The discount shall in no case affect the creditors.

[Article sheet](#)

ARTICLE 488.- The sale of a mercantile or industrial establishment in which the formalities of this Chapter have not been complied with shall be absolutely null and void as to third parties, and the purchaser shall not make good payment.

[Article sheet](#)

ARTICLE 489.- For the purpose of amply guaranteeing the creditors, the price shall be paid in full, unless they unanimously accept a different form of payment, or agree with the buyer, all or some of them, to accept him as debtor, definitively releasing the seller. Previous obligations of the seller in favor of the purchaser or advances may not be taken as part of the price if other creditors remain unpaid in shortfall, except in the case that the acquisition has been made by auction in a lawsuit promoted by a creditor who in those circumstances has been awarded the business.

[Article sheet](#)

CHAPTER IV

Assignment of Receivables

The assignment of a non-endorsable credit shall be subject to the rules set forth in Articles 1101 to 1116 of the Civil Code, unless otherwise provided in this chapter.

[Article sheet](#)

ARTICLE 491.- The assignment of a credit must be notified to the debtor, and as long as the debtor is not notified the assignment is ineffective as to him. Such notice may be given by notarial process, registered letter or other authentic or easily verifiable form.

This notification will not be necessary in those cases in which, previously established as valid in the initial contract, they are operations in which rights are assigned as components of a portfolio of credits for:

a) To guarantee the issuance of securities through public offerings.

b) To constitute the assets of a company for the purpose of issuing securities that may be offered to the public and whose amortization and interest services are guaranteed with such assets.

The assignment shall be valid as of its date, as recorded in the public document of a date certain. These operations shall be exempt from any stamp and tax and the notary fees shall be established by mutual agreement between the parties.

(These two final paragraphs were added by Article 187, paragraph d) of the Securities Market Regulatory Law No. 7732 of December 17, 1997).

[Article sheet](#)

ARTICLE 492.- The debtor to whom the assignment is made known and who has to raise defenses that do not result from the assigned title, shall present them at the time of notification or within the third day. If no statement is made in respect of such defenses within that period, they shall be rejected if they are to be asserted at a later date. The exceptions appearing in the document may be opposed to the assignee at any time in the same manner as they would have been opposed to the assignor.

For the purposes of the cases set forth in paragraphs a) and b) of the preceding paragraph, the debtor may only raise against the assignee the exception of payment, provided that such payment is documented and has been made prior to the assignment, and the nullity of the credit relationship.

(This final paragraph was added by Article 187, paragraph e) of the Securities Market Regulatory Law No. 7732 of December 17, 1997).

[Article sheet](#)

ARTICLE 493.- Unless otherwise agreed, the assignor of a mercantile credit is only liable for the legitimacy of the credit and for the personality with which he made the assignment, but does not guarantee the solvency of the debtor.

[Article sheet](#)

ARTICLE 494.- The assignment of litigious rights arising from acts or contracts of commerce does not give rise to withdrawal, whatever the title of the transfer may be.

[Article sheet](#)

CHAPTER V

Loan

ARTICLE 495.- A loan contract shall be deemed to be mercantile when it is granted for valuable consideration, even if it is in favor of non-merchants.

[Article sheet](#)

ARTICLE 496.- Unless otherwise agreed, a commercial loan shall always be remunerated. The remuneration shall consist, in the absence of agreement, of legal interest calculated on the sum of money or the value of the thing lent. Current interest shall begin to run from the date of the contract, and default interest from the maturity of the obligation.

[Article sheet](#)

Article 497.-Conventional interest is the interest agreed upon by the parties, which may be fixed or variable. In the case of variable interest, national or international reference rates or indexes may be agreed upon to determine the variation, provided they are objective and of public knowledge.

Legal interest is that which is applied in the absence of agreement, and is equal to the basic passive rate of the Central Bank of Costa Rica for operations in local currency and the prime rate for operations in U.S. dollars.

The interest rates provided for in this article may be used in all kinds of commercial obligations, including those documented in securities.

(As amended by Article 167 paragraph h) of the Organic Law of the Central Bank of Costa Rica, No. 7558 of November 3, 1995).

[Article sheet](#)

ARTICLE 498.- Default interest shall be equal to current interest, unless otherwise agreed.

When current and default interest is agreed upon, the latter may not exceed thirty percent (30%) of the rate agreed upon for current interest.

When current interest is not agreed, but default interest is agreed, such interest may not exceed thirty percent (30%) of the legal interest rate indicated in the preceding article.

(Thus amended by Article 167, paragraph h), of the Organic Law of the Central Bank of Costa Rica No. 7558 of November 3, 1995).

[Article sheet](#)

ARTICLE 499.- Interest shall be stipulated in money, even if the loan has not been in money. Interest shall be paid in accordance with the terms of the agreement, and in the absence thereof, in the same terms and conditions in which the principal is to be paid.

[Article sheet](#)

ARTICLE 500.- The receipt of interest that covers a year, semester, quarter, month or other period, presumes the payment of the previously accrued interest.

[Article sheet](#)

ARTICLE 501.- Receipts for the totality of the principal, without reservation of interest, shall be presumed to be paid, unless there is evidence to the contrary.

[Article sheet](#)

ARTICLE 502.- Sums delivered on good account of the obligation, without specifying whether they are to be applied to the principal or to interest, shall be imputed first to interest.

[Article sheet](#)

Unless otherwise agreed, payment shall be made at the domicile of the creditor. If no term has been fixed for doing so, the obligation shall be due ten days after the date of execution.

[Article sheet](#)

When a term has been stipulated, the return of the thing shall be made as agreed; however, the debtor may not claim this benefit:

- a) When the assurances stipulated in the contract have been diminished, or those that by agreement or by law are obliged to be given have not been given;
- b) When the debt is divided into several installments, you fail to pay any of them;
- c) When he wishes to leave the country without leaving known and sufficient assets to meet the payment of his obligations; and
- d) When the debtor does not duly attend to the conservation of the mortgaged property or of the pledged property.

[Article sheet](#)

ARTICLE 505.- Capitalization of interest is prohibited. However, if upon liquidation of a debt interest is owed, it may be added to the principal to form a single total. When granting a new document or extending the previous one, interest may be stipulated on the totality of the obligation.

[Article sheet](#)

In the case of loans of non-fungible things, the debtor is obliged to return the same that he received in the state in which the lender delivered them to him, except for natural deterioration due to the passage of time, moderate use or the nature of the thing itself.

[Article sheet](#)

ARTICLE 507.- If the loan is in securities or bills of exchange and the debtor is unable to return the same that he received, he shall fulfill his obligation by delivering others of the same kind and value.

[Article sheet](#)

In the loan of bills of exchange, shares and other securities, the person who has received them is obliged to collect interest and dividends and to take all the necessary steps to ensure that the security retains the rights inherent to it.

[Article sheet](#)

CHAPTER VI

Of the Bond

ARTICLE 509.- For a surety to be considered a commercial bond, it is sufficient that its purpose is to secure the performance of a commercial act or contract. The mercantile bond shall always be joint and several, unless otherwise reserved, and consequently the surety may not invoke the benefit of excusion.

[Article sheet](#)

ARTICLE 510: The bond must necessarily be in writing, regardless of its amount, and may not exceed the principal obligation.

[Article sheet](#)

ARTICLE 511.- The person obliged to give surety must present one who has sufficient assets to answer for the payment of the obligation, who shall be subject to the domicile where the obligation is to be fulfilled.

[Article sheet](#)

If the bond given is insufficient, another bond must be given. In time obligations, the creditor who does not require a bond at the time of entering into the contract may demand it later if the debtor suffers a notable impairment of his assets or intends to leave the country without leaving sufficient assets to make the obligation effective. This term may not be, in any case, less than ten days.

[Article sheet](#)

ARTICLE 513.- The surety, by express agreement, may demand from the debtor a retribution for the liability incurred by giving the guaranty.

[Article sheet](#)

The surety may demand that the debtor insure payment in the following cases:

- a) If the debtor's assets are impaired to such an extent that the debtor is at risk of becoming insolvent;
- b) If you intend to be absent from the country without leaving assets that may be subject to seizure;
- c) If the debt becomes due; and
- d) If three years have elapsed, and the principal obligation has no fixed term and is not for valuable consideration.

[Article sheet](#)

ARTICLE 515.- The surety who pays is subrogated to the rights and guarantees that the creditor had, and may demand from the debtor the reimbursement of the principal, and of the interest paid by him and those that may be paid thereafter, the judicial expenses and any other expenses that he may have incurred due to the lack of performance by the debtor.

[Article sheet](#)

When there are several simultaneous joint and several sureties, and one of them pays, he has the right to file suit against the debtor to be reimbursed in the terms indicated in the preceding article; or against the co-sureties for the proportional part of the total obligation, interest and expenses. Both the action against the debtor and against the guarantors will have the character that according to the laws corresponds to the title in which the principal obligation was obtained.

When there are several joint and several sureties, but who have not granted the guarantee simultaneously, if one of them pays the obligation, he shall have the right to demand the reimbursement of the totality of any of those who precede him or of all of them, but he shall not have any action against those who succeed him.

[Article sheet](#)

A bond granted in favor of a minor or an incompetent person is null and void; however, if the surety knew the conditions of his principal when giving the guarantee, the bond shall be good and enforceable even if the principal obligation is null and void.

As far as the surety's action for reimbursement is concerned, it shall be subject to the legal status of any claim against an incompetent person or a minor, in accordance with the provisions of the Civil Code.

[Article sheet](#)

ARTICLE 518: Once the principal obligation is extinguished, the bond is extinguished. The dation in payment extinguishes the suretyship, even if the creditor later loses the property he received by eviction.

[Article sheet](#)

ARTICLE 519.- When due to the creditor's act or fault, the surety or sureties cannot be subrogated to the rights and privileges of the creditor, even if they are joint and several, they shall be discharged from the obligation in the same proportion in which the guarantees have been diminished.

[Article sheet](#)

The simple extension granted by the obligee to the obligor does not release the surety, but in this case, if the bond is not onerous, the surety has the right to be guaranteed.

[Article sheet](#)

CHAPTER VII

Deposit

ARTICLE 521.- A deposit is considered mercantile if the things deposited are the object of commerce, and it is made as a consequence of a mercantile transaction.

[Article sheet](#)

Unless otherwise agreed, the bailee has the right to demand remuneration for the deposit, which shall be fixed in the respective contract; and in the absence of agreement, he shall be paid according to the custom of the place where the object is deposited. He may make use of the right of retention as long as he is not paid the remuneration to which he is entitled.

[Article sheet](#)

ARTICLE 523.- The bailee is obliged to keep the thing deposited in the state in which he receives it, with the increases, if any. In the exercise of the deposit, the depositary shall be liable for the impairments, damages and losses that the deposited things suffer due to his fault, fraud or negligence or that of his employees or persons in charge.

The depositary may not use the thing deposited, except in the case of fungible things and with the prior authorization of the owner.

[Article sheet](#)

When the deposit in money is delivered with identification of the pieces that constitute it or in envelopes, sacks or closed and sealed boxes, the depositary is obliged to return those same objects received, and the depositor shall suffer the losses that those pieces may have suffered. The risks of such deposit shall be borne by the depositary, and the depositor shall be responsible for any damage suffered, unless he proves that such damage was caused by force majeure or fortuitous event. When deposits in money are constituted purely and simply without specification of currency, or in sealed or closed boxes or envelopes, the depositary shall be liable for the losses, damages and prejudices suffered by the deposit.

The deposit shall be returned to the depositor when he claims it, unless a time limit has been fixed for the benefit of the depositary. The depositary may, for just cause, return the thing before the agreed period. If no time limit has been fixed, the depositary who wishes to return the thing shall give written notice to the depositor of the date of return within a period of not less than fifteen days.

[Article sheet](#)

ARTICLE 525.- The depositaries of securities, bills of exchange or documents that accrue interest or dividends shall be obliged to collect them at the time of their maturity, as well as to perform such acts, diligences or appeals as may be necessary for the deposited securities to preserve their value and the rights inherent to them in accordance with the legal provisions.

[Article sheet](#)

When the depositary disposes, with the consent of the depositor, of the deposited things, the rights and obligations of the deposit contract shall cease and those of the new contract shall arise.

[Article sheet](#)

The depositary of a sum of money may not use it, and if he does so, he shall be liable for all the damages that occur to the depositor, and shall also pay him the legal interest.

[Article sheet](#)

In deposits of fungible things, the depositor may agree that things of the same kind and quality be returned to him. In this case, without the obligations of the depositor ceasing, the depositary shall assume the character of owner for the effects of the losses, damages and impairments that the deposited things may suffer.

[Article sheet](#)

Deposits made in banks in current account, or in any other form, are governed by the provisions of the chapter on Bank Current Account and by the provisions of the Organic Law of the National Banking System and the respective regulations.

[Article sheet](#)

CHAPTER VIII

Pledge Agreement

General Provisions

Article .530- The pledge contract shall serve to guarantee all kinds of obligations subject to the rules of the following articles, with the exception of loans made by pawnshops and pawnbrokers, as well as general deposit warehouses, which are governed by special provisions.

[Article sheet](#)

Any loan made in accordance with the provisions of this chapter shall be considered a commercial transaction, regardless of the qualities of the contracting parties, but shall not give rise to bankruptcy if the debtor is not really a merchant.

[Article sheet](#)

Article 532.- Goods not subject to seizure or legal prosecution may not be pledged. Exceptions are those indicated in subsections 3), 4) and 5) of Article 984 of the Civil Code, with respect to the obligation contracted for the purchase price of the articles expressed in that provision, provided that the sale is made in installments.

[Article sheet](#)

Except as provided in the preceding article, any kind of movable property may be the subject matter of a pledge contract. They may be especially so:

a) Machines used in agriculture, factories, workshops or industries of any nature and tramway lines, switches, wagons, carriages, lifts and other means of transportation with their accessories, installed on farms for the transportation of persons, materials or products.

The mortgage of the real estate shall not include this type of property, unless otherwise agreed.

The debtor, if such an agreement to the contrary exists, shall so advise the creditor, and if failure to do so results in prejudice to the creditor, the debtor shall be deemed to be guilty of fraud. The debtor shall also, when creating the mortgage lien, inform the creditor of the pledge liens that exist on the assets referred to in this subsection, and if by not doing so the creditor is harmed, he shall be deemed to be guilty of fraud.

(As amended by Article 1 of Law No. 3823 of December 6, 1966).

b) Machines and means of transportation, electric and telephone lines, tools and other movable property used in the exploitation of mines, quarries and natural deposits, as well as the products obtained. The pledge of these goods shall not be subject, in the case of legal actions, to the provisions of the Mining Code and other laws relating to this matter, including those governing jurisdiction. The creditor shall exercise its rights in accordance with the provisions of this chapter;

c) Machines and transport vehicles, without prejudice to the special privilege established by the traffic laws and regulations for cases of accidents;

d) All kinds of vessels, their gear, machinery and other accessories, without prejudice to the privileges that may exist due to accidents;

e) Furniture for hotels, public shows and all kinds of industrial and commercial establishments, as well as for offices or private use;

f) Animals and their products; but with respect to the latter, the lien may only include those corresponding to an annuity from the date of the respective contract;

g) The fruits of any nature, but only those corresponding to the agricultural year in which the contract is entered into, pending or standing, or separated from the plants. The mortgage of a real estate shall not affect the privilege of the pledgee over the fruits pending, even if his credit has arisen with

The pledge must be presented for registration in the registry before the debtor has been notified of the establishment of the foreclosure. In such a case, the auctioneer will receive the real estate with its fruits pending, but subject to the pledge lien.

(As amended by Article 1 of Law No. 3823 of December 6, 1966).

h) Cut and sawn timber, in all its forms; merchandise and raw materials of all kinds; and present or future products of factories or industries, whatever their state; and

i) Shares or quotas of companies, securities of the State, Municipalities or individuals; mortgage bonds and all kinds of credits may be pledged, but for the contract to have full legal value, it is necessary to deliver the securities to the creditor, who will have the character of depositary, without having the right to demand remuneration for the deposit. Any clause authorizing the creditor to dispose of the title without the express consent of the owner or to appropriate it shall be null and void, but the creditor is authorized to collect the interest or principal in case of maturity, and must make such collections by mutual agreement with the debtor and settle with the latter in the same act the respective account, so that the owner may receive without any delay the balance that may remain in his favor once the obligation and interest have been paid.

[Article sheet](#)

Article 534.- The usufructuary and the lessee may pledge their rights. For this purpose, they must clearly express in the pledge contract the type and main modalities of the right they have, and they shall attach authentic proof that such right was granted in a public instrument.

[Article sheet](#)

Article 535.- Whoever possesses real property, but not as owner, and wishes to encumber any of the objects indicated in paragraphs a), b), f), g) and h) of Article 533, because they belong to him in spite of being on another's property, shall prove the existence of the contract authorizing such possession.

The Juntas Rurales del Crédito Agrícola and Oficinas de Crédito al pequeño agricultor may dispense with the above requirement, when in their judgment they deem it appropriate in their current operations. In the cases contemplated in this article, the pledge contract shall not affect the privilege that the owner has for the amount of one year's expired lease, plus the amount payable in kind, for the use or enjoyment of the property during the same time, owed prior to the expiration of the pledge or subsequent thereto.

(As amended by Article 1 of Law No. 4425 of September 26, 1969)

[Article sheet](#)

Article 536.- Any clause authorizing the creditor to appropriate the pledge or to dispose of it in case of nonpayment is null and void. At the time of entering into the contract, the creditor may be authorized to auction the items given as security by means of a sworn broker and without the need for judicial proceedings. In this case it shall be the obligation of the sworn broker in charge of the auction to publish once only in the Official Gazette the notice of the auction eight days in advance, including the day of publication and auction. The notice must contain at least the following requirements: day, time and place where the auction is to be held; a concise description of the nature, kind and condition of the goods to be auctioned; the basis of the auction; whether or not the auction is free of encumbrances or annotations. The date of the auction must be notified in writing to the debtor at least ten days in advance. The basis for the auction shall be that fixed in the respective contract, and if not provided for, the current market price on the day on which the sale is requested shall serve as the basis under the responsibility of the sworn broker.

[Article sheet](#)

SECTION I

Constitution of the Pledge

Article 537.- Pledges in which motor vehicles, ships or aircraft are offered as collateral must be constituted in a public deed. Those that are constituted in relation to other movable property of a different nature may be granted in public or private documents or in official formulas.

of contract. In the latter two cases, the signature of the debtor duly authenticated by a notary public will be required.

The debtor shall retain, on behalf of the pledgee, possession of the pledged thing and shall assume the obligations and responsibilities of a depositary; in addition, he shall be liable for any damage suffered by the things and not arising from an act of God, force majeure or from the nature of the objects themselves. As proof of the deposit, the document or certificate evidencing the constitution of the pledge or the certification of the Registry of Pledges shall serve as proof of the deposit.

(Amended by Article 176 of the Notarial Code, Law No. 7764 of April 17, 1998)

(Sinalevi's Note: See below the Transitory provision of Article 554, which states: ".that any modification, extension, partial or total cancellation or other legal act related to pledge contracts, duly registered prior to the effectiveness of this law, shall observe the procedure set forth in the previous legislation...").

[Article sheet](#)

SECTION II

Of the Pledge in the Creditor's or Third Party's Power

The parties may agree that the thing given in pledge shall remain in the hands of the creditor or of a third party.

The creditor or the third party shall, in this case, assume the character of depositary, and shall be liable for the deterioration and damages suffered by the object due to his fault, fraud or negligence or that of any of his delegates or dependents.

[Article sheet](#)

ARTICLE 539.- The debtor may not, unless otherwise agreed, claim restitution of the pledge in whole or in part, as long as he has not paid the full amount of the debt for principal and interest, and the duly evidenced conservation expenses.

[Article sheet](#)

SECTION III

Privileges

ARTICLE 540.- The property pledged shall guarantee the creditor, with special privilege, the amount of the transaction and the interest, commissions and expenses, and both costs, under the terms indicated in the contract and the provisions of this chapter.

[Article sheet](#)

Article 541.- The debtor who has contracted a pledged obligation may not encumber the same assets to guarantee another debt, without warning in the new contract that the previous encumbrance or encumbrances exist. If the debtor omits such warning when constituting the pledge guarantee in the new document, and does not express that there are other preferential encumbrances, he shall be considered a fraud offender and shall be punished in accordance with the provisions of the Criminal Code.

The Registry will not register any document in which a pledge lien is constituted, without previously checking under its responsibility the books of the office, to see if any previous contract on the same goods has been registered or presented. In case of doubt as to the identification, the Registry will demand the necessary clarification from the contracting parties before the registration is made.

[Article sheet](#)

ARTICLE 542.- The creditor's privilege shall not prejudice third parties in good faith except from the date of presentation of the respective document to the Registry for registration, and such privilege shall be maintained for as long as the obligation has not been cancelled, has not prescribed by the passage of four years from the maturity of the obligation or has not been extinguished for any other cause. Subject to the provisions of the Organic Law of the National Banking System.

[Article sheet](#)

In the case of fruits or products of any nature, the privilege referred to in the preceding article shall last only one year, without prejudice to its extension by agreement of the parties, but this extension shall not prejudice the creditors who have registered prior to the filing of the request for extension with the Registry.

[Article sheet](#)

Without prejudice to the creditor's right to inspect the goods pledged as security, it may be stipulated in the pledge contract that the debtor shall periodically submit a descriptive report on the condition of the pledged objects or their generators, as well as the manner of sale of the livestock, fruits or products at the agreed times, on the basis that in any case the price of what is sold shall be applied to the payment of the debt.

[Article sheet](#)

ARTICLE 545.- The thing given in pledge has its liability limited to the sum that is earned with it. If there are several things given in pledge and the liability of each one of them is not limited in the contract, it shall be understood that each and every one of them shall be liable for the totality of the debt; but if the liability is limited, each thing or group of things or goods shall be liable for the part assigned to it in the guarantee.

(Thus amended by Article 1 of Law No. 3303 of July 20, 1964)

[Article sheet](#)

Article 546.- Sums delivered by a bank to borrowers and secured by pledges of future crops, improvements to be made or movable property for the acquisition, production or construction of which the loan was intended, shall be unseizable.

[Article sheet](#)

Article 547.- During the term of the contract, the creditor may, by himself or by means of his agent or representative accompanied by his letter authorizing him to do so, inspect the condition of the goods subject of the pledge or of the fields or goods producing the pledge; and if, in the opinion of him or his agent or representative, they are found to be suffering damage or deterioration or in danger of suffering damage or deterioration by reason of abandonment, carelessness or inexperience on the part of the debtor, the creditor may take the pledge to the judge of the corresponding jurisdiction of the domicile of the debtor or of the place where the goods are located, at the creditor's option, through the procedures established for acts of voluntary jurisdiction, requesting the appointment of an expert to examine the condition of the goods and after the report of the latter, if the charge is found to be true, the judge shall order the debtor to take the necessary measures to avoid the damage or deterioration. If the debtor does not comply with the order within the term fixed, the creditor shall be authorized to do whatever is necessary to take due care of the affected assets or their generators, in which case the expenses incurred by the creditor shall be considered as accessory obligations covered by the pledge lien. In very qualified cases, the judge may take the deposit of the goods from the debtor and confer it to the creditor or to a third party. He may also order, when he deems it necessary, the auction of the goods, in which case the debtor shall lose the benefit of the time limit.

[Article sheet](#)

Article 548.- The fruits given in pledge, whether they have been encumbered together with their generators, or without them, may be sold in cash by the debtor, when they are in season or ready for sale. The debtor shall communicate his intention to sell to the creditor, with the necessary anticipation, in order to obtain the creditor's consent. The sale price shall not be less than the current market price on the day of realization, unless the amount of the sale covers the total amount of the debt. In this case the debtor shall immediately pay off what is owed. If the creditor does not give his assent or make any objection, the

The debtor may carry out the sale upon assurance that the notice was received three days before, but shall be obliged within three days of the sale to deliver to the creditor, to deposit in a bank, or to deposit judicially, the total proceeds of the sale. Said term shall be prudentially increased by reason of the distance, but may not exceed fifteen days. The lack of payment, deposit or consignment, as the case may be, within the aforementioned terms, shall entitle the creditor to request from the competent authority, the corporal constraint against the debtor, which shall be maintained for as long as such obligations remain unfulfilled.

[Article sheet](#)

Any loss of livestock and pledged objects, whatever the cause of their disappearance, including acts of God or force majeure, shall be for the account of the debtor, and the debtor or the bailee, as the case may be, shall immediately notify the creditor, the local police authority and the Central Registry of Pledges. Failure to give such notice shall make the obligation immediately enforceable, without prejudice to criminal or civil liabilities, if it is proven that the debtor has acted with fraud or malice.

[Article sheet](#)

Article 550.- Unless otherwise agreed, once pledged livestock has been recorded in the Register, it may not be moved out of the place of agricultural or livestock exploitation to which it corresponds, nor may it be removed from the radius of the jurisdiction of the local Registry where the pledge is recorded. Any transfer, even if provided for and authorized in the original document, shall be noted in the margin of the registration entry by the person in charge of the local registry, who shall at the same time notify the creditor of the fact by registered letter, and if the document in which the lien was constituted is in the office, he shall record it therein.

Exceptions to the prohibition of this article are made for movables of the debtor's normal traffic, as long as the normal course of such traffic is not altered; such movables and their destination shall be specified in the pledge contract.

If the debtor violates this provision, the debt shall be considered due. The violation shall be proven summarily, prior to the execution.

[Article sheet](#)

SECTION IV

Registration of Pledges

The General Registry of Pledges shall have its seat in the capital of the Republic and shall be a dependency of the Ministry of the Interior. The books of the Registry shall record all the movement of contracts secured by pledge, executed in the country. The General Registry will have the control of all the established Pledge Registries. Each Registry of Pledges shall keep a daily book in which the entries of the presentation of documents shall be recorded with indication of the time and date, in continuous numbering and without leaving any space between them. In the margin of the original document, a reference to the entry of presentation and date shall be made, and the reference shall also be signed by the employee in charge of receiving documents and recording them in the journal.

[Article sheet](#)

Article 552.- The deeds or documents in which any right of pledge is constituted, modified or extinguished to guarantee one's own or another's debt, on property existing in the Central Canton of San José, shall be registered in the General Registry of Pledges. In each canton's capital, and under the charge of the Governor of the Province or of the Political Chief, as the case may be, there shall be a Registry to record the contracts that refer to property existing in that jurisdiction. All the contracts that are registered in the Governorates or Political Chiefs, will be sent to the Central Registry of San José for their inscription. If they refer to property located in other cantons, they may be presented to the Central Registry and the latter shall make the registration, sending a copy to the Registry of the respective Canton so that the latter may take note of the encumbrance.

When in the judgment of the Chief of the Central Registry of Garments it is necessary to open Registries in certain districts, the Ministry of the Interior shall authorize them, providing that such Registries shall be in charge of the Chief Police Officer of the place, or of a special officer that the Executive Branch shall designate, if it so prefers.

[Article sheet](#)

Article 553.- The General Registry of Garments shall operate under the direction and responsibility of a Director appointed by the Executive Branch, and if the Executive Branch deems it necessary, a Deputy Director may be appointed, indicating his functions. To be Director or Deputy Director it will be necessary to be a lawyer, Costa Rican and in exercise of citizenship. The Director must guarantee his functions with a fidelity policy of twenty thousand colones. The subordinate personnel of the Registry shall be composed of the number of employees necessary for its proper functioning.

[Article sheet](#)

SECTION V

Registration and Transfer of the Pledge Certificate

Article 554.- The pledge contract, its modifications, extensions, nominative endorsements or assignments, novations, total or partial cancellations or any other legal act connected therewith, shall be recorded in writing and shall be made in a public deed, in those cases in which the lien must be constituted with this formality. The contract must contain the name, surname, qualities and domicile of the creditor, in the case of a natural person, or the company name or denomination, in the case of a legal person. It shall contain an exact description of the goods given in guarantee, their liability, the estimate for the auction, the indication of who is the depositary, the specification of the insurance if any, the place of payment of the capital and interest, the due date and all other data indispensable to identify the goods given in guarantee and their liability.

When the certificate or pledge documents are not constituted in public deed, as well as the registration, they shall be written in letters, without numbers or abbreviations, except when they are part of a mark or distinctive. Any error, omission, or engrossment shall be saved by note, and the blank spaces shall be covered with a typed line or in ink. The writing on the back of the certificate as a supplementary part of the contract shall be supported by the duly authenticated signatures of the signatories.

The pledge certificate or public document in which the contract is constituted shall bear the stamp corresponding to the operation, according to the general rule set forth in the final paragraph of subsection 5) of Article 272 of the Tax Code, except if the stamp has been added and cancelled in the public instrument where the original contract was recorded, in which case the notary or notary public shall record this fact on the certificate. In the case of pledges on mortgage bonds, on registered pledges or when the pledge remains in the possession of the creditor, only the stamp corresponding to the promissory note in which the debt is recorded shall be paid. The registry that verifies the registration will cancel the stamp added to the pledge certificate.

The stamped paper of the pledge certificate shall have the same dimensions and quality as that used in documents or instruments registrable in the Public Registry; but shall be of the same three values required for vouchers or promissory notes, pursuant to Articles 248, 249 and 250 of the Fiscal Code.

(Amended by Article 176 of the Notarial Code, Law No. 7764 of April 17, 1998)

[Article sheet](#)

Article 555.- The resolutions issued by the Director of the Registry shall be appealed, within a term of five days from their notification, before a civil court of the Province of San José. Once the appeal is admitted, the file shall be passed on to the judicial authority so that it notifies the decision to the interested parties who have indicated a house in the city of San Jose, to hear notifications; and so that it summons and summons them so that they appear before the superior within the usual term in all appeals.

[Article sheet](#)

Article 556.- The title in which the duly registered pledge is recorded may be transferred by nominative endorsement or assignment. The endorser shall be jointly and severally liable with the debtor, unless the endorsement contains statements modifying, limiting or eliminating such liability. The endorsement must be notified to the debtor and registered in the Pledge Registry.

[Article sheet](#)

Article 557.- Any modification to a pledge contract already registered must be noted in the margin of the original entry in which the contract was registered, without prejudice to the registration of such modifications. If the contract was made in a "Certificate of Pledge" or in a private document and this has been destroyed or lost, the annotation may not be made except by judicial order in execution, or by written request, signed by the creditor and debtor parties, duly authenticated and addressed to the Registrar General of Pledges. If the contract has been recorded in a public deed, any modification agreed upon by the parties may be made in the same manner, without it being necessary to resubmit the main contract to the Registry. Whenever a thing given in pledge is transferred by any title, this contract must be recorded in the Register of Pledges, in order to know who should be required to present the documents.

objects given in guarantee, in case of auction. The purchaser will also be notified in case he/she wishes to pay the obligation instead of abandoning the goods to the execution.

[Article sheet](#)

Article 558.- All agreements and acts related to the pledge subject to registration shall not prejudice a third party in good faith, except from the date of presentation of the certificate or document to the respective local Registry or to the General Registry of Pledges. If the presentation is made at a local registry, it must be communicated immediately to the General Registry for annotation, and vice versa.

[Article sheet](#)

ARTICLE 559.- Registration does not validate registered acts or contracts that are null or voidable according to law. However, the acts or contracts that are executed or granted by a person who appears in the Register as having the right to do so, once registered shall not be invalidated with respect to third parties in good faith, even if the grantor's right is later annulled or terminated by virtue of an unregistered title or implied causes, or causes which, although explicit, are not recorded in the Register.

[Article sheet](#)

Article 560.- The court orders evidencing the establishment of the execution of the pledge against the debtor or endorser and the decree of attachment on the creditor's rights shall be recorded in the corresponding Registries. The latter annotation shall have the value conferred upon it by Article 458 of the Code of Civil Procedure.

[Article sheet](#)

SECTION VI

Payment and Extinction of the Pledge

(NOTE: Article 4 of the law promulgating the Code of Civil Procedure, Law No. 7130 of August 16, 1989, changed the name of this Section in the manner shown)

The pledge debtor may release at any time the lien constituted on the goods affected to the contract, by paying to the creditor in the place that legally corresponds, the total amount of the debt, interest stipulated and any accessories that are consigned in the contract. The creditor, upon receipt of the payment, shall deliver the document with the respective proof of cancellation.

If the creditor refuses to receive payment or to cancel the instrument, the debtor may, before the judge of the creditor's domicile, make the corresponding consignment. This consignment does not require an actual offer of payment.

[Article sheet](#)

ARTICLE 562.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

When the debtor makes partial payments, if so authorized by the contract, he shall have the right to have them recorded in the Registry and in the

document. If the creditor refuses to pay in part even though he is obliged to do so, the interested party may deposit the corresponding amount to the order of the judge.

If there are several things given in pledge and the contract has established their liability separately, the debtor shall be responsible for the imputation of payments, unless otherwise agreed, and may at any time request the release of the object whose value and proportional interest are covered by the payment.

(Thus amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 564.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 565.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 566.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 567.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 568.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 569.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 570.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 571.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 572.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 573.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 574.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 575.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 576.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 577.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 578.- The pledge is extinguished:

- a) By prescription, whose term is four years from the expiration of the obligation;
- b) For full payment;
- c) For the termination of the right of the incorporator, in the cases in which, according to the law, the termination actions are prejudicial to third parties;
- d) For judicial sale in cases in which the buyer must receive the thing free of encumbrances; and
- e) By extinction of the principal obligation.

[Article sheet](#)

ARTICLE 579.- REPEALED.

(Repealed by Article 4 of Law No. 7130 of August 16, 1989).

[Article sheet](#)

ARTICLE 580: In pledge obligations payable by successive tracts, the nonpayment of one of them shall make the whole obligation due and payable, unless otherwise agreed.

[Article sheet](#)

ARTICLE 581.- Pledges of a lower grade shall automatically take the place of the immediately preceding one, whenever the latter is cancelled. This shall be observed, unless it is expressly agreed in the document that the pledge of a lower grade shall maintain that grade even when the previous pledge is cancelled.

The new lien may not exceed the lien that existed when the pledge was established.

[Article sheet](#)

CHAPTER IX

Publishing Contract

ARTICLE 582.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 583.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 584.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 585.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 586.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 587.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 588.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 589.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 590.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 591.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 592.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 593.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 594.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 595.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 596.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 597.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 598.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 599.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 600.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

ARTICLE 601.- REPEALED.

(Repealed by Article 161 of Law No. 6683 of October 14, 1982)

[Article sheet](#)

CHAPTER X

Current Account Agreement

Current Account in General

ARTICLE 602.- The current account is a contract by which one of the parties remits to the other, or receives from it, in property, amounts of money, merchandise, securities or other effects of mercantile traffic, without application to a determined use, nor obligation to have on order an equivalent amount or value, but with the duty to credit the sender with such remittances, to liquidate them at the agreed times, to compensate them until the concurrence of the "debit" and the "credit" and to pay immediately the balance against it, if any.

[Article sheet](#)

Before the liquidation of the current account, neither of the contracting parties shall be considered creditors or debtors of the other. The liquidation shall determine the person of the creditor, that of the debtor and the balance owed.

[Article sheet](#)

ARTICLE 604.- The account holder who includes in the account a credit secured by pledge or mortgage shall have the right to enforce the guarantee for the amount of the secured credit, as soon as he becomes creditor of the balance.

If there are guarantors or co-obligors for a claim included in the account, they shall be obligated under the terms of their contracts for the amount of such claim in favor of the account holder who made the remittance and insofar as the latter becomes creditor of the balance.

[Article sheet](#)

ARTICLE 605.- The delivery or transfer of a security in charge of a third party shall be deemed to be credited "except for good collection".

[Article sheet](#)

Garnishments or withholdings of securities recorded in the current account shall only be effective with respect to the balance resulting from the liquidation thereof, but on the understanding that the garnishment shall only affect the debtor's credit at the time the garnishment is made, but not that which may eventually derive from operations subsequent thereto. In the event of an attachment on the credit of one of the account holders, the other account holder may request the termination of the contract.

[Article sheet](#)

The admission in the current account of previous obligations of either of the contracting parties in favor of the other shall produce novation, unless the creditor or debtor makes a formal reservation in this respect. In the absence of an express reservation, the admission of a security in a current account shall be presumed to have been made purely and simply.

[Article sheet](#)

ARTICLE 608. Termination of the current account contract:

- a) The expiration of the stipulated term;
- b) The consent of the parties;
- c) Bankruptcy of any of them; and
- d) The will of one of the parties to terminate it, when there is no stipulated term, and provided that it informs the other party thirty days in advance.

[Article sheet](#)

Neither the death nor the incapacity of one of the parties terminates the contract, unless the succession or the legal representatives of the incapable party so provide.

[Article sheet](#)

ARTICLE 610: The parties may agree as to the time of partial balances; but, at the end, it must necessarily be done every year, even if not stipulated. They may also agree as to the interest on balances, commissions on sales and other clauses pertinent in commerce. If none of these have been stipulated, the default interest shall be calculated according to the provisions of article 498 of this law, and if there are commissions to be paid, they shall be calculated according to the usage of the market.

(Thus amended by Article 167, paragraph h), of the Organic Law of the Central Bank of Costa Rica No. 7558 of November 3, 1995).

[Article sheet](#)

ARTICLE 611.- The termination of the account shall invariably fix the status of the legal relations of the parties, shall produce by operation of law the compensation of all items up to the concurrent amount, and shall make enforceable by executive action the balance owed as evidenced by certification duly issued by an authorized public accountant and paid the fiscal species corresponding to the amount of the balance owed.

Certifications of overdraft balances in bank checking accounts and credit lines for the use of credit cards, issued by an authorized public accountant, will also have the character of enforceable title.

(This paragraph was added by Article 166, paragraph d) of the Organic Law of the Central Bank of Costa Rica No. 7558 of November 3, 1995).

[Article sheet](#)

CHAPTER XI

Bank Checking Account

The current bank account is a contract by means of which a Bank receives from a person money or other immediately creditable securities as a deposit or grants him a credit to draw against it, in accordance with the provisions contained in this Chapter. Drafts against funds in a bank current account shall be made exclusively by means of checks, without prejudice to the debit notes issued by the depositary, when authorized to do so.

[Article sheet](#)

The opening of a current account is optional for the Banks, for which purpose they may establish the conditions they deem necessary.

[Article sheet](#)

ARTICLE 614.- The current account contract, whether originating in a deposit or in a credit, must be express and in writing.

[Article sheet](#)

Article 615.

Bank current accounts are inviolable and banks may only provide information about them at the request or with the written authorization of the owner, or by order of a competent judicial authority. An exception is made for the intervention made by the General Superintendence of Financial Institutions or the General Directorate of Taxation authorized for such purpose in compliance with its functions determined by law.

(As amended by Article 15 of Law No. 9068 of September 10, 2012, "Law for compliance with the Fiscal Transparency Standard").

[Article sheet](#)

ARTICLE 616.- The current bank account may be closed at the will of either of the parties by giving three days' notice. The closing of a current account terminates the contract. It is the Bank's obligation to cancel the current account of those persons who, in its judgment, misuse it.

(The Constitutional Chamber by resolution No. 6850 of June 1, 2005, declared that this article is not unconstitutional ".provided that it is interpreted that the closing of the current account by a banking entity must be motivated and based on objective elements derived from the specific conditions of operation of the current account contract").

[Article sheet](#)

ARTICLE 617.- The current account contract allows the Bank to use the funds deposited and the drawee to draw them at will, all within the corresponding legal stipulations.

[Article sheet](#)

The Bank is obliged to pay upon presentation the checks drawn by the account holders in due form, as well as to keep the corresponding records up to date in order to facilitate the deposit and drawing of funds.

[Article sheet](#)

The drawee may only draw on funds actually and definitively credited to his account or against credits granted by the Bank. Checks must be issued in such a way that they do not lend themselves to forgery or alteration.

[Article sheet](#)

ARTICLE 620.- Deposits made in cash shall be deemed to be definitively credited once they have been recorded immediately after having been made; those containing checks or other securities shall be subject to the condition that such checks or securities are paid by the respective drawees in cash and to the entire satisfaction of the Bank. Once cashed by the Bank, their value shall be definitively credited. Deposits received for accounts domiciled in another office of the same bank may only be drawn when the deposit is definitively credited to the corresponding current account. For the purposes of this article, when the collection of checks or other securities is verified through the Clearing House, the Clearing House shall establish the terms for considering the securities definitively credited to the account.

[Article sheet](#)

ARTICLE 621.- Banks shall keep a record of the formulas of checks delivered to their customers, indicating the numbers of the checks and the name of the account holder.

[Article sheet](#)

For deposits received, the Bank shall deliver a voucher or receipt which shall contain as minimum requirements the place of its issuance, the date, the name of the Bank, the name of the customer and the amount received. Said receipt shall bear, in order to be valid, a seal or mark of the Bank, which shall be a guarantee of security for both parties.

[Article sheet](#)

Securities received in current account by a Bank, of any nature whatsoever, shall be deemed to be in collection management and their effectiveness shall be subject to the provisions of the following article.

[Article sheet](#)

The validity of the receipts for deposits delivered by the Banks to their depositors shall be subject to the condition that the checks, payment orders or any other kind of securities included in the deposits are paid by the respective drawees in cash or its equivalent to the satisfaction of the Bank.

[Article sheet](#)

In the case of checks, money orders or any other kind of securities issued against the same Bank, branch or agency receiving the deposit, their payment may be deemed to have been made once the receiving office has debited the account of the respective drawer because it finds them to be correct in all respects. If the receiving office has not been able to debit the account of the drawer because the document does not meet the required conditions, it may debit the amount of such checks or securities from the account of the depositor, provided that the debit is made on the same day on which the deposit was made.

[Article sheet](#)

When checks, money orders or other securities are payable to a bank of the same domicile as the receiving bank, the latter shall present them for collection no later than the next business day after having received them, and their payment shall be deemed to have been made if the respective drawees have not

returned, as established by the Clearing House.

If such securities are payable to drawees whose domicile is different from that of the Receiving Bank, the aforementioned term shall be counted from the time they are presented for collection by the person or entity entrusted by the Receiving Bank at the domicile of the drawees. In either case, if payment of the securities is refused for any reason whatsoever, the Receiving Bank shall debit the account of the depositors for the value thereof upon return of the respective documents.

[Article sheet](#)

The deposit in a current account of a check issued or endorsed to the order of the account holder, and accepted as good by the Bank, is equivalent to making good payment of the security. In this case it is not indispensable for the depositor to endorse it, but a reason indicating that the amount of the check must be credited to the account of the owner is sufficient.

[Article sheet](#)

The withdrawal of funds from a current account must necessarily be made by means of special formulas that the Bank shall provide to the account holder. Only in special cases, the Bank may consent in another form to the withdrawal of funds.

[Article sheet](#)

In case of loss, misplacement, loss, theft or robbery of the checkbook, the account holder shall immediately notify the Bank, and the Bank, for its part, shall not pay any check drawn on the formulas referred to in the customer's complaint.

[Article sheet](#)

ARTICLE 630.- Banks are not authorized to debit their customers' current accounts, except when there is express authorization, legal authority to that effect or court order.

[Article sheet](#)

ARTICLE 631. The Bank is obliged to periodically send to its account holders, at least quarterly, a statement of its current accounts. If within sixty days after the statement is sent, the customer does not object to the statement, the accounts shall be deemed to be recognized in the form presented and the debit or credit balance indicated in said statement shall be accepted.

[Article sheet](#)

At the request of customers, banks shall certify by means of microfilming, digital image or electronic file, a detail of the checks they have paid against their current accounts. The maximum term for requesting this certification shall be four years after the date of payment of the check, and banks may charge for this service. The microfilm or certified digital image shall constitute full proof with respect to all documents related to the operation of current accounts and shall have the same legal value as the original document. The Central Bank of Costa Rica will determine, in the Payment System Regulations, the conditions that the certified digital image must comply with.

(As amended by Article 187, paragraph f) of the Securities Market Regulatory Law No. 7732 of December 17, 1997).

[Article sheet](#)

ARTICLE 632 bis.- A bank overdraft or current account credit is a contract by means of which a bank opens a credit to an account holder, to overdraw his account for an amount greater than his assets. Drawings against the authorization may be made by check, ATM card, debit card or any other means agreed upon by the parties. The balance remaining at the end of the overdraft contract may be demanded by the

The parties have agreed on the means of guarantee, or by simple execution.

(Thus added by Article 166, paragraph e), of the Organic Law of the Central Bank of Costa Rica No. 7558 of November 3, 1995).

[Article sheet](#)

CHAPTER XII

Of the Trust

ARTICLE 633.- By means of the trust, the settlor conveys to the trustee the ownership of property or rights; the trustee is bound to use them for the realization of lawful purposes predetermined in the constitutive act.

[Article sheet](#)

ARTICLE 634.- All kinds of property or rights that are legally in commerce may be the object of a trust. The trust property shall constitute an autonomous patrimony set aside for the purposes of the trust.

[Article sheet](#)

ARTICLE 635.- The trust shall be constituted in writing, by act between living persons or by testament. The causes of unworthiness established in the Civil Code shall apply to the trustee.

[Article sheet](#)

ARTICLE 636.- The trust of property subject to registration shall be registered in the respective Registry. By virtue of the registration, the property shall be registered in the name of the trustee in his capacity as such.

[Article sheet](#)

ARTICLE 637.- Any natural or juridical person, capable of acquiring rights and contracting obligations, may be a fiduciary. In the case of juridical persons, their articles of incorporation must expressly entitle them to receive by contract or will the fiduciary property.

[Article sheet](#)

If for any reason the trustee is absent, the appointment of the substitute shall be made by the settlor, and in the absence thereof, by the civil judge of his jurisdiction at the request of the interested party, following the procedures corresponding to acts of voluntary jurisdiction.

[Article sheet](#)

ARTICLE 639.- The settlor may appoint several trustees to jointly or successively perform the trust and establish the order and the conditions under which they must be substituted.

[Article sheet](#)

ARTICLE 640.- Except as otherwise provided in the articles of incorporation, when two trustees are appointed, they shall act jointly. The lack of agreement between them shall be resolved by the competent judge, following the procedures established for acts of voluntary jurisdiction. If three or more are appointed, their decisions shall be taken by majority vote. A tie shall be decided by the one appointed first.

[Article sheet](#)

ARTICLE 641.- When there are several trustees, the one who dissents from the majority or has not participated in the resolution, shall only be liable for the execution carried out by his cotrustees, in the following cases:

- a) If he unduly delegates his functions;
- b) If it approves, consents to or conceals a breach of trust; and
- c) If with gross negligence or fault, omits to exercise reasonable vigilance over the acts of others.

[Article sheet](#)

ARTICLE 642.- A fiduciary who replaces another in office is not liable for the acts of his predecessor, except in the following cases:

- a) If the predecessor unlawfully acquired assets that the substitute knowingly retains;
- b) If it omits to take the necessary steps to compel the predecessor to deliver to it the assets subject of the trust; and
- c) If he refrains from taking the necessary steps to ensure that his predecessor remedies any non-compliance in which he may have incurred during his term of office.

[Article sheet](#)

ARTICLE 643.- The trustee may not delegate his functions, but he may designate, under his responsibility, the assistants and attorneys-in-fact required for the execution of certain acts of the trust.

[Article sheet](#)

ARTICLE 644.- The duties and powers of the trustee:

- a) To carry out all acts necessary for the realization of the trust;
- b) Identify the trust assets, register them, keep them separate from its own assets and from those corresponding to other trusts it has, and identify in its management the trust on behalf of which it acts;
- c) To render an account of its management to the trustee or its representative, and if applicable, to the settlor or to whom the latter has designated. These accounts shall be rendered, unless otherwise stipulated, at least once a year;

- d) In preference to other creditors, to collect the remuneration due to him; and
- e) Exercise the rights and actions legally necessary for the defense of the trust and its assets.

[Article sheet](#)

ARTICLE 645.- The trustee shall exercise the care of a good father in the performance of his duties. Whoever does not comply with the provisions of this chapter or the instructions contained in the constitutive act shall be removed from office. Such removal shall be made by the competent judge at the request of the settlor or of any interested party, through the procedures established for acts of voluntary jurisdiction.

[Article sheet](#)

ARTICLE 646.- Once the office has been accepted, the trustee may not resign it except for just cause, which the settlor or the judge, as the case may be, shall qualify. The judge shall proceed at the request of the interested party and through the procedures established for acts of voluntary jurisdiction.

[Article sheet](#)

ARTICLE 647.- The trustee is forbidden to guarantee the yields of the trust property; if upon termination of the trust there are outstanding or delinquent credits, these shall be transferred to the beneficiary. The trustee shall be liable for any loss caused by his fault or negligence in the investment or in the management and care of the trust property.

[Article sheet](#)

ARTICLE 648.- In any transaction involving the acquisition or substitution of property or rights, or investments of money or liquid funds, the trustee must strictly comply with the instructions of the trust. When the instructions are not sufficiently precise, or when the determination of the investments has been left to the discretion of the trustee, the investment shall be made in securities of the most absolute and notorious soundness. In such cases, the trustee may not invest in securities for speculative purposes, nor may the trustee acquire securities in companies in the process of formation or real estate for resale. If he makes loans in money, these must be made exclusively with a first degree mortgage guarantee, and in no case for a sum greater than sixty percent of the appraisal of the real estate, carried out by qualified experts.

A trust may be constituted over assets or rights as security for an obligation of the settlor to the trustee. In such a case, the trustee may proceed to the sale or auction of the assets in case of default, all in accordance with the provisions of the contract.

(This second paragraph was added by Article 187, paragraph g) of the Securities Market Regulatory Law No. 7732 of December 17, 1997).

[Article sheet](#)

ARTICLE 649.- In the investments, in order to reduce the risk of possible losses, the trustee shall diversify them and may not invest in a single business more than one third of the trust patrimony, unless expressly authorized by the settlor.

(As amended by Article 187, paragraph h) of the Securities Market Regulatory Law No. 7732 of December 17, 1997).

[Article sheet](#)

ARTICLE 650.- The trustee shall give notice to the trustee of any collection of income, fruits or liquidation proceeds made by the trustee in the performance of his duties, within thirty days after the collection thereof. Within such term, he shall give notice of any investment, acquisition or substitution of assets.

The notice may be suppressed by express provision of the settlor or by the nature of the trust.

[Article sheet](#)

ARTICLE 651.- The trustee shall pay the taxes and fees corresponding to the trust property. If he has the means to pay and fails to do so, he shall be jointly and severally liable.

[Article sheet](#)

ARTICLE 652.- Unless expressly authorized by the settlor, the trust property may not be encumbered. Notwithstanding the express prohibition of the settlor, the judge may authorize the trustee to encumber assets, when emergency situations are proven which make it indispensable to obtain funds. The trustee shall also require judicial authorization to compromise or compromise in arbitration, following in both cases the procedures established for acts of voluntary jurisdiction.

[Article sheet](#)

In case there are doubts as to the scope of the constitutive act of the trust or of the obligations, rights or attributions of the trustee, the trustee or the trustee may appeal before the judge in consultation, who following the procedures established for acts of voluntary jurisdiction, in summary proceedings shall give his verdict.

[Article sheet](#)

ARTICLE 654: In addition to the rights granted by the constitutive act, the trustee shall have the following:

- a) To require the trustee to faithfully discharge its obligations;
- b) To pursue the trust assets in order to reintegrate them to the trust patrimony, when they have been unduly withdrawn from it; and
- c) To request the removal of the trustee when appropriate.

[Article sheet](#)

ARTICLE 655.- Honorary trusts shall be valid provided they are not constituted for an absurd or illicit purpose and do not tend to the creation of a perpetuity.

[Article sheet](#)

ARTICLE 656.- The trustee may not be a trustee. If such qualities coincide, the trustee may not receive the benefits of the trust as long as the coincidence subsists.

[Article sheet](#)

ARTICLE 657: When the trustees who are interested in a decision must be consulted, and the constitutive act does not provide otherwise, the procedure shall be as follows:

- a) If they have the same kind of rights, their resolutions shall be taken by majority vote, computed by interest, and in case of a tie, the civil judge shall decide, following the procedures established for acts of voluntary jurisdiction; and
- b) If they were successive or had different kinds of rights, in the event of dissenting opinions, the civil judge shall decide. In any case, the trustee shall take the urgent measures immediately required by the interest of the trust.

[Article sheet](#)

The trust constituted in fraud of creditors may be challenged in the terms authorized by the common law. The trust in which the settlor is also the sole or principal trustee, if there are several of them, shall be presumed to be constituted in fraud of creditors. Against this presumption, no evidence shall be admitted other than that the benefits of the trust are sufficient to satisfy the obligation in favor of the creditor challenging it, or that the settlor has other sufficient assets with which to pay.

[Article sheet](#)

ARTICLE 659.- The trust shall be extinguished:

- a) For the realization of the purpose for which it was constituted, or for its impossibility;
- b) For the fulfillment of the resolutive condition to which it is subject;
- c) By express agreement between settlor and trustee. In this case, the trustee may oppose when the rights of third parties born during the management of the trust remain unsecured;
- d) By revocation made by the settlor, when such right has been reserved. In this case, the rights of third parties acquired during the management of the trust must be guaranteed; and
- e) For lack of trustee when substitution is impossible.

[Article sheet](#)

ARTICLE 660.- If in the constitutive act of the trust it is indicated to whom, once the trust has been extinguished, the assets shall be transferred, this shall be done. If nothing is said, they shall be returned to the settlor, and if the latter has died, the delivery shall be made to his estate.

[Article sheet](#)

ARTICLE 661.- The following are prohibited:

- a) Trusts for secret purposes;
- b) Trusts in which benefit is granted to several persons who successively must be substituted by death of the previous one, except in the case in which the substitution is made in favor of persons who, at the death of the settlor, are already alive or conceived;
- c) Trusts whose duration is greater than thirty years, when a legal person is designated as trustee, except if it is a state or a charitable, scientific, cultural or artistic institution, constituted for non-profit purposes; and

d) Trusts in which the trustee is assigned profits, commissions, prizes or other economic advantages in addition to the fees indicated in the constitutive act. If such fees have not been indicated, they shall be fixed by the judge, after hearing the opinion of experts, in summary proceedings specially instituted for such purpose and following the procedures established for acts of voluntary jurisdiction.

[Article sheet](#)

Article 662.

When it is necessary to register in the Public Registry the trust real estate, in favor of a trustee duly registered before the General Superintendence of Financial Entities (Sugef) and, in its capacity as such, with a trustee constituted as a corporation or company engaged in rendering financial services, which must be duly registered before the Sugef, such real estate will be exempt from real estate transfer tax and from any payment of registration fees and other taxes payable for such registration, as long as the assets remain in the trust and constitute a guarantee, for a financial or credit operation. When the trustee transfers the trust property to a third party other than the original settlor, the totality of the registration fees and other taxes due for such second registration, including the real estate transfer tax, must be paid. The settlor may not form a joint or separate part of the trustee, nor may the trustee form a joint or separate part of the settlor.

Movable and immovable properties entrusted in favor of a trustee, which remain in a trust, duly registered in the Public Registry and constituted under the reformed legislation, when the trustee transfers them to a third party different from the original settlor, the totality of the charges for registration rights and other taxes corresponding to such second registration, including the tax on real estate transfers and the tax on the transfer of motor vehicles, aircrafts and vessels, when applicable, must be paid by the trustee.

(Thus amended by Article 8 of Law No. 9069 of September 10, 2012, "Law for the Strengthening of Tax Management").

[Article sheet](#)

CHAPTER XIII

Of the Joint Venture Accounts

ARTICLE 663.- By the contract of accounts in participation two or more persons take interest in one or more determined negotiations to be carried out by only one of them in his own name, with the obligation to render an account to the participants and to divide with them the profits or losses in the agreed proportion.

[Article sheet](#)

ARTICLE 664.- This contract is not subject to written proof or registration. The joint account does not constitute a legal entity, and therefore it lacks a name or corporate name, collective patrimony, and domicile of its own. The use of a common trade name shall make all the participants jointly and severally liable for the obligations contracted.

[Article sheet](#)

The manager is the only one who is considered owner of the business in the external relations produced by the participation. Third parties only have an action against the manager; inactive participants do not have any action against third parties.

[Article sheet](#)

ARTICLE 666.- The participation contract produces among the participants the same rights and obligations that are conferred and imposed on the partners among themselves by the general partnerships, except for the modifications derived from their legal nature.

[Article sheet](#)

THIRD BOOK

TITLE I

CHAPTER I

General Provisions

(As amended by Article 3 of Law No. 7201 of October 10, 1990).

ARTICLE 667.- The debtor who complies with the performance indicated in a security against the legitimate possessor in the manner prescribed by law shall be released, even if the latter is not the holder of the right. This release shall not occur if the debtor, by fraud or gross negligence, prevents the true holder from timely exercising his rights against the illegitimate possessor.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 668.- The debtor may oppose to the holder of the title only the personal defenses that he has directly against him. He may oppose him exceptions based on personal relations with previous holders, only if upon acquiring the title the holder has acted intentionally to the detriment of the debtor himself.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 669.- Only defenses of form, those based on the text of the document, those that depend on the falsity of the debtor's own signature or on defects of capacity or representation at the time of issuance, or on the lack of the conditions necessary for the exercise of the action, may be opposed to any holder of the title.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 669 bis.- Whoever has acquired by fair title, in good faith and without gross negligence, possession of a security, in accordance with the rules governing its circulation, validly acquires the right represented in the security, even if the transferor is not the holder, and regardless of the manner in which the holder has been dispossessed.

Good title and good faith shall be presumed in any purchase and sale of securities carried out through a legally authorized stock exchange, in which the certification issued by the stock exchange at the request of the purchaser, who may assert his right before the corresponding authority, shall be sufficient proof.

(Thus added by article 3º - and 6º - of Law No. 7201 of October 10, 1990)

[Article sheet](#)

Without prejudice to the provisions for the different types of securities, both those authorized by law and those established by custom shall contain at least the following requirements:

- a) Name of the title in question.
- b) Date and place of issue.
- c) Rights conferred by the title.
- ch) Place of performance or exercise of such rights.
- d) Name and signature of the issuer.

If the place of issue or the place of performance or exercise of rights is not mentioned, the domicile of the issuer shall be considered as such.

The omission of such requirements shall not affect the validity of the legal business that gave rise to the document. When a security incomplete at the time of its issuance has been completed contrary to the agreements entered into, the violation of such agreements may not be alleged against the holder, unless the latter has acquired the security in bad faith, or has been guilty of gross negligence in acquiring it.

The right to fill the title expires after one year of issuance.

This forfeiture is not opposable to the possessor who has acquired the title in good faith.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 671.- The title deed that has its amount written in words and also in figures shall be valid, in case of difference, for the lesser sum.

[Article sheet](#)

ARTICLE 672.- In order to exercise the rights contained in a security, it is indispensable to exhibit it. Upon payment, the holder who receives the payment is obliged to deliver the title duly cancelled. If the payment is only partial, it must be clearly noted on the document itself, with the name of the person making the payment and the date. When partial payments have been made, the name of the person to whom the payment is made and the date shall also be noted when the last payment is made.

[Article sheet](#)

ARTICLE 673.- The transfer of the security, unless otherwise agreed, implies not only the transfer of the principal obligation, but also the transfer of the interest, dividends and any other benefits accrued and not paid. It also includes the guarantees that support it, without the need for special mention of these, as well as any other accessory right.

[Article sheet](#)

ARTICLE 674.- The claim, attachment, lien or any other affectation of the right consigned in a security, or on the merchandise represented by it, shall not be effective if they are not carried out on the security itself.

Securities delivered in payment are presumed to have been received under the condition of safe collection.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The incapacity of any of the signatories of a security, the fact that false signatures or signatures of imaginary persons appear thereon, or the circumstance that for any reason the security does not bind any of the signatories or the persons appearing as such, shall not invalidate or affect the obligations derived from the security against the other persons subscribing the same.

[Article sheet](#)

In case of alteration of the text of a deed, the signatories subsequent to the alteration shall be bound according to the terms of the altered text, and the previous signatories, according to the original text. When it cannot be ascertained whether a signature has been affixed before or after the alteration, it shall be presumed that it was affixed before.

[Article sheet](#)

ARTICLE 677.- When any of the acts that the holder of a security must obligatorily perform must be performed within a term whose last day is a non-business day, the term shall be understood to be extended until the first following business day. Intermediate holidays shall be counted in the term. Neither the legal nor the conventional terms, unless otherwise agreed, shall include the day that serves as the starting point.

[Article sheet](#)

The signatory of a security remains obligated to the holder in good faith, even if the security has entered into circulation against his will.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

When the person who is to sign a security does not know how or is unable to sign, another person shall sign at his request before a notary public, who shall attest to the act and authenticate the signature of the latter.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 680.- The interest coupons of the securities shall be considered as obligations independent from the principal, for the purposes of their collection.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The security may be signed personally by the obligor or by his attorney-in-fact.

Whoever issues, accepts, endorses, guarantees or by any other concept subscribes a security in the name of another without sufficient power or legal faculties to do so, is personally obligated as if he had acted in his own name, without prejudice to any criminal liability that may apply; if he has paid, he shall have the same rights that the person he intended to represent would have had. The same shall be understood of the representative who has exceeded his powers.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 682.- The express or tacit ratification of the acts referred to in the preceding article, by the person who can legally authorize them, binds him in the same terms in which the signer would have bound him if he were in fact his attorney-in-fact or representative. The ratification is tacit when it results from acts that necessarily imply the acceptance of what has been done and of its consequences; and it is express when in the title deed itself or in a different document such acknowledgment is recorded, under the signature of the interested party.

[Article sheet](#)

The issuance or transfer of a security shall not extinguish the causal relationship, unless otherwise expressly agreed. The causal action may be exercised by returning the security to the defendant, and shall not proceed except in the event that the plaintiff has performed the necessary acts so that the defendant may exercise the actions that may correspond to him by virtue of the security.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 684.- Titles representing merchandise give their legitimate holder the exclusive right to dispose of the merchandise mentioned therein.

[Article sheet](#)

Public debt securities, shares, debentures, bonds, debenture bonds, mortgage bonds or other securities regulated by this Code or by special laws, shall be governed by this title in all matters not prescribed by such laws.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 686.- Except for the rules relating to standing, the provisions of this title are not applicable to documents that only serve to identify the person entitled to a benefit, or to allow the transfer of the right without observance of the forms proper to the assignment, but with the effects thereof.

(As amended by Article 3 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

CHAPTER II(*)

Nominative Securities

() (Sinalevi's Note: Pursuant to Article 4 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990, the placement of the previous chapter was changed as it appears).*

Article 687.- Nominative titles are those issued in favor of a specific person, whose name must be stated both in the text of the document and in the register to be kept for that purpose by the issuer.

No act or transaction relating to this type of securities shall be effective against the issuer or third parties, if it is not recorded in the title and in the registry.

The rules of Articles 261 and 262 are applicable to the registration of the issuer, as applicable.

(Thus amended by Article 4 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990).

[Article sheet](#)

Nominative securities are transferable by nominative endorsement and registration in the issuer's registry.

(As amended by Article 4 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

When the owner of a nominative title loses it, is illegally dispossessed of it, or the title has been damaged in such a way that, although it can be identified, it should not circulate, he may request the issuer to replace it.

If no transfer to third parties or annotation of attachment or other encumbrance appears in the registry, the issuer shall issue a duplicate at the expense of the applicant, one month after the last publication of a notice on the matter, which shall appear three consecutive times in the official newspaper La Gaceta and in one of the newspapers of national circulation, provided that no request for opposition has been communicated to the applicant.

The same procedure as indicated in article 710 shall be followed in the case of unjustified refusal of the issuer to issue the new security after the expiration of the indicated term.

The opposition, if any, shall be heard through the procedure of the incidents.

The issuer may not be judicially ordered to suspend payment of a security, except on the basis of an incident in which the ownership of such security is disputed.

(Thus amended by Article 4 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 690: With the issuance of the duplicate, the replaced title shall be extinguished, but this shall not prejudice the actions that the possessor may have against the person who has obtained the replacement.

(Thus amended by Article 4 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 691.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 692.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

CHAPTER III(*)

From the Titles to the Order

()(Sinalevi's Note: Pursuant to Article 5 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990, the placement of the previous chapter was changed as it appears).*

Article 693.- Titles issued in favor of a person, or to his order, are titles to order. In bills of exchange and checks, the order clause is presumed.

[Article sheet](#)

Titles to order shall be transferable by endorsement.

(Thus amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 695.- The endorsement must be stated on the title or on a sheet of paper attached to it in a fixed manner.

(Thus amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The endorsement may be made in blank, with the sole signature of the endorser. Any holder may fill in, with his name or that of a third party, the blank endorsement or transfer the title without filling in the endorsement. The bearer endorsement has the same effects as the blank endorsement.

(Thus amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 697.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 698.- The transfer of ownership endorsement must be pure and simple. Any condition to which it is subordinated shall be considered as not written. Partial endorsement is prohibited.

[Article sheet](#)

ARTICLE 699.- Unless otherwise provided by law or clause to the contrary, the endorser does not guarantee payment but is liable for the authenticity of the signatures and that he has the right to endorse.

(As amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The endorsement for collection shall confer on the endorsee all the rights inherent in the instrument, but he may not endorse them, except for judicial collection.

The endorsement for judicial collection may only be made in favor of an attorney.

The issuer may oppose to the endorsee, for collection, only the defenses opposable to the endorser.

The effectiveness of the endorsement for collection shall not cease because of the death of the endorser, nor because of his incapacity.

The endorsement in guarantee shall confer on the endorser the same rights as the endorsement for collection.

The issuer may not oppose to the endorsee, in guarantee, the exceptions based on his personal relations with the endorser, unless the endorsee, when receiving the title, has acted with the intention of damaging the issuer.

(As amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

All those endorsements that do not transfer ownership authorize the endorsee to collect and to carry out all the necessary diligences to preserve the rights inherent to the title, but do not authorize them to endorse or in any other way encumber or transfer the document.

[Article sheet](#)

ARTICLE 702.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 703.- The acquisition of a title to order by a means other than endorsement shall produce the effects of the assignment.

(As amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

Endorsement after the expiration of the title shall have the same effects as ordinary assignment.

[Article sheet](#)

ARTICLE 705.- The person who pays a constant obligation in a title to order is not obliged to ascertain the authenticity of the endorsements, nor does he have the power to demand that this be proved; but he must verify the identity of the person who presents the title as the last holder, and the continuity of the endorsements.

[Article sheet](#)

The expressions "value understood", "value received", "value to be received" and other similar expressions that the endorser may include in the endorsement have no legal value or consequence with respect to third parties, and only serve to establish, together with the other evidence of the case, the relationship between the endorser and the endorsee.

[Article sheet](#)

ARTICLE 707.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

The holder of an instrument to order who is dispossessed of the same due to loss, theft, robbery, robbery or any other reason, may request the issuer to replace the instrument in the same terms in which the original was written. Endorsers, guarantors and other obligors on the document are also obliged to replace their signatures in the order in which they appeared on the original. If the obligation is secured by mortgage or pledge, this circumstance shall also be stated in the new instrument to be issued.

[Article sheet](#)

The reinstatement referred to in the preceding article cannot be demanded as long as the interested party does not assure the signatories, by means of a satisfactory guarantee, that the document whose reinstatement is requested will not appear for the entire term of the prescription in the hands of a third party in good faith. Once the guarantee has been given and a period of fifteen days has elapsed from the last publication of a notice on the matter, which shall appear three consecutive times in the official newspaper La Gaceta and in one of the newspapers of national circulation, the duplicate shall be issued, in which all the signatures appearing on the original shall be replaced.

(As amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

If the issuer or any other obligor refuses to replace the security or denies its condition as such, or if there is no agreement on the sufficiency or liquidity of the guarantee offered by the interested party, the matter shall be heard through the procedure of the incidents, and the publication referred to in the preceding article shall be ordered by the judge.

Once the judgment ordering the reinstatement has become final and the term granted to the obligor to comply has elapsed without his having done so, the judge shall proceed to issue the title or sign it in the name of the defaulting party. With the issuance of the duplicate, the reinstated title will be extinguished, but this does not prejudice the actions that the possessor may have against the person who has obtained the reinstatement. The same procedure of the incidents shall be followed in case of opposition.

(Thus amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 711.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

CHAPTER IV

Bearer Securities

Bearer instruments are those which, not issued in favor of a specific person, are transferred by simple tradition, whether or not they contain the clause "to bearer".

[Article sheet](#)

ARTICLE 713.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 714.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 715.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 716.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 717.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 718.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 719.- Bearer securities shall not be replaceable. In the cases of Article 708, the holder may notify the issuer, judicially or notarially, of the loss or disposition suffered. Once the term of the prescription of the rights conferred by the title, whether principal or accessory, has elapsed, if a holder in good faith has not presented himself to collect them, the obligor shall pay the claimant.

(Thus amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 720.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The holder of a deteriorated security, which is no longer suitable for circulation, but which is still surely identifiable, shall have the right to obtain from the issuer an equivalent security, by means of the restitution of the first one and the reimbursement of the issuing expenses. In the event of refusal by the issuer, the procedure shall be in accordance with the provisions of article 710.

(As amended by Article 5 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 722.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 723.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 724.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 725.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 726.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

TITLE II

CHAPTER I

SECTION I

Bill of Exchange

The bill of exchange shall contain:

- a) The denomination of the bill of exchange inserted in its text and expressed in the language in which the bill is written;
- b) The pure and simple mandate to pay a certain amount;
- c) The name of the person who is to pay (drawee);
- d) Indication of expiration;
- e) Indication of the place where payment is to be made;
- f) The name of the person to whom the payment is to be made or to whose order it is to be made;
- g) Indication of the date and place where the draft is drawn; and
- h) The person issuing the bill of exchange (drawer)

[Article sheet](#)

ARTICLE 728: A document lacking any of the requirements indicated in the preceding article shall not be valid as a bill of exchange, except in the cases included therein.

The bill of exchange whose maturity is not indicated shall be considered payable at sight.

In the absence of any special indication, the place designated next to the drawee's name shall be deemed to be the drawee's domicile and the place of payment.

A bill of exchange that does not indicate the place of issue shall be deemed to have been drawn at the place designated next to the drawer's name.

[Article sheet](#)

The bill of exchange may be drawn to the order of the drawer himself, against the drawer himself, or on behalf of a third party.

[Article sheet](#)

The bill of exchange may be payable at the domicile of a third party, either in the locality where the drawee has his domicile or outside it.

[Article sheet](#)

The drawer of a bill of exchange may stipulate the payment of interest on its amount.

The interest rate must be indicated in the letter itself; otherwise, the corresponding clause shall have no value whatsoever.

Interest shall run from the date on which the bill of exchange was issued, unless another date is indicated.

[Article sheet](#)

ARTICLE 732.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

If a bill of exchange bears signatures of persons incapable of being bound by a bill of exchange, or false signatures, or of imaginary persons, or signatures which for any other reason cannot bind the persons who have signed the bill of exchange or under whose name it is signed, the obligations of any other signatories shall not thereby cease to be valid.

[Article sheet](#)

ARTICLE 734.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 735.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 736.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

SECTION II

Alterations

ARTICLE 737.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

SECTION III

Endorsement

The bill of exchange, even if not expressly drawn to order, shall be transferable by endorsement.

When the drawer has written on the bill of exchange the words "not to order", or an equivalent expression, the title shall not be transferable except in the form and with the effects of an ordinary assignment.

The endorsement may be made even in favor of the drawee, whether or not the drawee has accepted, the drawer or any other obligee. All these persons may endorse the bill again.

[Article sheet](#)

ARTICLE 739.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 740.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

The endorsement conveys all the rights resulting from the bill of exchange.

When the endorsement is in blank, the holder may:

- a) Fill in a blank, either with your name or someone else's name;
- b) Endorse the blank draft again or to another person; and
- c) To deliver the bill of exchange to a third party, without filling in the blank and without endorsing it.

[Article sheet](#)

ARTICLE 742.- Unless otherwise provided, the endorser guarantees acceptance and payment.

The endorser may prohibit a new endorsement and, in this case, shall not be liable to the persons to whom the bill of exchange is subsequently endorsed.

[Article sheet](#)

ARTICLE 743.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 744.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990)

[Article sheet](#)

ARTICLE 745.- The endorsement subsequent to the protest for nonpayment or made after the term for doing so has expired, shall not produce other effects than those of an ordinary assignment.

In the absence of proof to the contrary, an undated endorsement shall be presumed to have been made before the expiration of the time limit fixed for making the protest.

[Article sheet](#)

SECTION IV

Acceptance

ARTICLE 746: As long as the bill of exchange has not expired, the holder or a simple bearer may present it for acceptance by the drawee at the latter's domicile.

[Article sheet](#)

ARTICLE 747: The drawer may stipulate that the bill of exchange shall be presented for acceptance, setting or not a term for doing so.

The drawee may also prohibit, by stating so on the bill itself, that it be presented for acceptance, except in the case of a bill of exchange payable at the domicile of a third party, or of a bill payable at a place other than the domicile of the drawee, or of a bill drawn for a definite period of time.

It may also stipulate that the presentation of the bill of exchange for acceptance shall not take place before a certain date.

Any endorser may stipulate that the bill of exchange must be presented for acceptance by setting a time limit, or without setting a time limit, except when the drawer has declared it not subject to acceptance.

[Article sheet](#)

Time certain bills of exchange at sight shall be presented for acceptance within one year from their date. The drawer may vary this term and the endorser may shorten it.

[Article sheet](#)

The drawee may request a second presentation of a bill of exchange on the day following the first presentation. The interested parties may not allege that such request has not been complied with, unless it is so stated in the protest.

The bearer shall not be obliged to deliver to the drawee the draft presented for acceptance.

[Article sheet](#)

ARTICLE 750: Acceptance shall be written on the bill of exchange. It shall be expressed by the word "I accept" or any other equivalent word, and shall be signed by the drawee. The simple signature of the drawee on the face of the bill of exchange shall be equivalent to acceptance.

When the bill of exchange is payable on demand, or when it is to be presented for acceptance within a period fixed by special stipulation, the acceptance shall bear the date of the day on which it was given, unless the bearer requires the date on which it was presented. In the absence of a date, the bearer, in order to preserve his rights of recourse against the endorsers and against the drawer, shall record the omission by means of a protest, raised in good time.

[Article sheet](#)

ARTICLE 751: Acceptance shall be pure and simple, but the drawee may limit it to a part of the amount.

Any other modification introduced by the acceptance in the text of the bill of exchange shall be equivalent to a refusal of acceptance. However, the acceptor shall remain bound by the terms of his acceptance.

[Article sheet](#)

When the drawer has indicated in the bill of exchange a place of payment other than the drawee's domicile, without designating a third party at whose house the payment is to be made, the drawee may indicate the name of such third party at the time of acceptance. In the absence of such indication, it shall be understood that the acceptor has bound himself to pay at the place of payment.

When the draft is payable at the drawee's domicile, the drawee may indicate in the acceptance the place where it is payable, provided it is in the same locality.

[Article sheet](#)

By the fact of acceptance, the drawee undertakes to pay the bill of exchange at maturity.

In default of payment, the bearer, even if he is the drawer himself, shall have against the acceptor a direct action arising from the bill of exchange for all that he may demand under Articles 791 and 792.

[Article sheet](#)

When the drawee who has placed his acceptance on the bill of exchange crosses it out before returning the bill, he shall be deemed to have denied the acceptance. Unless there is proof to the contrary, the crossing out shall be deemed to have been made before returning the bill of exchange.

However, if the drawee has notified his acceptance in writing to the holder or to any signatory, he shall be bound to them in accordance with the terms notified.

[Article sheet](#)

SECTION V

Of the Guarantor

The total or partial payment of a bill of exchange may be guaranteed by means of a guaranty. This guarantee may be provided by a signatory of the bill of exchange or by a third party.

[Article sheet](#)

ARTICLE 756.- The guarantee shall be stated in the bill of exchange or in a supplement. It shall be expressed by means of the words "by guarantee" or other equivalent formula, and shall be signed by the guarantor.

The simple signature of a person, other than the drawee, the drawer or a holder, on the face of the bill of exchange is valid as a guarantee.

The guarantee shall indicate on whose behalf it has been given. In the absence of such indication, it shall be deemed to have been given in favor of the drawer.

[Article sheet](#)

ARTICLE 757.- The guarantor shall be liable in the same manner as the person to whom he guarantees. His commitment shall be valid, even if the guaranteed obligation is void for any reason other than a formal defect.

When the guarantor pays the bill of exchange, he shall acquire the rights derived therefrom against the guaranteed person and against those who are liable with respect to the latter by virtue of the bill of exchange.

[Article sheet](#)

SECTION VI

Maturity of the Bill of Exchange

The bill of exchange may be drawn:

- a) At a glance;
- b) A certain term from the sight;
- c) For a definite term from the date thereof; and
- d) Fixed date.

Bills of exchange indicating other maturities, or successive maturities, shall be null and void.

[Article sheet](#)

ARTICLE 759: The bill of exchange at sight shall be payable upon presentation. It shall be presented for payment within one year from the date of issue. The drawer may vary this term and the endorser may shorten it.

The drawer may provide that a bill of exchange payable on demand shall not be presented for payment before a certain day.

[Article sheet](#)

ARTICLE 760.- The maturity of a time certain bill of exchange from sight shall be determined by the date of acceptance or by the date of protest.

In the absence of protest, any undated acceptance shall be deemed to have been given, with respect to the acceptor, on the last day of the period specified for the presentation of the same for acceptance.

[Article sheet](#)

A bill of exchange drawn for one or more months from the date or sight, matures on the same date of the month in which payment is to be made. In the absence of such date, the maturity shall take place on the last day of said month.

When the bill of exchange is drawn for one or several months and a half from its date or sight, whole months shall be counted first.

The expressions "eight days" or "fifteen days" shall be equivalent to a period of eight or fifteen effective days and not one or two weeks.

The expression "half a month" shall indicate a period of fifteen days.

[Article sheet](#)

SECTION VII

Payment

ARTICLE 762.- The holder of a bill of exchange payable on a fixed day, or at a certain term from its date, or at sight, shall present the bill for payment on the fixed day.

Failure to comply with this obligation may only give rise to damages.

[Article sheet](#)

ARTICLE 763: The drawee may demand, upon payment of the bill of exchange, that it be delivered with the "receipt" of the bearer.

When there are endorsers or other obligors, the bearer may not refuse partial payment.

In case of partial payment, the drawee may demand that this payment be recorded on the bill of exchange and that a receipt be given.

[Article sheet](#)

The bearer of a bill of exchange may not be obliged to receive its payment before maturity.

The drawee who pays before maturity shall do so at his own risk.

He who pays at maturity shall be validly released, unless there is fraud or gross negligence on his part. He shall be obliged to verify the regularity of the series of endorsements, but not the signature of the endorsers.

[Article sheet](#)

If the bill of exchange is not presented for payment within the term fixed by article 760, any debtor may deposit the amount with the competent authority, at the holder's risk and expense.

[Article sheet](#)

ARTICLE 766.- The holder may bring an action at maturity of the bill of exchange against the endorsers, the drawer and the other obligors when payment has not been made; and before maturity in the following cases:

- a) When there is a total or partial refusal of acceptance;
- b) In cases of suspension of payments, bankruptcy or insolvency of the drawee, whether or not the drawee is an acceptor, or the seizure of his assets with a negative result; and
- c) In cases of suspension of payments, bankruptcy or insolvency of the drawer of a draft not subject to acceptance.

When the holder, in the cases of paragraphs b) and c), exercises his action against the endorsers and other obligors, the latter may obtain a term for payment which in no case shall exceed the maturity of the bill of exchange.

[Article sheet](#)

SECTION VIII

Intervention

The drawer, endorser or guarantor may indicate a person to accept or pay if necessary. Whoever intervenes on behalf of a debtor against whom an exchange action may be brought, may accept or pay the bill of exchange under the conditions hereinafter indicated.

Any third party, the drawee himself or a person already bound by the bill of exchange, with the exception of the acceptor, may accept or pay by intervention. Within two working days, the person who intervenes is obliged to notify his intervention to the one in whose favor it is made. If he fails to notify within this term, he shall be liable for the damages caused by his negligence, without such damages exceeding the amount of the bill of exchange.

[Article sheet](#)

SECTION IX

Acceptance by Intervention

ARTICLE 768: Acceptance by intervention may be made in all those cases in which an action may be brought before maturity in favor of the holder of a bill of exchange subject to acceptance.

When a person has been indicated in the bill of exchange to accept it, or to pay it if necessary, at the place of payment, the holder may not exercise before maturity his right of recourse against the one who has given the indication, nor against the subsequent signatories, unless he has presented the bill of exchange to the designated person and that, the latter having refused to accept the bill or to pay it, the refusal is recorded in a protest. In other cases of intervention, the holder may refuse the acceptance by intervention, but if he admits it, he shall lose the actions that would correspond to him before maturity against the one in whose name the acceptance has been given and against the subsequent signers.

[Article sheet](#)

ARTICLE 769.- Acceptance by intervention shall be stated in the bill of exchange and shall be signed by the person intervening. It shall indicate on whose behalf it is made, and in the absence of such indication, it shall be understood that the acceptance has been given in favor of the drawer.

[Article sheet](#)

ARTICLE 770: The acceptor by intervention shall be liable to the holder and to the endorsers subsequent to him on behalf of the one who has intervened, in the same manner as the latter.

Notwithstanding the acceptance by intervention, the person in whose favor it has been made and those who guarantee the latter, may demand from the holder, by reimbursement of the amount indicated in Article 782, the delivery of the bill of exchange, the protest and an account with the receipt, if applicable.

[Article sheet](#)

SECTION X

Intervention Payment

ARTICLE 771.- Payment by intervention may be made in those cases in which the bearer has the right to exercise his actions, whether or not the bill of exchange has matured. The payment shall include the total amount that should have been paid by the party for whom it is intervened. It shall be made not later than the day following the expiration of the period for protest for non-payment.

[Article sheet](#)

If the bill of exchange has been accepted through the intervention of a person domiciled in the place of payment, or if it has been indicated for payment, in case of necessity, to persons domiciled in the same place, the holder shall present the bill to all of them and shall have a protest for nonpayment raised, if applicable, on the day following the expiration of the term for the protest.

If the protest is not made, both he who has indicated a payer in case of need and he for whose account the bill of exchange has been accepted shall cease to be bound, as shall subsequent endorsers.

[Article sheet](#)

ARTICLE 773.- The holder who refuses payment by intervention shall lose his actions against those who, if he had received it, would have been released.

[Article sheet](#)

ARTICLE 774: Payment by intervention shall be stated in the bill of exchange with an indication of the person in whose favor it has been made. In the absence of this indication, it shall be considered that the payment has been made in favor of the drawer. The bill of exchange and the protest, if any, shall be delivered to the person paying by intervention.

[Article sheet](#)

ARTICLE 775.- The payer by intervention shall acquire the rights resulting from the bill of exchange against the person for whom he has paid and against those liable to the latter, by virtue of the bill of exchange. The intervenor who pays may not endorse the bill of exchange again.

Endorsers subsequent to the obligor by whom payment is made shall be released.

In the event of several offers to pay by intervention, preference shall be given to the one that results in the release of the largest number of interested parties. Whoever, knowingly infringing this rule, pays by intervention, shall lose his action against the persons who would otherwise have been released.

[Article sheet](#)

SECTION XI

From the Protest

ARTICLE 776.- The refusal of acceptance or payment shall be recorded by notarial act (protest for lack of acceptance or lack of payment).

If there is no notary public at the domicile indicated for acceptance or payment, any administrative authority shall draw up the record, and in the absence thereof, two local persons shall do so, and the record shall be notarized within the following eight calendar days by a notary public, who shall question the contents of the record, recording what the drawee has answered.

The protest for non-acceptance must be made within the time limit fixed for the presentation for that purpose. If in the case provided for in the first paragraph of Article 749 the first presentation took place on the last day of the time limit, the protest may be raised on the following day.

The protest for non-payment of a bill of exchange payable on a fixed date, or at a certain term, from its date, or at sight, must be made within eight days following the day on which the bill of exchange becomes payable. In the case of a bill payable at sight, the protest shall be made under the conditions indicated in the preceding paragraph for protest for non-acceptance.

Protest for non-acceptance shall not exempt from presentation for payment and protest for non-payment.

The bearer may not exercise his actions in the event of suspension of payments by the drawee, acceptor or not, even if it is just requested, nor when the seizure of goods is unsuccessful, but after having presented the bill to the drawee for payment and after the formalization of the protest.

In case of declared bankruptcy, suspension of payments or insolvency of the drawee, whether or not the drawee has accepted the draft, as well as in case of declared bankruptcy of the drawer of a draft not subject to acceptance, the presentation of the corresponding judicial decision shall suffice for the bearer to be able to exercise his actions.

[Article sheet](#)

ARTICLE 777: In order for the act of protest to be valid, it must meet the following requirements:

a) It must be carried out within the period indicated in article 776;

b) The diligences must be understood with the person whose charge the bill of exchange is drawn, and if he is not found, with his agent or dependent. In the event that none of these persons is found, the diligences shall be understood with any of those found at the domicile where it is to be carried out, and if the latter does not wish to sign, or refuses to give his name or his relation to the requested party, it shall be so recorded. If no person is present, it shall be so recorded in the minutes, under the responsibility of the notary, and the protest shall be considered valid and formalized;

c) Protest proceedings must be carried out at the domicile designated in the bill of exchange; failing that, at the domicile of the payer, and in the absence of both, at the last known domicile; and

d) It must take place between eight o'clock and seventeen o'clock. Outside these hours, it may be carried out only when expressly consented to by the person against whom it is raised.

[Article sheet](#)

ARTICLE 778.- The person who draws up a protest act shall be subject to the following prescriptions:

- a) Copy literally the bill of exchange with all the statements contained in its text or in the attached sheets;
- b) To record the request made to the person with whom the diligences are understood;
- c) Reproduce the answer given to the request;
- d) To express in the same form the obligation to pay the expenses and damages incurred to the person who has given rise to them;
- e) Have the person with whom the protest is made sign and if he/she does not know, is unable or unwilling to do so, to do so on record; and
- f) Express the date and time of the protest.

All protest proceedings of a bill of exchange shall be recorded in the same document, which shall be drawn up successively according to the order in which they are carried out.

[Article sheet](#)

ARTICLE 779.- Errors, omissions or other defects in the protest deed may be corrected by the notary who drew it up, in the same manner as defects in any other deed.

[Article sheet](#)

ARTICLE 780.- The notaries who intervene in the protest shall be liable for the damages arising from the non-compliance with the foregoing provisions.

[Article sheet](#)

Regardless of the time at which the protest is raised, the officials who verify the protest shall retain the bills of exchange in their possession, without returning them or witnessing the protest to the bearer, until seventeen o'clock on the day it is made; if the protest is for non-payment and the payer presents himself in the meantime to pay the amount of the bill and the protest expenses, the notary shall admit him, handing him the bill duly cancelled, together with the bill and the protest expenses.

[Article sheet](#)

ARTICLE 782.- Protest for lack of acceptance or payment imposes on the person who has given rise to it, the obligation to pay the expenses plus damages.

[Article sheet](#)

ARTICLE 783.- The protest, together with the bill of exchange, shall form the enforceable title against any of the parties bound by it. Against this executive action there shall be no exceptions other than those of a personal nature that the executed party has with the plaintiff, the statute of limitations, those of defects in the bill of exchange that make it null and void, and those indicated in Article 744.

[Article sheet](#)

An authorized copy of the protest document shall be given to the bearer of the bill of exchange and the original bill of exchange shall be returned to him.

[Article sheet](#)

The bearer shall give notice of the lack of acceptance or payment to his endorser and to the drawer within four working days following the date of the protest, or if there is a free return clause, on the date of presentation; within two working days following the date on which the endorser has received the notice, he shall communicate it in turn to his endorser, indicating the names and addresses of those who have given the preceding notices, and so on until reaching the drawer. The aforementioned time limits shall run from the moment of receipt of the preceding notice.

When, in accordance with the preceding paragraph, notice is given to any signatory of the bill of exchange, the same notice shall be given, and within the same period of time, to its guarantor.

In the event that an endorser has not indicated his address, or has indicated it in an illegible manner, it shall be sufficient that notice be given to the endorser prior to him.

The person required to give notice may do so by any means, including the simple return of the bill of exchange, but he shall prove that he has given notice within the period specified. This time limit shall be deemed to have been observed when the letter giving notice has been placed in the post within the said time limit.

The person who does not give notice within the indicated term does not lose the right to collect the bill of exchange from the endorsers, drawer and other obligors.

[Article sheet](#)

ARTICLE 786.- By means of the clause "return without expenses", "without protest", or any other equivalent indication written on the instrument and signed, the drawer, the endorser or a guarantor may exempt the holder from having a protest raised for lack of acceptance or lack of payment in order to be able to exercise his actions.

This clause shall not exempt the holder from presenting the bill of exchange within the corresponding time limits, nor from the notices to be given. Proof of non-observance of the time limits shall be the responsibility of the party who alleges it against the holder.

If the clause has been written by the drawer, it shall produce its effects in relation to all the signatories; if it has been written by an endorser or guarantor, it shall produce its effects only in relation to them. When, in spite of the clause written by the drawer, the bearer orders the protest to be raised, the expenses arising therefrom shall be borne by him. If the clause comes from an endorser or guarantor, the costs of the protest, in case it is raised, may be claimed from all the signatories.

[Article sheet](#)

SECTION XII

Actions to Obtain Payment or Reimbursement, if any, of the Amount of the Bill of Exchange

ARTICLE 787.- Those who have drawn, endorsed or guaranteed a bill of exchange shall be jointly and severally liable to the holder.

The bearer shall have the right to proceed in enforcement proceedings against all these persons individually or collectively, without it being necessary to observe the order in which they were bound.

The same right shall correspond to any signatory of a bill of exchange who has paid it. An action brought against any one of the obligors shall not preclude proceedings against the others, even if they are subsequent in order to the one first sued.

[Article sheet](#)

ARTICLE 788.- The holder may claim against the person against whom he exercises his action:

- a) The unaccepted or unpaid amount of the bill of exchange, with interest, if stipulated;
- b) Legal interest from the maturity date; and

(As amended by Article 7 of Law No. 7201 of October 10, 1990)

- c) Protest and notification expenses, as well as any other expenses.

If the action is exercised before maturity, the corresponding discount, at the rate of 6% per annum, shall be deducted from the amount of the bill of exchange.

[Article sheet](#)

ARTICLE 789: The person who has reimbursed the bill of exchange may claim from the persons who guarantee it:

- a) The full amount you have paid;
- b) Legal interest from the date of payment; and

(As amended by Article 7 of Law No. 7201 of October 10, 1990)

- c) Expenses incurred.

[Article sheet](#)

ARTICLE 790.- The person obligated against whom a bill of exchange action is exercised or may be exercised, may demand, by means of the corresponding payment, the delivery of the bill of exchange with the protest and the back account with the receipt.

The endorser who has paid a bill of exchange may cross out his endorsement and those of subsequent endorsers.

[Article sheet](#)

In the event of an action of return after a partial acceptance, the one who pays the amount that has not been accepted in the partial acceptance shall be entitled to a refund.

The payment shall be recorded in the bill of exchange and the corresponding receipt shall be given to him.

The holder shall, in addition, deliver a certified true copy of the bill of exchange, as well as the protest, so that any subsequent recourse may be exercised.

[Article sheet](#)

ARTICLE 792.- The person who has the right to exercise the action of return may be reimbursed, unless otherwise stipulated, by means of a bill of exchange, drawn at sight on any of the obligors on the bill and payable at the domicile of the latter.

The bill of exchange shall include, in addition to the amounts indicated in Articles 788 and 789, a brokerage fee.

When it is the holder who draws the bill of exchange, the amount thereof shall be fixed including the discount of a sight bill drawn at the place where the original bill was payable, on the place of the guarantor's domicile. If the draft is issued by an endorser, its amount shall be fixed including the discount of a sight draft drawn in the place where the drawer of the drawer's draft has his domicile, on the place of the domicile of the person liable.

[Article sheet](#)

ARTICLE 793.- Upon expiration of the time limits fixed for the presentation of a bill of exchange at sight or at a certain time from sight, for the lifting of the protest for lack of acceptance or payment, or for the presentation for payment in case of having stipulated the return without expenses, the holder shall lose all his rights against the endorsers, against the drawer who made the provision, and against the other obligated persons, with the exception of the acceptor.

If the bill of exchange has not been presented for acceptance within the term indicated by the drawer, the holder shall lose the corresponding actions, both for non-payment and for non-acceptance, unless it appears from the terms of the bill of exchange that the drawer only intended to exempt himself from the guarantee of acceptance.

When the stipulation of a time limit for presentation is contained in an endorsement, only the respective endorser may avail himself of this time limit.

[Article sheet](#)

ARTICLE 794.- When it is not possible to present the bill of exchange or to lift the protest within the time limits established, due to force majeure, said time limits shall be understood to be extended.

The holder shall be bound to give notice without delay to his endorser and to the drawer of the case of force majeure, and to note this notice, dated and signed by him, on the bill of exchange or on the supplement thereto. The provisions of Article 785 shall apply in this case.

Once the force majeure has ceased, the holder must present the bill of exchange without delay for acceptance or payment, and if applicable, must lift the protest.

If the force majeure persists after thirty days have elapsed from the due date, the actions may be exercised without the need for presentation or protest.

For bills of exchange at sight or at a certain term at sight, the thirty-day term shall run from the date on which the holder has given notice of the force majeure to his endorser, even before the expiration of the terms of presentation. For bills of exchange at sight, the term of thirty days shall be added to the term of sight indicated on the bill of exchange.

The events that only affect personally the holder or the person in charge of the presentation of the bill of exchange or the lifting of the protest shall not constitute force majeure.

[Article sheet](#)

SECTION XIII

Prescription

ARTICLE 795: Actions arising from the bill of exchange shall be barred after four years from the date of maturity.

[Article sheet](#)

ARTICLE 796.- The interruption of the statute of limitations shall only be effective against the person in respect of whom the act interrupting the statute of limitations has been performed.

[Article sheet](#)

SECTION XIV

Of the Working Days

ARTICLE 797.- Payment of a bill of exchange maturing on a non-business day may not be demanded until the first following business day. The acts related to the bill of exchange may only be carried out on working days.

When any of said acts must be carried out within a period of time, the last day of which is a non-business day, said period shall be extended until the first business day following its expiration. Intermediate non-business days shall be included in the calculation of the period.

[Article sheet](#)

ARTICLE 798.- The legal time limits or those indicated in the letter shall not include the day that serves as their starting point.

[Article sheet](#)

CHAPTER II

Of the Promissory Note

The promissory note is a document by which the person who subscribes it unconditionally promises to pay to another a certain amount of money within a certain term.

[Article sheet](#)

ARTICLE 800: The promissory note shall contain:

- a) The mention of being a promissory note, inserted in the text of the document;
- b) The outright promise to pay a specified amount of money;
- c) Indication of expiration;
- d) Place where payment is to be made;
- e) The name of the person to whom the payment is to be made or to whose order they are to be made;
- f) Place and date on which the promissory note was signed; and
- g) The names and signature of the issuer and of the guarantor, if any.

(Thus amended by Article 1 of Law No. 3303 of July 20, 1964)

[Article sheet](#)

ARTICLE 801: The instrument lacking any of the requirements indicated in the preceding article shall not be valid as a promissory note, except in the cases determined in the following paragraphs.

The promissory note whose maturity is not indicated shall be considered payable on demand.

In the absence of any special indication, the place of issue of the instrument shall be deemed to be the place of payment and at the same time the place of domicile of the signatory.

The promissory note that does not indicate the place of its issuance shall be deemed to be signed in the place that appears next to the signer's name.

[Article sheet](#)

Article 802.- The provisions relative to the bill of exchange and referents shall be applicable to the promissory note, as long as it is not incompatible with the nature of this title:

- a) To the endorsement;
- b) At maturity, except that in the promissory note partial maturities shall be admitted, so that the payment of principal and interest may be agreed upon in periodic installments.

(Thus amended by Article 166(b) of the Organic Law of the Central Bank of Costa Rica, Law No. 7558 of November 3, 1995).

- c) Upon payment;

d) To actions for non-payment;

e) To payment for intervention;

f) To alterations;

g) To the statute of limitations; and

h) Holidays, computation of deadlines and prohibition of grace days.

The provisions relating to a bill of exchange payable at a third party's house or at a place other than the drawee's domicile; to the stipulation of interest; to differences of enunciation relating to the amount payable; to the consequences of a signature under the conditions mentioned in Article 734; to the consequences of the signature of a person acting without powers or exceeding his powers; to a blank bill of exchange shall also be applicable to the promissory note.

The provisions relating to the guarantee shall also apply to the promissory note. In the case provided for in Article 756, if the guarantee does not indicate in whose favor it has been given, it shall be deemed to have been given in favor of the signatory of the promissory note.

The provisions of bills of exchange concerning presentation for acceptance, acceptance, acceptance by intervention and protest requirements are not applicable to promissory notes.

[Article sheet](#)

CHAPTER III

Of the Check

ARTICLE 803.- A check is an unconditional order for payment drawn on a bank and payable at sight.

The check must be in writing in one of the formulas supplied by the drawee bank to the drawee and must contain:

a) Name of the payee;

b) Place and date of issuance;

c) Name of the person to whose order it is drawn or mention of being to bearer;

d) Pure and simple mandate to pay a determined sum, which must be written in letters and also in figures, or with a protective machine; and

e) Signature of the drawer, of his attorney-in-fact or of a person authorized to sign on his behalf. The check must necessarily be written in ink or typewritten and the signature covering it must be autographed.

However, the bank may authorize the use of checks made on special machines, even if they do not contain the required specifications, as long as they have the necessary data to identify the drawer and the payer, and the security to prevent forgery or alteration.

[Article sheet](#)

ARTICLE 804.- The instrument that does not meet the requirements set forth in the preceding article shall not be considered as a check, but between the parties it shall have the value granted by law.

[Article sheet](#)

ARTICLE 805.- The ownership of the check shall be transferred by endorsement, except in the case of a bearer check, in which case simple tradition shall be sufficient. The check may be endorsed only once, without the endorsement for its deposit in an account of a bank or authorized financial institution being counted for such purpose.

Checks drawn in favor of a legal entity may not be transferred by endorsement. They may only be cashed by the beneficiary legal entity or deposited in an account of the latter.

(As amended by Article 187, paragraph i) of the Securities Market Regulatory Law No. 7732 of December 17, 1997).

[Article sheet](#)

ARTICLE 806.- The restrictive endorsement is that in which the endorser establishes a condition of this nature, by means of phrases such as: "without liability", "for collection", "to the credit of my current account", "to the credit of the current account of...", followed by the name of a person, or other similar ones. This endorsement may, as the case may be, limit or modify the endorser's liability; or give a special destination to the funds that the check represents.

[Article sheet](#)

ARTICLE 807.- Whoever transmits a check drawn to bearer, or disjunctively in favor of a person or to bearer, without an endorsee, does not guarantee its payment, but is liable that the signatures are true and that he is its legitimate owner.

[Article sheet](#)

When the name of the endorsee or holder is incomplete or misspelled on a check, the latter, when transmitting or cashing it, shall do so with his usual signature, expressing his correct name.

[Article sheet](#)

All checks drawn on cashier, without expressing that they are bearer checks, must be endorsed by the drawer in order to be cashed.

[Article sheet](#)

ARTICLE 810.- Whoever acquires a check in good faith, without gross negligence on his part, and is unable to collect it from the drawee because of forgery or violence against the drawer or any of the endorsers, may appeal against any of the other responsible parties, as if it were free of any defect.

[Article sheet](#)

The holder in good faith of a check may not be prejudiced if the endorser or another of the previous transferors did not have the right to transfer it, unless the check contains a circumstance that shows the lack of such right. The forgery of an endorsement does not give the right to claim the check from the holder who has acquired it in good faith and without gross negligence on his part. When the check has been drawn or endorsed by an incapable person, the bearer in good faith shall have the right to claim payment from any of the other obligors. As to the person who drew or endorsed the check lacking capacity, the holder shall only have the right to claim the amount that he proves to have been taken advantage of by the incapable person.

[Article sheet](#)

When the check is drawn or endorsed by a person who has no power or authorization to do so, the holder may collect it from any of the other obligors; and against the person in whose name the draft or endorsement appears to have been made, an action may be brought only when his negligence or carelessness has contributed to the commission of the act, or it is proven that the irregular act has benefited him.

[Article sheet](#)

In the event of discrepancy between the amounts written on the check, the amount expressing the lesser amount shall be binding on the drawee.

[Article sheet](#)

Whatever the date of issue, the bank shall make good payment upon presentation. Any reason indicating that the check is to be cashed on a future date shall be deemed not to have been given and shall have no legal value.

[Article sheet](#)

Article 815.- Unpaid checks shall be enforceable against the drawer and endorsers. The execution shall be dispatched with sight of the check with the reason signed by the cashier of the bank that it has not been paid. In addition to the executive action, the holder of an unpaid check may exercise the criminal action, when it is in the case of subsection 17) of article 282 of the Penal Code.

(Note Sinalevi: The mentioned criminal type referred to the crime of fraud (art.281) in the modality of writing bad checks and other similar conducts, which were included in the Penal Code No.368 of August 21, 1941, repealed in 1970 by Penal Code No.4573 of May 4, 1970. Said conducts could currently correspond to those indicated in articles 221 (Swindling by check) and 243 (Issuance of bad checks) of the current Penal Code).

[Article sheet](#)

When the drawer does not have sufficient funds in his account to cover a check, the bank shall pay the holder up to the extent of the balance to the credit of the drawer. On the back of the check shall be placed the proof of payment signed by the drawer and the holder, and the bank shall give the holder a proof of the overdraft balance with all the specifications contained in the check, upon presentation of which the holder may exercise the executive action against those responsible for the payment.

[Article sheet](#)

When the check has not been paid due to lack of funds, the holder, upon collecting the reimbursement from the drawer, shall be entitled to demand as damages and as a fixed indemnity, twenty-five percent of the uncollected amount.

[Article sheet](#)

ARTICLE 818.- In those cases in which the criminal action for lack of funds is applicable and it is proven that the check taker was aware of the circumstances justifying such action, he shall be punished as an accomplice.

[Article sheet](#)

ARTICLE 819.- The payment of a check made in good faith and without opposition by a bank to an insolvent or incapable person is valid.

[Article sheet](#)

If the drawee pays a check negligently or carelessly, he shall lose its value, but may have recourse with the person who received the amount without right. The drawee who pays a forged check may recourse for all or part of the loss, according to the circumstances, against the person who appears as the drawer, if by his negligence or carelessness, he has facilitated the commission of the fraud. In this matter the following rules of interpretation shall serve as rules of interpretation: in case of forgery of a check the bank shall suffer the consequences if the signature of the drawer is visibly forged, if the check appears adulterated, scratched, interlined or erased in its date, order number, amount, type of currency, name of the holder, signature of the drawer or if any of the essential requirements are missing; and if the check is not one of those delivered or authorized by the drawn bank. The drawer is liable for damages in case of forgery, if his signature has been forged on a check form received by him from the bank and the forgery is not visibly manifest.

[Article sheet](#)

Any person requesting payment of a check, even if it is to bearer, is obliged, if the payer so requires, to sign the check and to prove his identity by means of the respective identification card, documents, persons who know him or any other means to the satisfaction of the bank; the bank that pays a check to bearer shall not be liable if it does not require identification from the person presenting it.

[Article sheet](#)

In case of theft, robbery, loss or violence to obtain a check, the drawer may give a countermand for payment, in which case the bank shall refrain from paying it. Said countermand shall be given in writing with sufficient data to identify the document, and shall clearly state the circumstance of the event on which it is based.

[Article sheet](#)

If after the countermand of payment the drawee decides to order payment of the check, he shall revalidate it by placing a legend on the back under his signature clearly stating so. He shall indicate the date and his signature.

[Article sheet](#)

For the same reasons that the drawer may invoke to countermand payment of a check, the holder may do so, but in this case such suspension shall not exceed four business days, unless the drawer confirms it in writing.

In both cases of counter-orders, whether from the drawer or the holder, the latter shall be liable for the damages they cause if such counter-order proves to be unfounded.

[Article sheet](#)

ARTICLE 825.- The payment of a check that is correctly written shall only be suspended by virtue of a countermand of payment or because so ordered by the judicial authority.

[Article sheet](#)

When the check contains the word "bank" on the face, between two parallel lines, the check may not be endorsed, but must necessarily be deposited in an account of the payee in a bank or authorized financial institution. If the particular name of a bank or authorized financial institution has been added to the word "bank", the check may only be deposited in an account opened in that particular establishment.

(As amended by Article 187, paragraph j) of the Securities Market Regulatory Law No. 7732 of December 17, 1997).

[Article sheet](#)

ARTICLE 827: The bank that pays a check in contravention of the provisions of the preceding article shall be liable to the true owner of the check for any loss suffered by the latter as a result of the payment made.

[Article sheet](#)

The drawer or any holder may demand that the bank certify on the check that there is sufficient funds in the account to pay it. The certification binds the drawee to pay the check. The expressions "certificate", "endorsement" or similar, signed and dated by the bank, are sufficient to bind the bank to pay, and the drawer and the endorsers are released from all liability. The certification or endorsement must necessarily appear on the check itself. There is no countermand from the drawer on a certified check, and the only way to revoke it is to return the check to the bank for its destruction.

[Article sheet](#)

It is not necessary to file a protest for nonpayment of a check, but the holder shall obtain from the bank proof of nonpayment, which shall be placed on the same check or separately. In order to preserve the endorsers' guarantee, notice of nonpayment of the check must be given to the endorsers within five business days thereafter. Such notice may be given by mail and the receipt from the post office shall be presumed to have been complied with. Failure to give such notice shall relieve the endorsers of liability, but not the drawer.

[Article sheet](#)

Checks shall be presented for payment:

- a) Within one month from the date of issue, if payable at the same place;
- b) Within three months if issued and payable in a distant place within the territory of the Republic; and
- c) Within six months if issued abroad and payable in the territory of Costa Rica.

Failure to present the check in time shall release only the endorsers from liability. If upon expiration of the presentation period the bank should fall into a state of bankruptcy, the holder shall have no recourse against the drawer who at the time of issuing the check had funds in possession of the bank, and his action shall be only against the bankruptcy of the latter, but the liability of the drawer shall subsist if after issuing the check, he has disposed of the funds with which it could have been covered.

If the term expires on a day when the bank's offices are closed, it must be presented on the first following business day.

(As amended by Article 1 of Law No. 3303 of July 20, 1964)

[Article sheet](#)

At any time, within the term of the statute of limitations, the drawee bank shall pay the check in whole or in part, if the drawer has sufficient funds to do so and has not received a counter-order or court order not to make payment.

[Article sheet](#)

ARTICLE 832.- The death or surviving incapacity of the drawer does not authorize the drawee to stop payment of the check.

[Article sheet](#)

ARTICLE 833.- Once the declaration of insolvency or bankruptcy has been published, the bank shall refrain from paying checks issued by the insolvent or bankrupt party. The bank shall incur liability if it proceeds against the provisions of this article.

[Article sheet](#)

Any payment made by check shall be subject to the condition that said check is paid upon presentation. Failure to pay the check shall render the payment intended to be made with the check absolutely null and void and ineffective in law.

[Article sheet](#)

ARTICLE 835.- Banking establishments may issue cashier's checks payable to their own offices. These checks shall be drawn in favor of a specific person.

[Article sheet](#)

ARTICLE 836.- Banks shall sell the so-called "Traveler's Checks", which shall be issued by the main establishment to be paid in the same bank or outside it by its branches or correspondents, within the country or abroad. Traveler's checks shall be drawn in favor of a specific person. The payer of the check shall verify the authenticity of the signature of the drawer by comparing it with the signature of the drawer certified by the office that has put the checks into circulation.

[Article sheet](#)

The holder of a traveler's check may present it for payment to any of the branches or correspondents included in the list provided by the drawer for such purpose, and at any time until the time specified for the statute of limitations has elapsed.

[Article sheet](#)

The lack of immediate payment of a traveler's check shall entitle the holder to demand from the drawer the return of the amount thereof and compensation for damages, which in no case shall be less than twenty-five percent of the value of the unpaid check.

[Article sheet](#)

The bank that has sold traveler's checks shall be obliged to reimburse the amount of the checks not used by the borrower and that are returned to it in good condition.

[Article sheet](#)

Banks may also sell traveler's checks in any currency, issued by other banks abroad, which shall be governed by the laws of the country where they are issued, but the bank that sells them in Costa Rica shall be responsible for their authenticity.

[Article sheet](#)

CHAPTER IV

Letters of Credit

ARTICLE 841.- Letters of credit shall be issued in favor of a specific person or persons and shall not be negotiable.

They shall express a fixed amount or several undetermined amounts, but within a maximum amount to be clearly stated in the letter.

[Article sheet](#)

Letters of credit are not subject to acceptance or protest; nor do they confer any right on the holder against the person or institution to whom they are addressed.

[Article sheet](#)

ARTICLE 843.- The taker shall have no right whatsoever against the giver, except when he has left in his possession the amount of the letter of credit, or is his creditor for that amount, in which case the giver shall be obliged to return the amount of the letter if it is not paid, and to pay damages. These shall not exceed one tenth of the amount of the sum not paid, in addition to the expenses caused by the insurance or the surety.

[Article sheet](#)

ARTICLE 844: Except in the case where the taker has left the amount in the hands of the giver or has satisfactorily guaranteed it, the giver may cancel the letter at any time, making it known to the taker and to the person to whom it was addressed.

[Article sheet](#)

ARTICLE 845.- The giver is obliged to pay to the addressee of the letter the sum that the latter has delivered to the holder by virtue of the same letter of credit.

[Article sheet](#)

If the payer so demands, the holder of the letter shall be obliged to identify himself.

[Article sheet](#)

ARTICLE 847.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 848.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 849.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

ARTICLE 850.- REPEALED.

(Repealed by Article 9 of Law No. 7201 of October 10, 1990).

[Article sheet](#)

BOOK FOUR

TITLE I

CHAPTER I

Bankruptcy

ARTICLE 851.- The declaration of bankruptcy of a merchant or corporation shall be applicable in any of the following cases:

- a) When the debtor himself requests it. In the case of a company, when requested by the Manager or Administrator;
- b) When a creditor ascertains that the merchant or company has failed to pay one or more overdue obligations, or has ceased to pay obligations in favor of other persons;
- c) When the debtor hides or is absent without leaving at the head of his company or business a legally instructed attorney-in-fact with sufficient funds to fulfill his obligations;
- d) When you unjustifiably close the premises of your company or business;

- e) When it makes a total assignment of its assets in favor of one or more of its creditors;
- f) When it is proven that it resorts to ruinous, fraudulent or fictitious records to meet or fail to meet its obligations; and
- g) When there are other circumstances that demonstrate that it is in a state of bankruptcy.

[Article sheet](#)

ARTICLE 852.- In order for a creditor to have the right to petition for bankruptcy, it is indispensable that he proves his capacity as such, presenting the respective title and proving that the obligation is liquid and due, as well as that the debtor is a merchant even when the cause of the obligation is not of a mercantile nature. Bankruptcy may be declared even when the obligation is not due and payable, when the debtor is in one of the cases listed in paragraphs b), c), d), e), f) and g) of the preceding article.

[Article sheet](#)

ARTICLE 853.- A merchant who ceases to pay an obligation shall, within ten days thereafter, inform the Civil Judge of his domicile, so that bankruptcy may be declared.

[Article sheet](#)

ARTICLE 854.- When the debtor files for bankruptcy, he shall attach:

- a) A dated and signed balance sheet, under oath of being accurate, which shall contain the description and estimate of all its real and personal property, the state of its obligations with the full name and address of each of the creditors, cause of the debt, term, agreed interest, guarantees, citation of the entries in its books in which the obligation is recorded with the date of each of them, reference of the respective entries of the account in the creditor's books, if it has such information;
- b) Statement of credits in its favor, indicating full name, address of each debtor, term, interest and guarantees;
- c) Clear and detailed statement of the causes that in its opinion have determined the state of cessation of payments;
- d) General business statement together with a profit and loss statement, as well as a monthly account of your personal and family expenses for the last two years;
- e) Date on which payments ceased; and
- f) Accounting, including all books, vouchers, invoices and active and passive correspondence.

The courts will not process the bankruptcy petition requested by the debtor if the aforementioned requirements are not faithfully complied with. Any false information or inaccurate data of those required by this article, will be sufficient reason to declare the bankruptcy fraudulent.

[Article sheet](#)

ARTICLE 855.- If the representative of a corporation requests the bankruptcy of the latter, in addition to the requirements indicated in the preceding article, insofar as they are

If the bankruptcy petition is compatible with the nature of the legal entity, it must be accompanied by proof of the firm resolution adopted by the partners, authorizing it to file for bankruptcy.

[Article sheet](#)

ARTICLE 856.- Bankruptcy shall be declared by the Judge of the domicile of the company or business; if the merchant has several businesses in different localities, the Judge of the place where the operation giving rise to the bankruptcy is to be carried out shall have jurisdiction. If the debtor, at the time the bankruptcy is petitioned, has no open business, the judge of his current domicile will be competent. In case of concealment or absence without knowing the debtor's whereabouts, the judge of the debtor's last known domicile or residence will be competent to declare the bankruptcy.

[Article sheet](#)

ARTICLE 857.- Bankruptcy may be declared even after the death of the debtor, if it is proved that the debtor had ceased to pay his obligations. The bankruptcy of the succession may also be requested when, having authorized the continuation of the business of the deceased, the succession fails to pay one or more obligations. In this case, the common creditors whose claim arose within the period of the authorized business shall have preference over the other common creditors of the succession to be paid.

In the event of the death of a person declared bankrupt, the proceedings will continue with the executor of the estate.

[Article sheet](#)

ARTICLE 858.- The declaration of bankruptcy of an estate shall suspend, as to the adjudication of the hereditary property, the processing of the mortuary proceeding as long as the bankruptcy is not legally terminated.

[Article sheet](#)

ARTICLE 859.- The bankruptcy of a merchant or company that has closed its operations may also be declared, if the declaration is requested within two years following the closing of business, and if the cessation of payments has occurred during the mercantile traffic, or in the following year as a consequence of obligations dependent on or derived from the same traffic.

[Article sheet](#)

ARTICLE 860.- Any of the titles to which the laws give an enforceable character shall serve as a basis for declaring bankruptcy. A private document that does not have the character of an executory title shall serve, however, as a basis for a declaration of bankruptcy, when in the judgment of the Judge the signature or signatures of the obligor are authentic.

[Article sheet](#)

ARTICLE 861.- The mortgagee or pledgee may not request a declaration of bankruptcy unless he proves that the encumbered assets are or have proved to be insufficient for the payment of his credit. When the creditor intends to make use of the power granted to him by this article, the debtor shall first be given a hearing in order to pay the obligation or present assets that satisfactorily guarantee the payment of the obligation. If the debtor pays or duly guarantees the credit, the Judge shall order the file to be closed.

[Article sheet](#)

ARTICLE 862.- When the petition for bankruptcy is filed by the debtor or by the representative of the corporation, duly authorized for such purpose, the Judge shall decree it without further proceedings, if the requirements of Articles 854 and 855 have been complied with.

[Article sheet](#)

ARTICLE 863: If the petition is in order, the court, as soon as possible and in no case later than twenty-four hours, shall declare the state of bankruptcy by means of a reasoned decision which shall contain, in addition to the requirements of Article 740 of the Code of Civil Procedure, the following:

- a) Prohibition to make payment or delivery of effects or goods of any kind to the bankrupt, under penalty of nullity of such payment or delivery.
- b) Order to the Public Registry, the General Registry of Pledges and any other office deemed convenient, to refrain from processing and registering any document issued by the debtor, in which a transfer of rights or the imposition of a lien is recorded.
- c) Notification to banks, credit institutions, bonded warehouses and customs offices, to refrain from delivering to the debtor, his attorney-in-fact or agent, securities, trade bills, merchandise and any other document or effect that has any economic value.
- d) Communication to the post, telegraph, radio and cable offices, so that they deliver to the curator all correspondence, parcels and dispatches that arrive addressed to the bankrupt.
- e) Communication to immigration, port and other offices and authorities, so that they refrain from issuing passports to the bankrupt, visa or otherwise facilitate his departure from the country.
- f) Communication of the declaration to the Public Prosecutor's Office, in order to initiate proceedings to determine whether the bankrupt has incurred in the crime of fraudulent or culpable bankruptcy.

The administrative or judicial authorities, or the officers of institutions of any nature, official or private, who do not comply with the orders issued by the bankruptcy judge in accordance with the provisions of this article, shall be tried as accessory after the fact, if the bankruptcy is declared guilty or fraudulent.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 864.- The declaration of bankruptcy made outside the country cannot be invoked against the creditors that the bankrupt has in the Republic, nor to dispute the rights that they claim over the assets existing within the territory, nor to annul the acts or contracts that they have entered into with the bankrupt. Once the bankruptcy has been declared abroad, the matters relating to the assets existing in the country will be governed in accordance with Article 980 of the Civil Code.

[Article sheet](#)

If a merchant or company that has one or more branches or agencies in the Republic goes bankrupt abroad, these shall be placed in liquidation, if so requested by the authority hearing the main bankruptcy, but in that case, the proceedings shall also be carried out in accordance with the aforementioned Article 980 of the Civil Code.

[Article sheet](#)

If the branch or agency in Costa Rica ceases to pay its obligations, it may be declared bankrupt independently of the main office, being considered, for the effects of the bankruptcy, as a juridical person.

In the bankruptcy of the branch, first of all, the national creditors and foreigners domiciled in Costa Rica at the time of the declaration of bankruptcy, or who at the time of contracting the obligation had been domiciled or had an agency or branch in the country, will be paid. Once these credits have been paid in full, the payment of obligations in favor of foreigners not domiciled in the country, but who have contracted with the agency or branch office, will be attended to; once the latter have been paid, if there is any remainder, it will be sent to the main office.

If the credit of the agency or branch, following the order indicated, is not sufficient to pay the creditors, the latter, of whatever nature, may collect the overdrawn balance from the main office at the domicile of the latter.

[Article sheet](#)

ARTICLE 867.- In the case of the bankruptcy of a branch or agency of a merchant or company domiciled abroad, the judge of the place where the branch or agency is located shall have jurisdiction. If there are several in the Republic, one of the judges of the capital city shall be competent, if there is one in this province; otherwise, the judge of the place where any of them is located shall be competent.

[Article sheet](#)

ARTICLE 868.- The order declaring the bankruptcy shall fix as "for the time being" and to the detriment of third parties, the time in which the bankrupt has ceased the current payment of his obligations. If there is no proof in the file that it is more recent, the Judge will backdate the effects of the declaration for up to three months. The curator, or any creditor, at any time, may file a motion to vary that date, and may delay it for up to six months from the date on which the bankruptcy was declared.

[Article sheet](#)

ARTICLE 869.- REPEALED.

(Repealed by Article 8 of Law No. 7130 of August 16, 1990).

[Article sheet](#)

ARTICLE 870.

(Repealed by Article 8 of Law No. 7130 of August 16, 1990).

[Article sheet](#)

ARTICLE 871.- The resolution declaring the bankruptcy shall order the Public Prosecutor's Office to be informed of such declaration, so that it may immediately initiate the process to establish whether the bankruptcy is guilty or fraudulent, and to impose, if applicable, the corresponding criminal sanctions.

(Thus amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 872.- All matters relating to the qualification of the bankruptcy shall be processed and resolved in the process followed in the corresponding criminal court. The civil court where the bankruptcy is located shall be notified in due time of the judgment or order terminating the bankruptcy, once such resolutions have become final.

(Thus amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

CHAPTER II

About the Curators

Article 873.- In the resolution declaring the bankruptcy the Judge shall appoint a proprietary curator and an alternate. Both the proprietor and the alternate must have the following conditions:

- a) Be of legal age;
- b) To be an attorney of the courts;
- c) Not to be a public employee;
- d) *(Repealed by Article 8 of the Law of Issuance of the Code of Civil Procedure, Law No. 7130 of August 16, 1989).*
- e) Not to be related to the Judge or the bankrupt within the fourth degree of consanguinity or affinity.

In the case of the bankruptcy of a partnership or limited partnership, he/she must not be related to any of the unlimitedly liable partners up to the fourth degree of consanguinity or affinity.

[Article sheet](#)

ARTICLE 874.- Notwithstanding the provisions of the preceding article, when the Judge deems it convenient to the interests of the bankruptcy, he may appoint a banking institution or a commercial company as curator, in which case the functions of the curator shall be performed by the administrator under the direction of an attorney.

[Article sheet](#)

ARTICLE 875.- If for a certain case the proprietary and alternate guardian is disqualified or impeded, the Judge shall appoint a person as specific guardian to make up for the absence. In order to perform this function, he/she shall meet the conditions required to be a guardian.

[Article sheet](#)

ARTICLE 876: The duties of the guardian:

- a) Receive the accounting books.
- b) See to it that the bankrupt's assets are insured and inventoried without loss of time.
- c) Manage before the court the sending of the writs and communications referred to in Article 863 and activate the bankruptcy proceedings.

- d) To collect judicially and extrajudicially the credits in favor of the bankrupt, to obtain the return of the bankrupt's assets in the hands of third parties, and to manage judicially and extrajudicially the interruption of any statute of limitations that may be detrimental to the bankruptcy.
- e) To continue pending lawsuits that actively or passively interest the insolvency proceeding, and to support those that are filed against it.
- f) If the debtor, personally, or the manager of the company has filed for bankruptcy, the trustee must verify and rectify, if necessary, the list of assets and liabilities.
- g) Submit to the court a detailed report of all claims, with a specific expression of the basis of the claim, and its opinion about the merits and legitimacy of the claim.
- h) Prepare a balance sheet or rectify the one presented by the bankrupt, and deposit in the court's account, within the unpostponable term of twenty-four hours, all the sums of money received for any concept and which belong to the bankruptcy.
- i) To receive all the assets that make up the common assets. Those assets that are not located at the domicile of the insolvency proceeding and are deposited with third parties will be kept in deposit, either in the hands of the same depositaries or in others, if it is in the interests of the insolvency proceeding.
- j) To sell the assets of the insolvency proceeding for a sum not less than the amount established in the appraisal, once the appraisal has been approved. In order to sell for a lesser amount, the creditors must authorize it and the judge must approve it.
- k) Once the credits have been recognized and each time the insolvency proceeding has a sum representing at least twenty-five percent of the liabilities, the curator will formulate a distribution plan to be submitted to the creditors' meeting convened for that purpose.
- l) Any sum of money received by the guardian must be deposited to the order of the judge, within the unpostponable term of twenty-four hours.
- Failure to comply with this obligation shall be sufficient to remove the guardian, which shall be done ex officio by the judge.
- m) Every last day of the month the curator shall render a specified and documented account of his administration. Failure to comply with this provision alone shall be grounds for removal, at the request of any creditor.
- n) If creditors present themselves to legalize credits outside the term indicated for this purpose, the curator will give his opinion in writing on the merits of the claim.
- ñ) Bringing to the attention of the judge to convene a meeting, any proposed settlement project.
- o) It is the obligation of the trustee to ensure that publications are made in a timely manner and that the bankruptcy proceedings are given due attention in order to expedite the proceedings.

These proceedings must be initiated by the curator within eight days of his acceptance; if he fails to do so, his appointment shall be revoked, even ex officio, and he shall lose all right to receive any fee. The same sanction will be incurred by the curator who, having initiated the proceedings within the indicated term, does not activate them duly in order to accelerate the processing of the process.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 877: The proprietary guardian shall be independent in his administrative functions and need only be authorized to:

1) Transacting or compromising in arbitration a business whose value exceeds ten thousand colones (ten thousand colones) refers to Penal Code No. 368 of August 21, 1941, amended by law No. 1223 of November 9, 1950, whose type dealt with the drawing of checks in overdraft; with insufficient provision of funds; without authorization of the drawee; against non-existent account or deposit; against closed account; with order of non-payment; with simulated payment date or term).

2) Selling real estate out of court.

3) Recognize the claim of assets worth more than ten thousand colones.

4) Waive a prescription or other acquired right whose value exceeds ten thousand colones.

5) Continuing the business of the bankrupt.

The court will give the debtor and the creditors a three-day hearing on the application and will then decide what is appropriate.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

It is the obligation of the curator to appear, without the need for judicial authorization, in the criminal case as accuser and for this purpose he shall adduce the pertinent evidence, make use of all the resources and defend the interest of the insolvency proceeding. Any creditor or group of creditors may appear at any time in the criminal case, and within the legal terms provide evidence and make use of the ordinary or extraordinary remedies against the resolutions that they consider cause them prejudice. The non-observance on the part of the curator of the obligation imposed by this article, gives merit to remove him at the request of any creditor.

[Article sheet](#)

The guardian shall have the powers of Article 1255 of the Civil Code; consequently, the act of acceptance shall be certified and recorded in the Mercantile Section of the Public Registry. This general power of attorney is modified as expressly provided in this chapter.

[Article sheet](#)

ARTICLE 880: The conservator, in addition to his character of agent with general power of attorney, shall be considered as the depositary of the assets of the insolvency proceeding that remain in his custody; and consequently, a restraining order may be issued against him when upon ceasing his functions, he does not deliver to the Judge or to his successor, as ordered, any property of the insolvency proceeding, which he should have in his possession. The same measure shall be applicable against the depositary who does not deliver the property entrusted to his custody.

[Article sheet](#)

ARTICLE 881.- The curator shall continue the accounting, for the purposes of the liquidation of the bankruptcy.

[Article sheet](#)

ARTICLE 882.- The curator who renders a report with respect to credits, either as to their amount or as to their privileges, or who recommends their acceptance without having been duly verified or who is shown to have colluded with the debtor or with any other person to simulate a credit, alter it or make privileges appear that he does not have, shall be immediately dismissed by the Judge, forfeiting his fees as a fixed indemnity for damages, apart from the consequent criminal liabilities.

[Article sheet](#)

ARTICLE 883.- The curator shall earn five percent of the amount actually produced by the insolvency proceeding as fees. When approving the distributive account or accounts, the court shall set aside five percent of each distribution, and shall reserve it to be delivered to the curator, as soon as the order approving the distribution and the payment of the corresponding fees is final. As for the specific curators appointed to replace the owner in certain cases, the judge will indicate their fee, which will be paid to them when they have finished their work and the respective order becomes final.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 884.- The curators may confer special powers of attorney in the proceedings in which they intervene. Even when the curators cease their functions, the attorney-in-fact shall continue in his functions, unless otherwise provided.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

CHAPTER III

Creditors

ARTICLE 885.- The declaration of bankruptcy irrevocably fixes the situation of the creditors, ceasing the course of current or default interest against the estate, and produces the maturity and enforceability of all the debtor's obligations. Common creditors will be paid pro rata, without distinction of dates.

[Article sheet](#)

For the purposes of recognition and payment, credits are classified as follows: credits with privilege over a certain asset, credits of the workers, credits of the lessors and lessees, credits of the estate and common credits.

(As amended by Article 133 of the Urban Leasing Law No. 7527 of July 10, 1995).

[Article sheet](#)

ARTICLE 887.- All creditors, except separatists, must legalize their credit before the respective Judge and within the term established by that official.

The credits shall be paid in the order in which they are listed in the preceding article. Only those who have privilege on certain property are excluded from each other.

[Article sheet](#)

ARTICLE 888.- With the exception of mortgage and pledge credits that have already established the procedure to be collected, the other privileged credits, once they have been collected, shall be paid in full.

If they are not sold, they may request the bankruptcy court to order the auction of the property affected by the privilege.

[Article sheet](#)

When making the legalization, the creditor shall present the document in which the obligation is recorded, refer to the debtor's books, if he has the specific information, and accompany a certification issued by a notary or public accountant, of the entry or entries in his books, if the legalizing party is a merchant. As long as the creditor does not prove his status as such in a satisfactory manner, his legalization will not be processed, nor will he have a voice or vote, nor will he be granted any dividend. The curator, under his responsibility, shall report to the court on the merits or inappropriateness of the claims presented.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

Mortgagors and pledgees may collect their credits outside the insolvency proceeding, but in the same court in which it is being processed. However, the curator may auction the assets given as security, even if the term of the obligation has not expired. In any case, if the debtor is bankrupt, the auction shall not be subject to the basis fixed in the document recording the obligation, but to that fixed by an expert appointed by the bankruptcy court.

Mortgage and pledge foreclosure proceedings initiated prior to the declaration of bankruptcy will continue in the court in which they were established, if they have already been scheduled for auction; otherwise, they will be referred to the court handling the bankruptcy.

Once the property has been auctioned, the creditor shall be paid with the proceeds thereof, his credit, current and default interest until the date of payment, and the expenses of the execution shall also be covered. If any balance remains, it shall form part of the common assets. If, when the property is auctioned, the price is not sufficient to cover the entire mortgage credit, its interest and expenses, the creditor may legalize the balance in the bankruptcy, without it being necessary for this credit to be recognized as a common credit. Whether the curator puts the encumbered property up for auction, or the creditor so requests, in addition to the edict in the Judicial Gazette, a notice will be published in a newspaper of national circulation at least eight working days prior to the day set for the auction.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 891.- Mortgage and pledge creditors may accept the expiration of the term and legalize their credit in the insolvency proceeding as a common credit, and waive their privilege. They may also legalize without waiving the privilege, in which case the curator shall be authorized to put the encumbered property up for auction, in which case the proceeding shall be in accordance with the provisions of the preceding article.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 892.- All creditors shall bear the expenses referred to in paragraph 1 of Article 990 of the Civil Code. However, the creditors with privilege over a certain asset shall only bear those expenses in what especially benefits them and, proportionally, in those that are made for the common interest of all the creditors. In the latter case, before approving the auction, the bankruptcy judge will fix the amount to be contributed by such privileged creditors to the aforementioned expenses.

[Article sheet](#)

The sureties of the bankrupt who have not paid the obligation have the right to legalize in the insolvency proceeding so that the curator may set aside the sum necessary to cover the respective obligation up to the amount of the dividend agreed upon to the common creditors. If they pay, they will have the right to receive the corresponding dividend, otherwise it will belong to the creditor if he legalizes his credit.

[Article sheet](#)

ARTICLE 894.- These are credits to be charged to the estate:

- a) Those arising from legal expenses, conservation, administration and security of the bankrupt's assets. Judicial expenses are understood to be those of the processing of the file, such as stamped paper, stamps, attorney's fees, depository fees, depository fees, personal or procedural costs to which the bankrupt is condemned, publication of notices and all those that are indispensable for the legal processing of the bankruptcy;
- b) Those arising from acts or contracts legally executed or entered into by the guardian;
- c) Those arising from acts or contracts entered into by the debtor and not fulfilled by him, and that the insolvency proceeding agrees to carry them out;
- d) The return, in the event of termination of a contract, of those received by the debtor and the indemnity to the holder in good faith of the things claimed by the insolvency proceeding;
- e) The refunds that the insolvency proceeding must make of the amounts received by the debtor or the insolvency proceeding on account of the price of the securities or trade bills entrusted in collection commission to the bankrupt or to the insolvency proceeding itself; and
- f) Those that by law have or become of that nature.

[Article sheet](#)

The following shall be considered as debts of the estate:

- a) The proceeds from fiscal, municipal or other legal taxes, provided that the law assigns a specific asset as collateral;
- b) Those arising from the burial expenses of the debtor, members of the family who lived with him, when they die without leaving assets with which to cover these expenses; and
- c) The proceeds from medical assistance, medicines and food supplied to the bankrupt during the last year of the bankruptcy proceedings.

[Article sheet](#)

ARTICLE 896.- Securities of any nature whatsoever, which have been sent to the bankrupt on collection commission or with instructions to invest their proceeds in a certain negotiation, shall be delivered to their legitimate owners as soon as the right of the person claiming the security is recognized.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 897.- All merchandise, effects, securities and other securities that have been delivered to the bankrupt in consignment of sale, or that he has them because he has purchased them on behalf of a third party, shall also be subject to claim.

All outstanding receivables from the sale of goods or effects received on consignment will belong to the owner of such goods; and the curator, once this right has been recognized by a final decision, will give the necessary instructions and sign the necessary documents, so that the legitimate owner receives the corresponding sums in full and as soon as possible from the hands of the debtors.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

If the bankruptcy has already received the total value of the effects given to the bankrupt in collection commission, in the resolution in which the respective legalization is recognized, it shall be agreed to immediately pay the owner of the title or securities the full amount received for them. If what was received by the bankrupt was only a part of the value, it will be ordered to pay him that sum and return the title or titles, in which case the payment made will be noted, if it was not already made.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 899.- If the bankrupt by commission of a third party has purchased securities, merchandise or other effects, the third party claimant shall receive them if they are in the possession of the bankrupt, but must reimburse to the latter the sums that the bankrupt has paid for his account or expenses for the conservation of the same, all duly proven.

[Article sheet](#)

ARTICLE 900.- All those objects, securities or effects that appear in the possession of the bankrupt but do not belong to him because he has received them on commission or simple consignment, or to deliver them to a third party, whose value does not exceed ten thousand colones, may be delivered by the curator, under his responsibility, to the legitimate owners who duly prove their right, which shall be reported to the court.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 901.- The following are creditors with privilege over certain property, and may collect outside the insolvency proceeding with the intervention of the curator:

- a) The Treasury and the Municipalities for the taxes corresponding to the year preceding the declaration of bankruptcy, on the value of the items subject to such taxes.
- b) The mortgagee for the value of the mortgaged thing.
- c) The pledgee, for the price of the thing pledged.
- d) Creditors who, having the right of retention, have made use of such right, for the value of the retained thing or things, and
- e) The lessor of rural or urban properties, for the amount of what is owed to him on account of the lease.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 902.- The privileges provided for in the preceding article are mutually exclusive, and if there are several creditors with special privileges on a certain thing, it shall be paid in the order in which their privileges are expressed in said article.

[Article sheet](#)

CHAPTER IV

Meetings of Creditors

ARTICLE 903.- The meetings held by the creditors shall take place in the respective court, or in the premises indicated by the same court, under the presidency of the judge, who shall direct the debate and shall take note of the attendees and of those who are represented, shall count the votes, and within the following three days shall issue a resolution approving or disapproving the resolutions adopted, with an explanation of the reasons for his decision.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 904.- For a meeting to take place, it is indispensable that the notice of the meeting be published in the manner provided for in the Code of Civil Procedure.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 905.- The notice of meeting shall indicate the matters that shall exclusively be the object of the resolution.

[Article sheet](#)

ARTICLE 906.- REPEALED.

(Repealed by Article 8 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 907.- The creditors shall also be summoned when the debtor, a creditor or a third party wishes to propose an arrangement. In this case the draft of the arrangement must be attached so that the creditors may know it before the meeting is held.

[Article sheet](#)

ARTICLE 908.- Upon expiration of the term for legalization, the following shall proceed:

- a) To know and qualify credits.
- b) To authorize, when necessary, the curator to carry out one or some of the acts included in Article 877. The curator does not need authorization to appear in the bankruptcy qualification trial.
- c) To agree on the continuation of some business of the bankrupt in order to facilitate the liquidation. This agreement will not be executed as long as the order authorizing it is not final.
- d) To hear and resolve any queries or questions proposed by the curator.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 909.- The opinion of the curator with respect to a credit does not bind the creditors, notwithstanding the favorable qualification made by them of a certain credit, the court, when issuing the resolution, may reject it if in its judgment the creditor's right is not duly proven. The vote of the rejected credit shall not be counted.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

In the qualification of credits, every creditor whose credit has been duly legalized shall have one vote, regardless of the amount of his credit. In all other matters, resolutions shall be adopted by personal and capital vote. The personal vote will correspond to all admitted creditors; and the capital vote will be formed by dividing the represented capital by the number of admitted creditors. The quotient will be the capital vote.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 911.- Once a meeting has been legally called, it shall be held if two or more creditors are present, and the resolutions adopted by the majority shall be binding for the creditors of the minority, as well as for those who do not attend the meeting, unless the resolution has been adopted against the express provision of the law.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 912.- Creditors may attend the meeting with their attorneys. Creditors may also be represented by means of a power of attorney granted to another creditor or to an attorney. The power of attorney is a special mandate for each meeting, it is drawn up on plain paper with the corresponding stamps, signed by the principal and countersigned by two witnesses, or by a lawyer or notary.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 913.- In the case of the arrangement or agreement with the debtor, the meeting at which it is heard must necessarily be subsequent to the meeting for the qualification of credits, so that only the credits admitted and approved by final order may attend that meeting with the exclusion referred to in Article 938, and the resolution imposing the arrangement must be adopted by the vote of the capital representing at least three fourths of the liabilities. The capital vote will not be taken into account for the respective computation of the creditors whose credit does not reach the capital quotient necessary to take part in the vote.

[Article sheet](#)

ARTICLE 914.- Minutes shall be taken of every meeting and shall be signed by the judge with the attendants, the curator and the secretary.

[Article sheet](#)

When a creditor has been contested, while his claim is being processed within the bankruptcy, he shall have no voice, vote, or intervention whatsoever; but the curator, when distributing the assets, shall take him into account when reserving the respective dividend so that the court may deliver it to whom it may correspond, in accordance with what is resolved in the final judgment.

(As amended by Article 3 of Law No.7643 of October 17, 1996)

[Article sheet](#)

CHAPTER V

Bankruptcy Qualification

ARTICLE 916.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 917.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 918.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 919.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 920.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 921.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 922.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 923.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 924.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 925.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 926.- REPEALED.

(Repealed by Article 7 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

CHAPTER VI

Extinguishment of Bankruptcy and Bankrupt's Rehabilitation

SECTION I

Termination for Payment

ARTICLE 927.- Once all the legal formalities have been completed and the credit has been realized, the curator shall proceed to draw up an explanatory report summarizing all the proceedings and containing his opinion on the distribution of the credit among the creditors. This report, together with the final balance sheet, shall be submitted to the court with the request that a date be set for the meeting to be held to hear the proposed distribution.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 928.- The court, taking into consideration what has been agreed upon in said meeting, shall resolve what in law corresponds, within a term not to exceed fifteen days. Such resolution shall have the character of a judgment, with the authority and effectiveness of res judicata.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 929.- Assets shall be considered realized, even if some credits have not been collected because the debtors lack property on which to enforce the obligations, or if for other reasons collection is impossible.

[Article sheet](#)

ARTICLE 930.- The insolvency proceeding shall not be terminated while there are legal actions pending in the courts, whether the bankrupt is named as plaintiff or defendant. This shall not prevent the distribution of the assets in cash among the creditors and the adjudication of the corresponding assets.

They will also not prevent the execution of the agreement with the debtor, provided that it is subject to the final resolution of the pending lawsuits.

[Article sheet](#)

ARTICLE 931.- Once the credit has been distributed among the creditors, they shall retain, for the entire term of the statute of limitations of their respective credit, the right to collect from the debtor the balance that has remained unpaid; however, if he is acquitted in the criminal proceeding, they may not seize or collect before three years from the day on which the order approving the distribution becomes final. The statute of limitations will begin to run upon expiration of those three years.

(Thus amended by Article 5 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

If the debtor has been condemned for guilty or fraudulent bankruptcy, the creditors may take legal action to collect the balance immediately.

[Article sheet](#)

SECTION II

Termination by Agreement

At any stage of the trial, after the qualification of credits and before the final distribution, the bankrupt and his creditors may enter into such agreements as they deem convenient. A debtor who has been previously convicted for the crime of fraudulent bankruptcy may not make proposals for an agreement. Nor may they be made by a debtor who, having been declared bankrupt at another time, has made arrangements with his creditors and such arrangements have not been complied with.

[Article sheet](#)

ARTICLE 934.- A bankrupt convicted of culpable bankruptcy shall be entitled to enter into an agreement with the creditors, provided that the proposal consists of the total payment of the credits.

[Article sheet](#)

ARTICLE 935.- The agreement entered into with the debtor shall be null and void if a conviction for the crime of fraudulent bankruptcy is handed down. If guarantees of any nature have been granted for the fulfillment of the agreement, they shall be maintained backing all the acts of the debtor guaranteed by them.

[Article sheet](#)

ARTICLE 936.- Any formal proposal for a composition shall be made and discussed at a general meeting, specially called for that purpose. Said proposal shall be presented to the court with the request for the meeting to be called, and shall be available to the creditors for their study.

[Article sheet](#)

ARTICLE 937.- The particular agreement of a creditor or of a group of creditors with the bankrupt shall be null and void; if it is made, such creditors shall lose all rights they have in the bankruptcy, which by that fact alone shall be qualified as guilty.

[Article sheet](#)

ARTICLE 938.- Only those creditors who have been accepted by the meeting and once the resolution approving the agreement on such acceptance is firm may attend with voice and vote at the meeting that hears the arrangement. The secured creditors do not have the right to intervene in the arrangement, unless they waive the security and remain as common creditors. They may, however, enter into the arrangement when the encumbered asset has been auctioned, an unpaid balance has remained and they have filed for such balance in the insolvency proceeding.

[Article sheet](#)

The agreement must be accepted or rejected at the same meeting, unless it is agreed to postpone it for a better study of the matter. In order for the agreement to be valid, a vote representing three quarters of the total liabilities shall be required, excluding the creditors of the estate and the privileged creditors, unless they waive this in order to enter as common creditors in the insolvency proceeding.

[Article sheet](#)

ARTICLE 940.- Once the agreement has been approved by the Board, it shall be published once in the Judicial Gazette and in a newspaper of national circulation.

If within fifteen days after the last publication no motion is filed, the court will decide what is legally appropriate, with the approval or disapproval of the settlement. Such resolution shall have the character of a judgment, with the authority and effectiveness of res judicata.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 941.- Only the creditors who have not voted for the arrangement or who have not attended the meeting may oppose it, provided that they base their objection on any of the following reasons:

- a) Defects of form in the notice of the meeting;
- b) Collusion between the debtor and any creditor to carry out the agreement; and
- c) Deficiency in the capital or in the number of creditors necessary to form a majority.

[Article sheet](#)

ARTICLE 942.- The agreement shall be executed by the curator, but if the creditors so decide, one or more intervenors may be appointed.

[Article sheet](#)

ARTICLE 943.- By virtue of the agreement, the actions of the creditors for the part of the credits referred to the bankrupt are extinguished, even if he comes to a better fortune, or if there is any surplus of the bankrupt's assets, unless otherwise agreed. The agreement will also benefit the guarantors of the bankrupt and those jointly and severally liable.

[Article sheet](#)

ARTICLE 944.- The common creditors who do not appear in the bankruptcy shall have the right to collect from their debtor after the agreement has been approved, only a part equal to that which would have corresponded to them if they had legalized in a timely manner in the bankruptcy.

[Article sheet](#)

ARTICLE 945.- The common creditors, even if they are not included in the balance sheet, nor have taken part in the proceeding, nor have legalized their credit, as well as those who are pending recognition, are bound by the agreement.

[Article sheet](#)

ARTICLE 946.- Whatever the terms of the agreement may be, it shall not affect the criminal proceeding to which the declaration of bankruptcy gives rise.

[Article sheet](#)

If the agreement is rejected by the judge, or if after its approval it is declared null and void or terminated for lack of compliance, or for any other cause, the bankruptcy proceeding shall resume its course, and the concessions granted shall be without effect.

[Article sheet](#)

ARTICLE 948.- The agreement produces the rehabilitation of the bankrupt; consequently, he shall be restored in the exercise of all his rights and actions with the agreed limitations. If there is no restriction whatsoever, once the judgment is signed, the curator shall deliver to him all the assets and effects, rendering an account of his administration.

[Article sheet](#)

ARTICLE 949.- The guarantees that the debtor has granted to secure the stipulations of the agreement, once the agreement has been fulfilled in all its parts, shall be cancelled by the creditors; and in the absence of the latter, by the judge.

[Article sheet](#)

SECTION III

Rehabilitation

ARTICLE 950: Once the distribution of the total patrimony of the bankruptcy has been made, this shall be terminated, and the bankrupt shall be rehabilitated, if he has been acquitted because the bankruptcy is excusable.

The rehabilitation will also proceed if all the legalized credits have been extinguished by prescription, or their balances, in the event that the distribution referred to in the preceding paragraph has not been sufficient to pay the debts in their entirety; in both situations, provided that in the corresponding criminal case the criminal action has been declared extinguished or a dismissal or acquittal has been granted.

If the bankrupt is convicted for the crime of culpable bankruptcy or fraudulent bankruptcy, the provisions of Articles 951 and 952 shall be observed.

The ruling on the prescription of obligations shall be made in the incidental proceedings, with a hearing of the curator and the creditors.

(Thus amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 951.- Bankrupts declared guilty shall be rehabilitated as soon as they comply with the penalty imposed on them or are pardoned and have paid their creditors in full or prove that they have complied in all its parts with the agreement entered into with them.

[Article sheet](#)

ARTICLE 952.- Fraudulent bankrupts may only be rehabilitated if they have paid their debts in full and after three years have elapsed from the completion of the sentence imposed on them or from the date on which they were pardoned.

[Article sheet](#)

ARTICLE 953: The full payment referred to in the preceding articles refers to the payment made with the bankruptcy assets or by means of subsequent deliveries.

[Article sheet](#)

ARTICLE 954.- The petition for rehabilitation shall be presented by the bankrupt before the judge who heard the bankruptcy, accompanied by the documents that prove the payment made, the fulfillment of the agreement or that the penalty has been served. A literal certification of the final resolution issued in the criminal proceeding shall also be submitted.

[Article sheet](#)

ARTICLE 955.- The court, upon receipt of the application for rehabilitation, shall give a hearing to the creditors for three days. Upon expiration of such period, it shall decide what is appropriate by law.

(Thus amended by Article 219, paragraph 4) of the Code of Contentious Administrative Procedure, No. 8508 of April 28, 2006, in the sense that references to the participation of the Office of the Attorney General of the Republic in non-contentious judicial activities are eliminated).

[Article sheet](#)

ARTICLE 956: Once the discharge is granted, the court shall order it to be published once in the Judicial Gazette, and shall communicate it to those offices and agencies to which the declaration of bankruptcy had been made known.

(As amended by Article 3 of Law No. 7130 of August 16, 1989)

[Article sheet](#)

ARTICLE 957.- The judgment granting or denying the discharge shall be appealable in both effects. An appeal in cassation shall be allowed against the judgment of second instance if the bankruptcy liabilities reach the amount that allows it.

[Article sheet](#)

ARTICLE 958: With the rehabilitation of the bankrupt, all the legal interdictions produced by the declaration of bankruptcy cease.

[Article sheet](#)

ARTICLE 959.- In the processing of the bankruptcy or insolvency proceeding, the courts shall endeavor to act expeditiously, speeding up the course of the case as much as possible. The curator, for his part, shall also proceed with due diligence, and unjustified delay in the processing and termination of the proceeding shall be grounds for removal. The curator who, due to negligence, is removed shall not be entitled to any fee.

[Article sheet](#)

SECTION IV

Bankruptcy of Corporations

ARTICLE 960.- The declaration of bankruptcy of a partnership does not entail the bankruptcy of the partners in particular. Neither shall the bankruptcy of the partners affect the legal life of the partnership. However, in the case of a partnership in collective name or limited partnership, the judge shall ex officio decree a general attachment on the assets of the unlimitedly liable partners. He will issue an order to the Public Registry to seize the assets of the partners without the need to mention the registered assets or rights in rem, the seizure order being sufficient to record all the assets, credits and rights registered in the name of the bankrupt and of the unlimitedly liable partners. In addition to the assets appearing in the Register, he will seize any other assets indicated to the judge by the curator or the creditors. In no case will it be indispensable to make the seizure.

[Article sheet](#)

ARTICLE 961: If the officers of the partnership are convicted of fraudulent or culpable bankruptcy, any of the creditors of the partnership may request that the bankruptcy of the unlimitedly liable partners also be declared.

(As amended by Article 5 of Law No. 4327 of February 17, 1969)

[Article sheet](#)

ARTICLE 962.- The individual creditors of the partners, either in the insolvency proceeding of the partners or as simple creditors, shall have the right to have their credit noted in the credit that the bankrupt or seized partner has in the partnership. He may obtain payment of dividends which he may demand at any time, and payment of the capital when the partnership liquidates the business, but he shall not have the right either to demand the debtor's share before the partnership is liquidated, or to auction that share, since he must wait until the partnership is liquidated.

[Article sheet](#)

ARTICLE 963.- In the case of partnerships or limited partnerships, when declared bankrupt the creditors of the partnership shall be paid with the private assets of the partners and in concurrence with the creditors of the latter, if any, when the partnership assets are not sufficient to cover the amount of their credits.

[Article sheet](#)

ARTICLE 964.- When the same person forms part of several partnerships at the same time, and one of the partnerships in which he is jointly and severally liable goes bankrupt, the creditors of the same may only take action against the liquid part that the common partner has in the solvent partnerships, without prejudice to the right to pursue other assets.

[Article sheet](#)

ARTICLE 965.- If upon the bankruptcy of the partnership some of the partners owe the partnership their contribution, the bankruptcy trustee shall proceed executively against those partners as the terms of their obligations expire, without consenting to possible compensations for what the partnership may owe them, whether by way of dividends, loans or supplies made, or for any other reason.

[Article sheet](#)

In the bankruptcy of companies, the administrators shall take the place of the bankrupt, but with respect to criminal liabilities, they shall only be held liable when it is proven that they have been involved in fraudulent or illicit acts to the detriment of the creditors.

[Article sheet](#)

ARTICLE 967.- The creditors of a bankrupt company may enter into an agreement with one or more of the partners personally and jointly and severally liable, in which case the particular assets of the partner who enters into the agreement shall be returned to him; but no part of the assets of the corporate estate may be applied to the fulfillment of the obligations arising from such agreement. The partner who enters into the agreement shall be released with respect to the creditors of the partnership from all obligations arising from his participation in the partnership.

[Article sheet](#)

FIFTH BOOK

TITLE I

Prescription

CHAPTER I

General Provisions

Article 968.- Actions arising from commercial acts and contracts shall be subject to the statute of limitations in accordance with the provisions of this Chapter. The statute of limitations shall be triggered by the non-exercise of the respective right within the legally indicated term.

(Note by Sinalevi: By means of the sole article of Law No. 3416 of October 3, 1964, this numeral was interpreted in the sense that "the prescription of actions deriving from commercial acts and contracts shall be governed by the provisions of the chapter to which this article refers, except for common or bond mortgages, which shall continue to be governed by the ten-year prescription").

[Article sheet](#)

ARTICLE 969.- The statute of limitations begins to run on the day following the expiration of obligations that have a certain term within which they must be fulfilled; and in those cases in which the law authorizes the exercise of a certain right, from the day on which such right could be asserted.

[Article sheet](#)

ARTICLE 970.- Only a prescription already fulfilled can be waived. A covenant by which a possible future prescription not yet fulfilled is expressly or implicitly waived shall be absolutely null and void.

[Article sheet](#)

ARTICLE 971.- A person who cannot validly dispose of a right cannot waive his prescription.

[Article sheet](#)

ARTICLE 972.- Prescription may be raised as an action to declare the extinction of the right and its exercise, and as an exception, when it is intended to enforce a right already extinguished by the passage of legal time.

[Article sheet](#)

ARTICLE 973.- In no case shall the judge declare the statute of limitations ex officio. It is necessary that the interested party opposes it.

[Article sheet](#)

ARTICLE 974.- Prescription may be invoked by the creditors or by anyone having an interest therein, if the party does not assert it, and even if the latter has waived it.

[Article sheet](#)

ARTICLE 975: He who fulfills a prescribed obligation shall not have the right to repeat what has been paid.

[Article sheet](#)

CHAPTER II

Suspension of the Statute of Limitations

ARTICLE 976.- The statute of limitations begins to run against any natural or juridical person, with the following exceptions:

- a) Against minors or incapable persons as long as they have no one to legally represent them;
- b) Between spouses;
- c) Between minors or incapable persons against their representatives, as long as the latter exercise their respective positions;

- d) Between co-owners or joint owners with respect to the common good;
- e) Against the military in wartime;
- f) Between directors, managers and other employees or officers and the corporation while in office or employment; and
- g) Between the debtor and his creditor, when the former has fraudulently concealed the existence of the credit. In this case, the term shall begin to run when the fraud is discovered.

[Article sheet](#)

CHAPTER III

Interruption of the Statute of Limitations

ARTICLE 977: The statute of limitations shall be interrupted:

- a) By the lawsuit or any other type of judicial interpellation notified to the debtor. The statute of limitations shall be deemed not to have been interrupted if the plaintiff withdraws the action or it is declared deserted;
- b) By judicial, notarial or other written request, provided that it is proven that the debtor has been notified;
- c) By the tacit or express acknowledgment in law of the person against whom it is prescribed made by the person in whose favor the prescription runs. The new term to prescribe shall begin to run the day after the acknowledgment is made, or is deemed to have been made by a final decision.

If a new instrument is issued, without stating the term, the statute of limitations shall begin to run on the day following the date of the new instrument, and if the term has only been extended, from the day following the expiration of the latter; and

- d) For the payment of interest duly evidenced.

[Article sheet](#)

ARTICLE 978: The causes that interrupt the statute of limitations with respect to one of the joint and several debtors also interrupt it with respect to the others.

[Article sheet](#)

ARTICLE 979: The statute of limitations shall not be deemed to be interrupted with respect to the others if the creditor has consented to the division of the debt of one or more of the joint debtors.

[Article sheet](#)

ARTICLE 980.- The interruption of a statute of limitations against the principal debtor shall produce the same effects against the guarantor, and vice versa if the guarantor is jointly and severally liable.

[Article sheet](#)

When there is no solidarity, in order for the prescription of an obligation to be interrupted with respect to all the obligors, the notification or acknowledgment, as the case may be, of each of them is required.

By means of the interruption of the statute of limitations, all the time already elapsed is annulled for its effects.

[Article sheet](#)

ARTICLE 982.- Time for the statute of limitations shall be counted by years from date to date, unless the law expressly provides otherwise in certain cases. Months shall be computed complete with any number of days they may have.

[Article sheet](#)

ARTICLE 983.- When the statute of limitations is counted in days, these shall be understood to be twenty-four hours. The statute of limitations shall begin to run on the day following the expiration or on the date on which the right could have been enforced, if there was no determined term. These terms do not exclude working days or holidays.

[Article sheet](#)

CHAPTER IV

Statute of Limitations

ARTICLE 984.- Except as expressly provided in other chapters of this Code, every right and its corresponding action shall prescribe in four years, with the following exceptions, which shall prescribe in one year:

- a) Actions for the nullity of resolutions adopted by shareholders' meetings or boards of directors of commercial companies; actions for claims for defects of things sold with a guarantee of good performance; and actions for the liability of administrators, managers, directors and other members of the administration of companies;
- b) Actions to collect interest, rentals, leases or rents;
- c) The actions of businessmen to collect the value of the works they execute on a piecework basis;
- d) Actions to collect the use of any other right over movable property; and
- e) Shares derived from wholesale and retail sales to other traders or to the consumer directly.

[Article sheet](#)

ARTICLE 985.- The prescriptions established in this chapter are extinctive and there is no exception to them other than that of suspension when it has been legally operated, and the miscalculation of the terms.

[Article sheet](#)

ARTICLE 986.- If a lawsuit is filed for the collection of a commercial obligation and a judgment is rendered thereon, the statute of limitations shall be the term corresponding to the obligation in question pursuant to Article 984, and shall begin to run as from the date the judgment becomes final.

GENERAL AND TRANSITIONAL PROVISIONS

ARTICLE I.- The Code of Commerce issued by Law No. 2797 of August 4, 1961, whose validity was suspended, and the Code of Commerce issued by decree of June 6, 1853 and its amendments are hereby repealed, except for the THIRD BOOK: "OF MARITIME COMMERCE", until the corresponding legislation is passed, and the following laws and their amendments: Law of Nationalization of Commerce, No. 52 of December 29, 1943; No. 13 of June 21, 1901 on Mercantile Registry; No. 20 of July 5, 1901 on Mercantile Accounting; No. 7 of November 29, 1909 on Transportation; No. 6 of 24 November 1909 on Commercial Companies; No. 17 of 25 November 1902 on Exchange; No. 15 of 15 October 1901 on Bankruptcy; No. 23 of 23 July 1901 on Sale of Commercial Establishments; No. 5 of 5 October 1941 on Pledge; No. 1633 of 12 September 1955 on Bank Current Account and Check; No. 136 of 26 July 1933 which established a tax on excess interest insofar as it refers to mercantile obligations only; No. 19 of 3 June 1937 on Joint Stock Companies; No. 272 of August 25, 1942 on Limited Liability Companies; No. 1606 of July 15, 1953 on Sworn Brokers; No. 2496 of January 9, 1960 on Customs Agencies or Brokerage Firms, except for Articles 23 and 24 and Transitory Articles I and III thereof. Likewise, all other laws of a mercantile nature that oppose or are incompatible in their application with the matters included in this Code are hereby repealed.

ARTICLE II.- In those cases in which its application does not produce retroactive effect, its provisions shall be applicable to the effects of legal acts prior to its effectiveness.

ARTICLE III.- Commercial companies incorporated in accordance with the respective law of their time, shall continue to be governed by

by those provisions, but if any one of them modifies the clauses of its deed, it shall continue to be governed by the provisions of this Code.

ARTICLE IV.- The provisions relating to the formal requirements and intrinsic conditions of acts and contracts prior to the entry into force of this Code shall continue to be governed by the previous law. The same original laws shall be applicable to the rights and obligations derived from those titles, acts and contracts, except as provided below.

ARTICLE V.- The law in force when the legal relationship originated or the event occurred shall be applicable as regards the admissibility of evidence and the effects of legal presumptions relating to such deeds, acts and contracts.

ARTICLE VI.- The laws in force at the time of the occurrence of the act or contract or the creation of the title shall be applicable with respect to the civil liability that may be incurred by the persons who have intervened therein.

ARTICLE VII.- All actions arising from the aforementioned titles, acts or contracts shall be subject to the statute of limitations or expiration within the terms of this Code. The term from which the statute of limitations begins to run shall be counted as of the promulgation of this Code, with respect to the term in which the act or proceeding must be performed, or the requirement or formality whose omission results in the expiration of the action.

ARTICLE VIII.- The statute of limitations elapsed during the term of the repealed laws shall be computed as part of the term thereof, but in no case may the action be extinguished by statute of limitations before six months from the effective date of this Code.

ARTICLE IX.- Actions, defenses and procedural acts relating to titles, acts and contracts of a mercantile nature shall be governed by the laws in force at the time they are exercised or executed.

ARTICLE X.- Prescriptions not complied with when this Code enters into force shall be governed, as to term, by the provisions of this body of laws, adding the term already elapsed.

(Repealed by Article 9 of the law that approved the Securities Market Regulatory Law, No. 7201 of October 10, 1990).

ARTICLE XII.- This Code shall be in force as from June 1, 1964.

Transitory: The obligation to present certification of encumbrances from the Registry of Movable Property, referred to in Article 564 of the Code of Commerce, shall be suspended until the aforementioned Registry is established by means of the corresponding Executive Decree.

(Sinalevi's note: This transitional provision belongs to Law No. 3303 of July 27, 1964).

(Sinalevi Note: The Registry of Movable Property was created by the [Law of Creation of the National Registry, No. 5695 of May 28, 1975](#)).

Transitory II.- Any modification, extension, partial or total cancellation or other legal act related to pledge contracts, duly registered prior to the effectiveness of this law, shall observe the procedure set forth in the previous legislation.

(This Transitory provision was added by Article 186 of the Notarial Code No. 764 of April 17, 1998)

Communicate to the Executive Branch

Given in the Sessions Room of the Legislative Assembly - San José, on the twenty-fourth day of April of the year one thousand nine hundred and sixty-four.

Presidential House . San José, on the thirtieth day of April, nineteen hundred and sixty-four.

[Article sheet](#)

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