CHAPTER 15—HOW OBLIGATIONS ARISE

Article 158. Concept of an obligation and the basis on which it arises

By virtue of an obligation, one person (the debtor) is required to do a certain act—e.g., transfer property, perform work, pay money, etc.—for the benefit of another person (the creditor), or to refrain from doing a certain act, and the creditor has a right to demand from the debtor the performance of such duty.

Obligations arise from contract or the other grounds indicated in Article 4 of this Code.

Article 159. Content of obligations which arise from planning directives

The content of an obligation which arises directly from a planning directive is defined by such directive.

The content of a contract formed on the basis of a plan task must conform to that task.

Article 160. Conclusion of a contract

A contract is considered concluded when the parties have reached agreement on all of its essential points, and have expressed such agreement in whatever form may be required by law.

The essential points of a contract are those which are recognized as such by law or which are necessary for contracts of the given type, as well as all points upon which one of the parties has indicated that agreement must be reached.

A contract may be concluded through the acceptance for performance of an order, and between socialist organizations in cases specified by law, through acceptance for performance of an order or authorization.

Article 161. Form of a contract

If the parties have agreed to conclude a contract in a certain form, it is considered concluded from the time it is put into such form, even if this form is not required by law for the given type of contract.
If a contract must by law or by agreement of the parties be concluded in written form, it may be concluded either by means of drawing up a single document signed by the parties, or by means of an exchange of letters, telegrams, telegrams by telephone, etc., signed by the parties which have dispatched them.

Article 162. Conclusion of a contract on the basis of an offer which is made with a time limit for an answer

When an offer to conclude a contract is made with an indication of the time for an answer, the contract is considered concluded if the offeror receives an answer from the other party accepting the offer within the stated period of time.

Article 163. Conclusion of a contract on the basis of an offer made without a time limit for an answer

When an offer to conclude a contract is made orally, without the designation of a specified period for an answer, the contract is considered concluded if the offeree immediately declares his acceptance of the offer to the offeror.

When such an offer is made in written form, the contract is considered concluded if an answer accepting the offer is received within the period of time normally necessary for acceptance.

Article 164. Late receipt of an acceptance

If it is evident from an acceptance which is received late that the acceptance has been sent on time, the acceptance is considered late only if the offeror immediately informs the other party of such late receipt. In such a case, the late acceptance is considered a new offer to conclude a contract.

Article 165. Acceptance on different conditions

An acceptance on conditions different from those offered is considered a rejection of the offer and, at the same time, a new offer.

If, in the formation of contracts between state, cooperative (with the exception of collective-farm) and other public organizations, there arise disagreements which are subject to settlement by arbitrazh or private arbitrators (Article 166), the rules in this Article do not apply.

Article 166. Settlement of pre-contract disputes

Disagreements arising in connection with the negotiation of contracts between state, cooperative (with the exception of collective-farm) and other public organizations which are based upon plan tasks obligating both parties are settled by the appropriate arbitrazh (private arbitrators), unless otherwise prescribed by law.
Disagreements between the above organizations which arise in connection with the negotiation of a contract not based upon a plan task obligating both parties may be settled by *arbitrazh* if such has been specifically provided for by law or by agreement of the parties.

**Article 167. Contract for the benefit of a third person**

Performance of a contract for the benefit of a third person may be demanded either by the person who has concluded the contract or by the third person for whose benefit performance has been stipulated, unless otherwise provided by law or by the contract, or indicated by the nature of the obligation.

If a third person has renounced the right given him under a contract, the person who has concluded the contract may avail himself of such right, if his doing so is not contrary to law, the contract or the nature of the obligation.

**CHAPTER 16—PERFORMANCE OF OBLIGATIONS**

**Article 168. General provisions**

An obligation must be performed in the proper manner and within the prescribed period of time, in accordance with the provisions of law, the planning directive or the contract, or, in the absence of such provisions, in accordance with customary demands.

Each of the parties must perform his own obligations in the manner most economical for the socialist economy and must offer the other party all possible cooperation in the performance of his obligations.

**Article 169. Unilateral refusal to perform an obligation not permitted**

Unilateral refusal to perform obligations and unilateral changes in the terms of a contract are not permitted, except in those cases specified by law.

**Article 170. Performance of an obligation in parts**

A creditor may refuse to accept performance of an obligation in parts, unless otherwise provided by law, by the planning directive or by the contract, or indicated by the nature of the obligation.

**Article 171. Entrusting the performance of an obligation to a third person**

The performance of an obligation arising from a contract may be entrusted entirely or partially to a third person if such is provided for by established rules, and also if the third person is subordinated administratively to one of the parties or is similarly related by contract.
If a citizen is not required by law, by contract or by the nature of an obligation to perform an obligation personally, the creditor is required to accept performance offered by a third person on behalf of the debtor.

Article 172. No specified time for performance of an obligation

If the time for performance of an obligation has not been established or if performance is due upon demand, the creditor may demand performance, and the debtor may perform, at any time.

The debtor is required to perform such an obligation within a seven-day period after presentation of a demand by the creditor, unless a duty of immediate performance arises from law, the contract or the nature of the obligation.

Article 173. Early performance of an obligation

A debtor may perform an obligation before the time when such performance is due, unless otherwise provided by law or by the contract, or indicated by the nature of the obligation.

The early performance of obligations between state, cooperative and public organization is allowed in cases in which such is provided for by law or by the contract, and also with permission of the creditor.

Article 174. Place of performance of an obligation

If the place of performance is not determined by law, the contract or the planning directive, and if it is not clear from the nature of the obligation, performance must be carried out:

1) in the case of an obligation to transfer a building, at the place where the building is located;

2) in the case of a money obligation (except money obligations of state, cooperative and public organizations), at the residence of the creditor at the time the obligation arose, or, if the creditor has transferred his residence prior to the time of performance of the obligation and has informed the debtor of this change, at the new residence of the creditor, with a deduction at the expense of the creditor of all expenditures occasioned by transfer of the place of performance;

3) in the case of all other obligations, at the place of residence of the debtor, or, if the debtor is a legal person, at the place where it is located.

Article 175. Currency of money obligations

Money obligations must be expressed and paid in Soviet currency.

The expression and payment of money obligations in foreign currency is permitted only in cases and in the manner prescribed by legislation of the USSR.
Article 176. Interest
Interest on money and other types of obligations is not permitted, except in the operations of credit institutions, in foreign trade obligations and in other cases indicated by law.

Article 177. Performance of mutual obligations under a contract
Mutual obligations under a contract must be performed simultaneously, unless otherwise provided by law or by the contract, or indicated by the nature of the obligation.

Article 178. Performance of an alternative obligation
A debtor who is required to perform one of two or more acts has a right of choice, unless otherwise provided by law or by the contract, or indicated by the nature of the obligation.

Article 179. Performance of an obligation involving several creditors or several debtors
If several creditors or several debtors are parties to an obligation, each of the creditors has a right to demand performance, and each of the debtors is required to perform an equal share of the obligation, unless otherwise provided by law or by the contract.

Article 180. Joint and several obligations
A joint and several obligation or right arises if such is provided by the contract or has been prescribed by law, in particular in cases in which the subject matter of the obligation is indivisible.

Article 181. Rights of a creditor where the debtors' obligation is joint and several
If debtors have a joint and several obligation, the creditor may demand performance either from all of the debtors jointly or from any one of them individually, and either in full or in part.
A creditor who has not received full satisfaction from one of a number of joint and several debtors has a right to demand the rest of the performance from the other joint and several debtors.
Joint and several debtors remain obligated so long as the obligation has not been fully extinguished.

Article 182. Defenses of joint and several debtors to the claims of a creditor
In the case of a joint and several obligation, a debtor may not raise a defense against the claims of the creditor based on relationships between the other debtors and the creditor to which such debtor is not a party.
Article 183. Performance of a joint and several obligation by one of the debtors

Full performance of a joint and several obligation by one of the debtors relieves the remaining debtors of their duty to the creditor to perform.

A debtor who has performed a joint and several obligation has the right to demand contribution from the remaining debtors in equal shares, subtracting his own share, unless otherwise prescribed by law or by the contract. That which is not paid by one of the other debtors to the debtor who has performed a joint and several obligation is borne in equal shares by him and by the remaining debtors.

Article 184. Joint and several claims

Under a joint and several claim, any of the joint and several creditors may claim the whole amount from the debtor.

The debtor may not raise defenses against the claim of one of a number of joint and several creditors which are based on relationships between the debtor and the other creditors to which such creditor is not a party.

Full performance of an obligation to one of a number of joint and several creditors frees the debtor from the duty to perform with respect to the remaining creditors.

A joint and several creditor who receives performance from the debtor is required to pay over to the other creditors their shares, unless otherwise indicated by the relationship among them.

Article 185. Performance of a money obligation through depositing the amount of the debt

If the creditor is absent, or if he declines to accept a performance or otherwise delays on his part, or in the absence of a representative of a creditor if the creditor does not have the capacity to perform legal acts, a debtor owing a money obligation or under an obligation to transfer commercial paper has the right to deposit the money or paper with a notarial office, which informs the creditor thereof.

The deposit of money or commercial paper with a notarial office is considered performance of the obligation.

CHAPTER 17—SECURING THE PERFORMANCE OF OBLIGATIONS

Article 186. General provisions

The performance of obligations may, by law or by contract, be secured by liquidated damages or penalties, by pledge or mortgage or by sureties.
In addition, obligations between citizens or obligations in which citizens participate may be secured by earnest money, and obligations between socialist organizations, by guarantees.

Article 187. Liquidated damages and penalties

Liquidated damages or penalties are sums of money determined by law or by contract which the debtor is required to pay to the creditor in the event of nonperformance or improper performance of an obligation, in particular in the event of delay in performance.

Only a valid claim may be secured by liquidated damages or a penalty.

A creditor may not demand payment of liquidated damages or a penalty if the debtor is not responsible for the nonperformance or improper performance of an obligation (Article 222).

Article 188. Form of agreement on liquidated damages and penalties

An agreement on liquidated damages and penalties must be concluded in written form. Failure to observe the written form renders such an agreement invalid.

Article 189. Liquidated damages and penalties, and ordinary damages

If liquidated damages or a penalty has been established for the nonperformance or improper performance of an obligation, losses are reimbursed to the extent that they are not covered by the liquidated damages or penalty.

The following situations may be provided for by law or by contract: where only the recovery of liquidated damages or a penalty, but not of ordinary damages, is permitted; where ordinary damages may be recovered in full, above and beyond the amount of the liquidated damages or penalty; where the creditor may choose between recovery of the liquidated damages or penalty and ordinary damages.

Article 190. Reduction of liquidated damages or a penalty

If the amount of liquidated damages or penalty to be paid is extremely large in comparison with the ordinary damages of the creditor, a court may reduce it. In such a case, the court must take into consideration the extent of fulfillment of the obligation by the debtor, the financial situations of the citizens participating in the obligation, and, in addition to his economic interests, any other interests of the creditor which deserve consideration.

Arbitrazh or private arbitrators may, in exceptional cases, reduce the amount of liquidated damages or penalty to be paid by a socialist organization, taking into account the interests of the debtor and creditor.
Article 191. A debtor who pays liquidated damages or a penalty must still perform the obligation

Payment of liquidated damages or a penalty established for delay or for other improper performance of an obligation does not relieve the debtor of actual performance of the obligation, except in cases in which the plan task upon which an obligation between socialist organization has been based is no longer in effect.

Article 192. Pledge or mortgage

By virtue of a pledge or mortgage, the creditor (pledgee or mortgagee) has a right, in the event of nonperformance by the debtor of an obligation secured by a pledge or mortgage, to obtain satisfaction from the value of the pledged or mortgaged property in preference to other creditors, with the exceptions indicated in legislation of the USSR and the Code of Civil Procedure of the RSFSR.

Only a valid claim may be secured by a pledge or mortgage.

Unless otherwise provided by law or by the contract, a pledge or mortgage secures a claim to its full extent at the time of satisfaction, including interest, compensation for ordinary damages sustained through delay in performance, liquidated damages and penalties, and reimbursement of the expenses of collection.

A pledge or mortgage arises by virtue of contract or of law.

Article 193. Pledgor or mortgagor

A pledgor or mortgagor may be the debtor himself or a third person. A pledgor or mortgagor must be the owner of the pledged or mortgaged property or must have a right of operative management in it.

Article 194. Subject matter of a pledge or mortgage

The subject matter of a pledge or mortgage may be any property except that which is not subject to execution by virtue of Articles 98, 101 and 104 of this Code. A list of articles which are not to be taken in pledge by municipal pawnshops is established by the executive committee of the city Soviet of Workers’ Deputies.

Article 195. Pledge or mortgage contract

A pledge or mortgage contract must indicate the name and residence (location) of the parties, an inventory of the pledged or mortgaged property, its valuation and location, and the nature, extent and time for performance of the obligation which is secured by the pledge or mortgage.

A pledge or mortgage contract must be concluded in written form. A mortgage contract for a dwelling must be concluded in the form specified in Article 239 of this Code.
A pledge of property at a pawnshop is formalized by the issuance of a pledge ticket by the pawnshop. Failure to observe the rules in this Article causes a pledge or mortgage contract to be invalid.

**Article 196. Transfer of pledged or mortgaged property to the pledgee or mortgagee**

Pledged or mortgaged property, with the exception of buildings is transferred to the pledgee or mortgagee, unless otherwise provided by law or by the contract.

**Article 197. Time at which a right of pledge or mortgage arises**

In the case of a house, a right of mortgage arises at the time of registration of the contract (Articles 195 and 239); in the case of other property, a right of pledge or mortgage arises at the time of transfer of such property to the pledgee, but if by law or by the contract the property is not subject to transfer, the right of pledge or mortgage arises at the time the contract is concluded.

**Article 198. Maintenance of pledged property**

A pledgee to whom pledged property has been transferred is required to maintain it in a proper manner. He is responsible for the safekeeping of the property, unless he shows that the property was not lost or damaged through his fault.

A pawnshop is required to insure at the expense of the pledgor property taken in pledge for the full amount of its value, as determined by the valuation made by agreement of the parties at the time the property was pledged. Articles made of precious metals are valued on the basis of state valuations.

A pledgee has no right to use pledged property, unless otherwise provided by law or by the contract.

**Article 199. Recovery of pledged or mortgaged property**

Pledged or mortgaged property which has gotten out of the possession of a pledgee or mortgagee or of a debtor with whom it has been left (Article 196) may be recovered by the pledgee or mortgagee in accordance with Article 157 of this Code.

**Article 200. Execution by a pledgee or mortgagee on the property of the debtor**

In the event of nonperformance by a debtor of an obligation secured by a pledge or mortgage, satisfaction of the claim of the creditor from the value of the pledged or mortgaged property takes place by decision of a court, arbitrazh or private arbitrators, unless otherwise provided by law.
If the amount obtained through sale of the pledged or mortgaged property is insufficient to cover the claim of the pledgee or mortgagee, he has a right, unless otherwise provided by law or by the contract, to recover the balance from other property of the debtor, without any priority based upon the right of pledge or mortgage.

If a loan secured by a pledge of property to a pawnshop is not repaid within the established period, the pawnshop, after a one-month period of grace, sells such property to a state or cooperative organization at its actual value, which must not be lower than that established by its valuation (Article 195).

In case of the destruction of pledged or mortgaged property which has been insured, the pledgee or mortgagee has a right to preferential satisfaction from the insurance proceeds.

**Article 201. Termination of a pledge or mortgage**

A right of pledge or mortgage is terminated:

1) by termination of the obligation secured by the pledge or mortgage;

2) if the pledged or mortgaged property is destroyed;

3) if the pledgee or mortgagee acquires a right of ownership or a right of operative management in the pledged or mortgaged property;

4) if there is a forced sale of the pledged or mortgaged property.

Upon the termination of a right of mortgage in a house, a notation must be made upon demand of an interested person in the register in which the mortgage of the house was registered (Articles 195 and 239).

**Article 202. Preservation of a right of pledge or mortgage upon the transfer of the property to another owner**

In case of a transfer of the right of ownership or the right of operative management in pledged or mortgaged property from the pledgor or mortgagor to another person, the right of pledge or mortgage continues.

**Article 203. Suretyship**

Under a contract of suretyship, the surety becomes liable in full or in part to the creditor of another person for performance by such other person of his obligation.

Only a valid claim may be secured by a surety.

A contract of suretyship must be concluded in written form. Failure to observe the written form renders a contract of suretyship invalid.
Article 204. Liability of surety

In case of nonperformance of an obligation, the debtor and surety are liable to the creditor as joint and several debtors, unless the contract of suretyship provides otherwise.

The surety is liable to the same extent as the debtor, in particular for the payment of interest, the compensation of ordinary damages and the payment of liquidated damages and penalties, unless the contract of suretyship provides otherwise.

Persons who jointly become sureties are jointly and severally liable to the creditor, unless the contract of suretyship provides otherwise.

Article 205. Rights and obligations of a surety in case suit is brought against him

If a suit is brought against a surety, he is required to bring the debtor in to participate in the action.

If he fails to do so, the debtor may raise against a claim for indemnification by the surety all of the defenses which he could have raised against the creditor (Article 206).

A surety may raise against a claim by the creditor all of the defenses which might be raised by the debtor. The surety does not lose the right to raise these defenses even in a case in which the debtor has renounced them or has acknowledged his obligation.

Article 206. Rights of a surety who has performed an obligation

All of the rights of a creditor under an obligation are transferred to a surety who has performed the obligation.

Each of several sureties has a claim for indemnification against the debtor in the amount paid by such surety.

Upon performance of an obligation by a surety, the creditor is required to hand over to the surety the documents which establish the claim against the debtor and to transfer the rights which secure such claim.

Article 207. Notification of a surety by the debtor of performance of an obligation

A debtor who performs an obligation secured by a surety is required to inform the surety immediately. If he fails to do so, and the surety then performs the obligation, the surety retains his right to indemnification by the debtor. In such a case the debtor may exact from the creditor only the latter’s unjust enrichment.

Article 208. Termination of suretyship

Suretyship is terminated upon termination of the obligation which it secures.

Suretyship is likewise terminated if the creditor fails to bring suit against the surety within three months after the date upon which
the obligation becomes due. If the time for performance of an obligation has not been specified or if performance is due upon demand, the liability of the surety terminates one year after the conclusion of the contract of suretyship, in the absence of agreement otherwise.

Article 209. Earnest money
Earnest money is a part of the payment due under the contract which is paid by one contracting party to the other as proof that the contract has been concluded and as security for its performance.

An agreement with respect to earnest money, regardless of the sum, must be concluded in written form.

If the party who has given earnest money is responsible for the nonperformance of the contract, the earnest money is retained by the other party. If the party who has received earnest money is responsible for the nonperformance of the contract, he is required to pay double the amount of the earnest money to the other party.

In addition, a party responsible for nonperformance of a contract is required to compensate the other party for any damages in excess of the amount of the earnest money, unless the contract provides otherwise.

Article 210. Guarantee
The rules in Articles 203, 205, 207 and 208 of this Code extend to guarantees given by one organization to secure payment of the indebtedness of another, unless otherwise provided by legislation of the USSR and the RSFSR.

CHAPTER 18—ASSIGNMENT OF CLAIMS AND TRANSFER OF DEBTS

Article 211. Assignment of a claim
The assignment of a claim by a creditor to another person is permitted so long as such assignment is not contrary to law or to the contract, and so long as the claim is not personally connected with the creditor.

The assignment of claims for compensation resulting from injury to health or from death is not permitted.

Rights securing the performance of an obligation are transferred to a person who acquires the claim.

Article 212. Obligations and liability of creditor who has assigned a claim
A creditor who has assigned a claim to another person is required to transfer to such person the documents which establish the right to the claim.
The original creditor is liable to the new creditor for invalidity of the assigned claim, but he is not liable for nonperformance of the claim by the debtor, except in cases in which the original creditor has assumed the position of surety for the debtor with respect to the new creditor.

Article 213. Rendering performance of an obligation to the original creditor in the absence of notification of assignment of a claim
If a debtor has not been notified that the assignment of a claim has taken place, rendering performance of the obligation to the original creditor is considered proper performance.

Article 214. Defenses of a debtor against claims of a new creditor
A debtor may raise against the claims of a new creditor all of the defenses which he had up to the time at which he was notified of assignment of the claim.

Article 215. Transfer of a debt
The transfer of a debt by a debtor to another person is permitted only with the consent of the creditor.

The new debtor may raise against the claims of the creditor all defenses based upon relationships between the creditor and the original debtor.

Suretyship and pledges or mortgages established by a third person are terminated upon transfer of a debt, if the surety, pledgor or mortgagor has not agreed to answer for the new debtor.

Article 216. Form of assignment of a claim or transfer of a debt
Written form is required for the assignment of a claim or the transfer of a debt based upon a legal act concluded in written form.

CHAPTER 19—LIABILITY FOR BREACH OF OBLIGATIONS

Article 217. Consequences of nonperformance of an obligation to transfer a specific thing
In the event of nonperformance of an obligation to transfer a specific thing to the ownership, operative management or use of a creditor, the creditor may demand that the thing be taken from the debtor and transferred to him. This right is lost if the thing has already been transferred to a third person who has a right of the same nature. If the thing has not yet been transferred, priority is given to that creditor whose obligation arose earlier, or, if this is impossible to determine, priority is given to the creditor who first brought suit.
Article 218. Consequences of nonperformance of an obligation to perform a particular task

In the event of nonperformance by a debtor of an obligation to perform a particular task, the creditor may perform the task at the expense of the debtor, unless otherwise provided by law or by the contract, or the creditor may demand compensation for his damages.

Article 219. Obligation of a debtor to compensate for damages

In the event of nonperformance or improper performance of an obligation, a debtor is required to compensate the creditor for damages sustained.

"Damages" include expenditures made by the creditor, loss of or damage to his property, and income which he has not received but would have received had the debtor performed the obligation.

Compensation for damages in cases in which liquidated damages or a penalty has been established for nonperformance or improper performance of an obligation are determined by the rules in Article 189 of this Code.

Article 220. Limitation of liability under obligations

Legislation of the USSR and the RSFSR may prescribe limited liability for nonperformance or improper performance of certain types of obligations.

An agreement between socialist organizations to limit their liability is not permitted if the amount of liability for the given type of obligation is precisely determined by law.

Article 221. Obligation of a debtor who has made compensation for damages to perform his obligation

Compensation for damages sustained by the improper performance of an obligation does not free the debtor from actual performance of the obligation, except in cases in which the plan task upon which an obligation between socialist organizations was based is no longer in effect.

Article 222. Fault as a condition of liability for the breach of an obligation

A person who fails to perform an obligation or who performs it in an improper manner is financially liable only if fault is present (intent or negligence), except in cases specified by law or by contract. Absence of fault is proved by the person who has breached the obligation.
Article 223. Liability of a debtor for the acts of third persons

A debtor is liable for nonperformance or improper performance of an obligation by third persons to whom performance has been entrusted (Article 171), unless legislation of the USSR or the RSFSR provides that liability belongs to the immediate performer.

Article 224. Fault on the part of a creditor

If nonperformance or improper performance of an obligation has occurred through the fault of both parties, a court, arbitrazh or private arbitrators may reduce the amount of liability of the debtor accordingly. A court, arbitrazh or private arbitrators may likewise reduce the amount of liability of the debtor if the creditor has intentionally or negligently helped to increase the amount of damages sustained through nonperformance or improper performance, or has not taken measures to reduce such damages.

The rules in this Article apply insofar as appropriate, to cases in which the debtor, by virtue of law or contract (Article 222), is financially liable without fault for nonperformance or improper performance of an obligation.

Article 225. Delay by a debtor

A debtor who delays performance is liable to the creditor for damages sustained because of the delay and for impossibility of performance which arises accidently during the period of delay.

If the performance is no longer of interest to the creditor because of delay on the part of the debtor, the creditor may refuse to accept the performance and may demand compensation for damages. In relationships between socialist organizations, refusal to accept a delayed performance is permitted only in cases and under conditions established by law or by contract.

A debtor is not considered to be in default in performance so long as the obligation cannot be performed because of delay by the creditor (Article 227).

Article 226. Delay by a debtor on a money obligation

A debtor who delays performance of a money obligation is required to pay three percent annual interest on the delinquent amount for the period of the delay, unless another rate of interest has been prescribed by law or by contract.

Under money obligations between socialist organizations, the debtor must pay interest (a penalty) to the creditor for each day of the delay, in an amount prescribed by legislation of the USSR.

Article 227. Delay by a creditor

A creditor is considered in default if he has refused to accept proper performance tendered by the debtor or if he has not
performed acts which must be performed before the debtor can perform his obligation.

A creditor is also considered in default in cases specified in Article 228 of this Code.

Delay by a creditor gives the debtor a right to compensation for damages sustained on account of the delay, unless the creditor is able to prove that the delay was not caused by his own intent or negligence or by the intent or negligence of those persons who by virtue of law or his authorization were to accept performance.

In the case of a money obligation, the debtor is not required to pay interest during any period of delay on the part of the creditor.

CHAPTER 20—TERMINATION OF OBLIGATIONS

Article 228. Termination of an obligation through performance

Performance carried out in the proper manner terminates an obligation.

At the time a creditor accepts performance, he is required, upon demand of the debtor, to give to the latter a receipt indicating that performance has been received in full or in part. In the performance of legal acts concluded orally between state, cooperative and public organizations or between such organizations and citizens (Article 43 and point 1 of Article 44), the organization, upon paying for the goods or services, must receive from the other party a document certifying payment and the reason therefor.

If a debtor has given a creditor a document certifying the debt, the creditor must, upon accepting performance, return such document, or, if return of the document is impossible, an appropriate notation must be made on the receipt given by the creditor. A notation on the returned document certifying the debt may be substituted for a receipt. Possession of the document certifying the debt by the debtor certifies termination of the obligation, unless another situation is proved.

Upon refusal of a creditor to give a receipt, to return the document certifying the debt or to note on the receipt the impossibility of returning such document, the debtor may withhold his performance. In such cases, the creditor is considered in default.

Article 229. Termination of an obligation by set-off

An obligation is terminated by set-off of the same kind of claim, if the performance of such claim is already due, or is due upon demand or the time for its performance has not been indicated.

A declaration by one party is sufficient for a set-off.
Article 230. Where a set-off is not permitted

A set-off is not permitted for claims:

1) as to which the period of limitation of actions has run;
2) for the compensation of injury resulting from death or injury to health;
3) for lifetime support (Article 253);
4) in other cases specified by law.

Article 231. Set-off where a claim is assigned

In case of the assignment of a claim (Article 211), the debtor may set off against the claim of the new creditor his claim against the original creditor, if the debtor's claim became due prior to receipt by him of notice of the assignment of the claim, or if the claim is due upon demand or the time for its performance is not indicated.

Article 232. Termination of an obligation when one person becomes both debtor and creditor

An obligation is terminated when one person becomes both debtor and creditor.

Article 233. Termination of an obligation by agreement of the parties

An obligation is terminated by agreement of the parties, in particular by their agreement to substitute one obligation between them for another.

Termination of an obligation between socialist organizations by agreement of the parties, in particular by their agreement to substitute one obligation for another, is permitted so long as it does not contradict an economic planning directive.

Article 234. Termination or alteration of an obligation as a result of a change in a plan

An obligation between socialist organizations is subject to termination or alteration by the parties in the prescribed manner in cases in which an economic planning directive upon which the obligation was based is changed by an order binding on both parties.

Article 235. Termination of an obligation through impossibility of performance

An obligation is terminated through impossibility of performance, if such impossibility has been caused by circumstances for which the debtor is not responsible (Article 222).

Article 236. Termination of an obligation through the death of a citizen or through the liquidation of a legal person

An obligation is terminated by the death of the debtor if
performance cannot be carried out without the debtor's personal participation.

An obligation is terminated by the death of the creditor if performance was intended for the creditor personally.

An obligation is terminated through the liquidation of a legal person (debtor or creditor).

By legislation of the USSR or the RSFSR, the performance of an obligation of a liquidated legal person may be assigned to another legal person.

2. Individual Types of Obligations

CHAPTER 21—SALE

Article 237. Contract for sale

By a contract for sale the seller undertakes to transfer property to the ownership of the buyer and the buyer undertakes to accept the property and to pay a certain sum of money for it.

If the buyer is a state organization, it acquires a right of operative management in the property (Article 94). Such a right is also acquired by other organizations which exercise operative management in property by law or by charter (by-laws).

Article 238. Contract for sale of a house

A house or part of a house which is personally owned by a citizen or by spouses living together and their minor children may be the subject of a sale, if the rules in Article 106 of this Code are observed, as well as upon condition that the owner has not sold more than one house (or part of a house) in the course of the last three years, except in the case of a sale provided for by Article 107 of this Code.

Article 239. Form of a contract for sale of a house

A contract for sale of a house (part of a house) which is located in a city or in an urban-type community must be notarially certified, if even one of the parties is a citizen, and must be registered with the executive committee of the rayon or city Soviet of Workers' Deputies.

A contract for sale of a house (part of a house) which is located in a rural population center must be concluded in written form and registered with the executive committee of the rural Soviet of Workers' Deputies.

The rules in this Article also apply to contracts for sale of cottages. Failure to observe the rules in this Article renders a contract invalid.
Article 240. Price

The sale of goods by state, cooperative and public organizations is carried out on the basis of established state prices, except in cases specified by legislation of the USSR and, within the limits prescribed by such legislation, by legislation of the RSFSR.

The sale by collective farms of surplus agricultural products not purchased by the state, as well as the sale by citizens of their property, is carried out on the basis of prices established by agreement of the parties.

Article 241. Obligation of a seller to notify the buyer of rights of third persons in an article sold

At the time of concluding a contract, the seller is required to inform the buyer of all rights of third persons in the article sold (rights of a lessee, right of pledge or mortgage, right of use for life, etc.). Failure to observe this rule gives the buyer a right to demand a reduction in price or rescission of the contract and compensation for damages.

Article 242. Obligation of a seller to care for an article which has been sold

When a right of ownership or right of operative management passes to the buyer prior to transfer of the sold article (Article 135), the seller is required to care for the article until such transfer and not to allow it to deteriorate.

The buyer is required to compensate the seller for expenditures necessary for such purposes, if the contract so provides.

Article 243. Consequences of nonperformance by a seller of his obligation to transfer an article

If a seller, in violation of the contract, does not transfer a sold article to the buyer, the buyer may demand transfer of the article and compensation for damages sustained through the delay in performance, or he may rescind the contract and demand compensation for damages.

Article 244. Consequences of refusal by a buyer to accept an article which has been purchased or to pay for it

If a buyer, in violation of the contract, refuses to accept an article which has been purchased or to pay the price established for it, the seller may demand acceptance of the article by the buyer and payment of the price, as well as compensation for damages sustained through the delay in performance, or he may rescind the contract and demand compensation for damages.
Article 245. Quality of an article sold

The quality of an article sold must correspond to the terms of the contract or, in the absence of specifications in the contract, to customary demands.

An article sold by a trade organization must correspond to the state standards, technical specifications or samples established for articles of that type, unless otherwise indicated by the nature of the particular type of sale.

Article 246. Rights of a buyer in case of the sale to him of an article of improper quality

If buyer is sold an article of improper quality and its defects have not been revealed beforehand by the seller, the buyer may, at his election, demand:

- either substitution of a proper article, as defined in the contract by generic characteristics, for the article of improper quality;
- or a proportionate decrease in the purchase price;
- or removal of the defects in the article without charge by the seller or compensation for the expenses incurred by the buyer in removing them;
- or rescission of the contract with compensation to the buyer for damages.

The exercise of these rights by a person who has bought an article in a retail-trade enterprise is carried out in the manner determined by the Council of Ministers of the RSFSR.

Article 247. Time for presenting claims based on defects in an article sold

If defects in an article sold have not been revealed by the seller prior to transfer of the article to the buyer, the buyer may present a claim against the seller on the basis of such defects immediately after discovering them, but not later than six months from the date of delivery of the article, or, in the case of a claim based on a defect in a building, not later than one year after the date of transfer of the building to the possession of the buyer. If it is impossible to establish the date of transfer of a building, or if the building was in the possession of the buyer prior to conclusion of the contract for sale, the one-year period is measured from the date of conclusion of the contract.

The Council of Ministers of the RSFSR may establish different periods for presenting claims regarding defective articles sold by retail-trade organizations.

Article 248. Claims based on defects in an article sold with a guarantee

In the case of articles sold through retail-trade organizations
for which guarantee periods have been established in accordance with Article 261 [sic] of this Code, such periods are calculated from the date of the retail sale. The buyer may, during the period of the guarantee, present a claim to the seller on the basis of defects in the article which prevent its normal use.

The seller is required to repair the defects in the article without charge, or to substitute an article of the proper quality, or to take back the article and return the buyer's money, unless it is proved that the defects have arisen because of a violation by the buyer of the rules for use or care of the article.

If the period of guarantee established for presenting claims based on defects in an article sold is shorter than the periods specified in Article 247 of this Code, the periods provided in that Article apply.

Article 249. Period of limitation of an action for defects in an article sold

An action based on defects in an article sold may be brought not later than six months from the date on which a claim has been presented; if no claim has been presented, or if the time of presenting such claim cannot be established, an action may be brought not later than six months from the date of expiration of the period provided for presenting claims based on such defects (Articles 247 and 248).

Article 250. Obligation of a seller in case an action is brought to recover an article from a buyer

If a third person brings an action against a buyer to recover an article from him on grounds which arose prior to sale of the article, the buyer is required to bring the seller into the case, and the seller is required to enter the case on the side of the buyer.

Failure of the buyer to bring the seller into the case relieves the seller of liability to the buyer if the seller proves that he could have prevented recovery of the article sold from the buyer had he participated in the case.

A seller who is brought into a case by a buyer, but who fails to participate in the case, loses the right to show improper conduct of the case by the buyer.

Article 251. Liability of a seller in case an article is taken from a buyer through a judicial proceeding

If an article sold is taken from a buyer by decision of a court, arbitrazh or private arbitrators, the seller is required to compensate the buyer for his damages.

An agreement by the parties to eliminate or to limit the liability of the seller is invalid if the seller, knowing of the existence
of rights of a third person in the article sold, failed to inform the buyer of these rights.

Article 252. Sale of goods on credit

Durable goods may be sold to citizens by retail-trade enterprises on credit (with payment in installments) in those cases and in the manner prescribed by the Council of Ministers of the RSFSR.

The sale of goods on credit is carried out on the basis of prices existing on the date of the sale. A subsequent change in the prices of goods sold on credit does not call for a recalculation.

A buyer acquires a right of ownership in goods sold on credit in accordance with the rules in Article 135 of this Code.

Article 253. Sale of a house on condition of lifetime support of the seller

By a contract for sale of a house on condition of lifetime support of a seller who is unable to work on account of age or condition of health, the seller transfers a house or part of a house to the ownership of the buyer, and the buyer undertakes in payment of the purchase price to provide the seller until the end of his life with material security in kind—in the form of a place to live, food, care and necessary assistance.

In case of accidental destruction of the house, the buyer under a contract for sale of a house on condition of lifetime support of the seller continues to bear that liability which he has assumed under the contract.

Alienation of the house by the buyer during the lifetime of the seller is not permitted.

Article 254. Termination of a contract for sale of a house sold on condition of lifetime support of the seller

A contract for sale of a house on condition of lifetime support of the seller may be rescinded:

upon demand of the seller, if the buyer fails to fulfill the obligations assumed by him under the contract;

upon demand of the buyer, if, for reasons beyond his control, his material situation has changed to such a degree that he is no longer in a position to provide the seller with the required support, or if the seller has completely regained his ability to work.

In case of the death of the buyer during the lifetime of the seller, the contract is terminated.

If the contract is terminated on the above grounds, the house must be returned to the seller. Expenditures for support of the seller which have been provided by the buyer prior to the rescission of the contract are not reimbursed. However, if the rescission of the contract has been caused by restoration of the seller's ability to
work, the latter may not demand return of the house but may retain only the right of lifetime use without payment of the premises accorded him under the contract.

CHAPTER 22—BARTER

Article 255. Contract of barter

By a contract of barter an exchange of property for other property takes place between the parties.

The rules in Articles 237-239 and 241-251 of this Code apply insofar as appropriate to a contract of barter. For such purposes, each of the parties to a contract of barter is considered the seller of the property which he gives and the buyer of the property which he receives.

A contract of barter in which one or both of the parties is a state organization may be concluded only in those cases specified by legislation of the USSR and the RSFSR.

CHAPTER 23—GIFT

Article 256. Contract of gift

By a contract of gift one party transfers property to the ownership of the other party without compensation.

A contract of gift is considered concluded at the time of transfer of the property.

A gift by a citizen of property to a state, cooperative or public organization may be conditioned upon use of such property for a particular socially useful purpose.

Article 257. Form of a contract of gift

A contract of gift in an amount greater than 500 rubles must be notarially certified.

A contract of gift by a citizen of property to a state, cooperative or public organization is concluded in simple written form.

A contract of gift of a house must be concluded in the form prescribed by Article 239 of this Code.

CHAPTER 24—DELIVERY CONTRACT

Article 258. Delivery contract

By a delivery contract a supplier organization undertakes to transfer specified goods at a specified time or times to the ownership of a buyer organization (the one which has ordered the goods)
or, in accordance with Articles 94, 117 and 135 of this Code, to the operative management of such organization, in accordance with a planning directive for the distribution of goods which is binding on both organizations; the buyer organization undertakes to accept the goods and to pay for them at the prices established.

A discretionary (non-plan) contract concluded between organizations by which the supplier undertakes to transfer goods not subject to plan distribution to the buyer at a future time is also considered a delivery contract.

Delivery of goods without the making of a contract occurs only in cases prescribed by the Council of Ministers of the USSR or by the Council of Ministers of the RSFSR.

**Article 259. Partial delivery or selection of goods**

The quantity of goods which a supplier has failed to supply or which a buyer has failed to select within the agreed period of time must be supplied (selected) in the manner and within the period specified by the Regulations on Delivery and the Special Terms of Delivery for Individual Types of Goods (Article 265) or by the contract.

The buyer, after notifying the supplier, may refuse to accept goods the delivery of which has been delayed, unless the contract provides otherwise. The buyer is required to accept and pay for goods shipped by the supplier prior to the receipt of such notification from the buyer.

**Article 260. Assortment of goods delivered**

Goods must be delivered in the assortment specified by the contract.

Delivery of goods of certain types included in a given assortment in a quantity greater than that specified by the contract is not considered to be cover for insufficient deliveries of goods of other types, except in cases in which such delivery has been carried out with the consent of the buyer.

The supplier must pay the prescribed liquidated damages or penalty for the insufficient delivery of particular types of goods included in an assortment even if goods of equivalent value have been delivered within the period specified by the contract.

**Article 261. Quality of goods delivered**

The quality of goods delivered must correspond to state standards, technical specifications or samples. A contract may provide for delivery of goods of higher quality than that prescribed by state standards, approved technical specifications or samples.

In the event of delivery of goods of lower quality than that required by state standards, approved technical specifications or
samples, the buyer must refuse to accept or to pay for the goods, and if the buyer has already paid for the goods, the amount paid may be recovered.

However, if the defects in the goods delivered can be removed without returning them to the supplier, the buyer has a right to demand of the supplier correction of the defects in the place where the goods are located or to correct the defects by his own means at the supplier's expense.

If goods delivered correspond to state standards or technical specifications, but are of a lower grade than that agreed upon, the buyer has a right either to accept the goods and pay for them at the price established for goods of such grade or to refuse to accept and pay for them.

**Article 262. Period of limitation of actions for defects in goods delivered**

For actions arising from the delivery of goods of improper quality, a six-month period of limitation is prescribed, running from the date the buyer establishes in the proper manner the existence of defects in the goods delivered to him.

**Article 263. Time for presenting claims regarding defects in goods delivered**

The period of time and procedure for establishment by a buyer of defects in goods delivered to him which could not be discovered under the usual manner of accepting goods, and for presenting to the supplier claims arising out of the delivery of goods of improper quality, are determined by legislation of the USSR.

With respect to goods intended for long-term use or for storage, state standards or technical specifications may provide for longer periods in which the buyer may establish such defects in the proper manner (guarantee periods) and subsequently present claims to the supplier for removal of these defects or for replacement of the goods. The supplier is required to correct without cost the defects in goods for which a guarantee period has been established or to replace the goods, unless he shows that the defects have arisen as a result of a violation by the buyer of the rules governing the use or storage of the goods.

Contracts may establish guarantee periods if they are not provided for by standards or technical specifications, as well as longer guarantee periods than those provided for by standards or technical specifications.

With respect to consumer goods sold through retail-trade organizations, the guarantee period runs from the date of retail sale of the article (Article 248).
Article 264. Delivery of goods in complete units

Goods must be delivered in complete units, in accordance with the requirements of state standards, technical specifications or price lists. If units have not been determined by state standards, approved technical specifications or price lists, they may in necessary instances be determined by the contract.

In the event of delivery of incomplete units of goods, the buyer is required to demand that the units be completed or that the incomplete units be replaced, and until the units are completed or replaced, he must refuse to pay for them, or if payment has already been made, must demand return of the amount paid.

If the supplier fails to complete the units of goods within the period established by agreement of the parties, the buyer may reject the goods.

Article 265. "Regulations on Delivery" and "Special Terms of Delivery"

Delivery contracts are concluded and performed in accordance with the "Regulations on Delivery" approved by the Council of Ministers of the USSR, and with the "Special Terms of Delivery for Individual Types of Goods" approved in the manner prescribed by the Council of Ministers of the USSR or, in cases which that body so specifies, by the Council of Ministers of the RSFSR.

Article 266. Liability for breach of a delivery contract

Liquidated damages, penalties and ordinary damages for the breach of obligations under a delivery contract are recovered in accordance with the "Regulations" and "Special Terms" mentioned in Article 265 of this Code.

In the event of delivery of goods of improper quality or of goods in incomplete units, the buyer recovers from the supplier the established penalty and, in addition, the damages caused by such delivery, calculated without deducting the penalty.

CHAPTER 25—STATE PURCHASE OF AGRICULTURAL PRODUCTS FROM COLLECTIVE AND STATE FARMS

Article 267. Contract for the sale of agricultural products

State purchase of agricultural products from collective and state farm is carried out through contracts concluded on the basis of plans for the state purchase of agricultural products and of plans for the development of agricultural production on collective and state farms.
Article 268. Content of a contract for the sale of agricultural products

Contracts for the sale of agricultural products must provide for:

- quantity (in terms of types of products) and quality, as well as time, manner, terms, and place of delivery of the agricultural products;
- the obligation of purchasing organizations and enterprises to accept the products at the proper time and to pay for them at the prices established, and also the times for and amounts of advance cash payments to the collective farms;
- obligations in helping collective and state farms to organize the production of agricultural products and to transport them to receiving centers and enterprises;
- mutual financial liabilities of the parties in case of nonperformance of their obligations.

Model contracts for the sale of agricultural products are approved in the manner prescribed by the Council of Ministers of the USSR.

CHAPTER 26—LOAN

Article 269. Loan contract

By a loan contract one party (the lender) transfers to the ownership of the other party (the borrower) or to his operative management (articles 94, 117 and 135) money or articles defined by generic characteristics, and the borrower undertakes to return to the lender the same amount of money or an equal quantity of articles of the type and quality.

A loan contract for an amount greater than 50 rubles must be concluded in written form.

A loan contract is considered concluded at the time of transfer of the money or articles.

Article 270. Interest on a loan contract

The collection of interest on a loan contract is permitted only in cases prescribed by legislation of the USSR and in the loan operations of public mutual assistance banks and municipal pawnshops.

Article 271. Borrower's defense of lack of consideration

A borrower sued on a loan contract may show as a defense a lack of consideration in that the money or articles were not in fact received by him from the lender or were received in a lesser quantity than that indicated in the contract.
In cases in which a loan contract must be concluded in written form (Article 269), a lack of consideration may not be shown by means of witness testimony, except in cases of criminally punishable acts.

Article 272. Loan operations of banks and state labor savings banks

The loan operations of banks and state labor savings banks are regulated by legislation of the USSR.

Article 273. Loan operations of pawnshops

Municipal pawnshops issue loans to citizens which are secured by the pledge of articles of household and personal use (Articles 192-202).

The maximum amount and the number of loans which may be issued to one person, as well as the periods for which loans may be made, are determined by the model charter for municipal pawnshops approved by the Council of Ministers of the RSFSR.

Article 274. Loan operations of mutual aid funds and funds of unions of creative artists

The mutual aid funds of factory, plant and local committees of trade unions make long-term and short-term loans to workers and employees. The mutual aid funds of collective farms make loans to collective farmers. The funds of unions of creative artists make loans to workers in literature and the arts.

Mutual aid funds for pensioners under the social security offices of the executive committees of rayon and city Soviets of Workers' Deputies make long-term and short-term loans to pensioners.

The periods for which and the terms on which loans are made are determined by the model charters of mutual aid funds and by the charters of funds of unions of creative artists.

CHAPTER 27—LEASE OF PROPERTY

Article 275. Contract for the lease of property

By a contract for the lease of property the lessor undertakes to give the lessee the use of property for a period of time in exchange for compensation.

Article 276. Form of a contract for the lease of property

A contract between citizens for the lease of property for a period of more than one year must be concluded in written form.
Article 277. Duration of a contract for the lease of property

The duration of a contract for the lease of property must not exceed ten years.

The duration of a contract concluded between state, cooperative and public organizations for the lease of a structure or of non-residential premises must not exceed five years, and that of a contract for the lease of equipment and other property, one year.

The duration of a contract for the lease of household articles, musical instruments, sports equipment, light automobiles and other property for personal use supplied to a citizen by a state, cooperative or public organization (ordinary lease of movable property) must not exceed the period established by the appropriate model contract for the ordinary lease of movable property (Article 294).

If a contract is concluded for a period longer than the applicable period indicated above, the contract, depending upon its nature, is considered concluded for ten years, for five years, for one year or for the period established by the appropriate model contract for the ordinary lease of movable property.

Article 278. Conclusion of a contract for the lease of property without indication of its duration

If a contract for the lease of property is concluded without a specified duration, it is considered concluded for an indefinite period, and either of the parties may terminate the contract at any time on one month's notice to the other party, or in the case of a lease of structures or non-residential premises, on three months' notice.

If neither of the parties under a contract for the lease of property between state, cooperative or public organizations which has been concluded without a specified duration renounces the contract prior to the end of the period indicated in paragraph 2 of Article 277 of this Code, the contract is considered terminated at the conclusion of such period.

A contract for the ordinary lease of movable property concluded without a specified duration is considered concluded for the period established by the appropriate model contract for the ordinary lease of movable property.

Article 279. Continued use of property after expiration of the contract

If a lessee continues to use property after expiration of the contract without objection from the lessor, the contract is considered renewed for an indefinite period, and each of the parties may at any time terminate the contract on one month's notice to the other party or, in the case of a lease of structures or non-residential premises, on three months' notice.
This rule does not apply to contracts between state, cooperative and public organizations, or to contracts for the ordinary lease of movable property.

**Article 280. Preferential right of a socialist organization to renewal of a lease contract**

A state, cooperative or public organization which has properly fulfilled its obligations under a lease contract has a preferential right over other persons to renewal of the contract upon its expiration.

**Article 281. Transfer of leased property to a lessee**

A lessee is required to transfer leased property to a lessee in a condition which corresponds to the terms of the contract and to the use which is to be made of the property.

An organization concluding a contract for the ordinary lease of movable property is required to test the good working condition of the leased property in the presence of the lessee.

A lessee is not liable for defects in property which he revealed to the lessee at the time of concluding the contract.

**Article 282. Consequences of failure to transfer leased property to a lessee**

If the lessor fails to transfer the leased property to the use of the lessee, the lessee may demand the property from him (Article 217) and demand compensation for damages sustained through the withholding of performance, or he may unilaterally rescind the contract and recover the damages sustained through its nonperformance.

**Article 283. Use of leased property**

A lessee is required to use the property in accordance with the contract and with the function of the property.

**Article 284. Duty of a lessor to maintain leased property**

A lessor is required to carry out capital repairs on leased property at his own expense, unless otherwise provided by law or by the contract.

Nonperformance by a lessor of this obligation gives the lessee a right either to carry out the capital repairs provided for by the contract or required by urgent necessity and recover from the lessor the cost of such repairs or deduct it from payments under the lease, or to rescind the contract (Article 290) and recover the damages sustained through its nonperformance.
Article 285. Duty of a lessee to maintain leased property
A lessee is required to maintain leased property in proper working condition, to carry out current repairs unless otherwise provided by law or by the contract, and to bear the cost of maintenance of the property.

Article 286. Payment for the use of leased property
A lessee is required to make his payments for the use of leased property on time. He may demand an appropriate reduction in a lease payment if, by virtue of circumstances for which he is not responsible, the conditions of use provided for by the contract or the state of the property substantially worsens.

Article 287. Sublease
The sublease of leased property by a lessee is permitted only with the consent of the lessor.

The sublease of property transferred to a lessee under a contract for the ordinary lease of movable property is not permitted.

Article 288. Continuation of the effect of a lease contract when ownership is transferred by the lessor to a new owner
Upon transfer of the right of ownership in leased property from the lessor to another person, the lease contract continues in effect as regards the new owner.

A lease contract also continues in effect when property is transferred from one state organization (lessor) to another.

Article 289. Rescission of a contract before normal termination upon demand of the lessor
A lessor may bring a demand before a court, arbitrazh or private arbitrators for rescission of a lease contract before normal termination:

1) if the lessee is not using the property in accordance with the contract or the function of the property;

2) if the lessee intentionally or negligently causes the condition of the property to deteriorate;

3) if the lessee has not made a rental payment for a period of three months, or, under a contract for the ordinary lease of movable property, for a period of one month, after the date upon which payment became due;

4) if the lessee fails to carry out capital repairs in those cases in which by law or by the contract the obligation to carry out capital repairs falls upon the lessee.
Article 290. Rescission of a contract before normal termination upon demand of the lessee

A lessee may bring a demand before a court, arbitrazh or private arbitrators for rescission of a lease contract before normal termination:

1) if the lessor fails to carry out his obligation to make capital repairs on the property;

2) if the property, by virtue of circumstances for which the lessee is not responsible, is in a condition which renders it unfit for use.

A lessee may rescind a contract for the ordinary lease of movable property at any time.

Article 291. Return of property to the lessor

Upon termination of a lease contract, the lessee is required to return the leased property to the lessor in the same condition in which he received it, taking into account normal wear and tear, or in the condition specified by the contract.

Article 292. Liability of a lessee for the deterioration of property

In the event a lessee permits leased property to deteriorate, he must compensate the lessor for damage, unless he proves that the deterioration of the property did not occur through his fault.

Article 293. Improvement of property

If leased property has been improved with permission of the lessor, the lessee has a right to compensation for necessary expenditures made for such purpose, unless otherwise provided by law or by the contract.

Improvements made by the lessee without permission of the lessor which can be removed without injury to the property, and the cost of which the lessor will not agree to reimburse, may be removed by the lessee.

The cost of improvements made by the lessee without permission of the lessor, and which cannot be removed without injury to the property, may not be recovered.

Article 294. Model contracts for the lease of movable property

Model contracts for the lease of individual types of movable property are approved by the Council of Ministers of the RSFSR.

Variations from the terms of such contracts which limit the rights of the user are invalid.
Article 295. Contract for the lease of housing

By a contract for the lease of housing the lessor undertakes for compensation to provide housing premises to the lessee for dwelling purposes.

The rules in Articles 281-285, 288, 291 and 292 of this Code apply insofar as appropriate to contracts for the lease of housing.

Article 296. Allocation of housing in buildings which belong to local Soviets of Workers' Deputies and to state, cooperative and public organizations

The allocation of housing in buildings which belong to local Soviets of Workers' Deputies is carried out by the executive committee of the local Soviet, with the participation of representatives of public organizations, and in buildings which belong to state, cooperative and public organizations, by joint decision of the administration of the organization and the factory, plant or local trade-union committee, approved by the executive committee of the Soviet of Workers' Deputies.

On the basis of the decision regarding allocation for lease of housing, the executive committee of the local Soviet of Workers' Deputies issues to the citizen an order for occupation of housing.

An order issued in violation of the procedure established by this Article may be declared invalid by a court.

Article 297. Allocation of occupational housing and dormitories

Occupational housing is allocated to citizens for residence at their places of work or in the buildings in which they work in connection with the character of their employment and to certain categories of workers in accordance with legislation of the USSR and decrees of Council of Ministers of the RSFSR.

Housing, without regard to the ownership of the building in which it is located, may be included in the category of occupational housing by decision of the executive committee of a rayon or city Soviet of Workers' Deputies, and is allocated for use by special order issued by such executive committee.

The rules in Articles 296, 308-316, 320-322, 324, 325 and 328 of this Code do not apply to the use of occupational housing.

The procedure for allocating dormitories and the regulations for their use are determined by the Council of Ministers of the RSFSR.
Article 298. Lease of premises in buildings which belong to citizens by right of personal ownership and in buildings which belong to housing-construction cooperatives

Housing in a building which belongs to a citizen by right of personal ownership may be leased at the discretion of the owner of the building.

A member of a housing-construction cooperative may lease the housing allocated to him in a building which belongs to the cooperative with permission of the administration of the cooperative. In such a case, Articles 320 and 322 of this Code apply insofar as appropriate to the lease contract.

Article 299. Conclusion of a contract

The management of a building is required to conclude with a citizen in whose name an order has been issued a written contract for lease of the premises specified in the order for a period of five years, or, if the premises are occupational, for the duration of the work in connection with which the premises have been allocated to the lessee.

A contract for the lease of housing in a building which belongs to a citizen by right of personal ownership is concluded between the lessee and the owner of the building. The period for which the contract is concluded is determined in such case by agreement of the parties.

Article 300. Subject matter of the contract

In buildings which belong to local Soviets of Workers’ Deputies or to state, cooperative or public organizations, only isolated housing, consisting of an apartment of one or more rooms, may be allocated by lease contract.

A part of a room, or a room connected with another room by a common entrance (adjacent rooms) or service premises (kitchens, corridors, storerooms, etc.) in such buildings may not be the independent subject matter of a lease contract.

Article 301. Rights and obligations of members of the family of a lessee

The members of the family of a lessee of housing who live with him acquire the rights and obligations arising from the lease contract to the same extent as the lessee.

Adult members of a lessee’s family share joint and several liability with the lessee under the obligations arising from such a contract.

The spouse, children and parents of a lessee are considered members of his family. Other relatives, as well as dependents who
are unable to work, may be recognized as members of the lessee's family if they live with him and are a part of his household.

If citizens specified in this Article cease to be members of the lessee's family but continue to live in the leased premises they have the same rights and obligations as the lessee and members of his family.

Article 302. Right of a lessee to house other citizens in the premises which he leases

A lessee may, in the prescribed manner, house his wife, children, parents, other relatives and dependents who are unable to work in the premises which he leases after having obtained the written consent of all adult members of his family. Agreement of such other family members is not required for the housing of minor children by their parents.

The lessee of housing in a building which belongs to the lessor by right of personal ownership has a right to house his minor children in the leased premises without the consent of the lessor, and, if he occupies isolated premises, he may likewise house his wife and parents who are unable to work.

Citizens who are housed by a lessee in accordance with the rules in this Article acquire equal rights with the lessee and the other members of his family to use of the living space, if such citizens are recognized as members of his family (Article 301), and if no agreement otherwise has been made at the time of housing between such citizens and the lessee and the adult members of his family living with him.

Article 303. Rent

Until the introduction of free housing, a lessee is required to make rental payments at the proper time.

In buildings which belong to local Soviets of Workers' Deputies or to state, cooperative or public organizations, the lessee is required to make monthly rental payments for the housing which he occupies under the contract not later than the tenth day of the month following that in which he has lived in the premises.

Rental rates are established by legislation of the USSR.

Article 304. Rent in buildings which belong to citizens

Payment for the use of housing in buildings which belong to citizens by right of personal ownership is determined by agreement of the parties, but may not exceed the maximum rates established for such buildings by decree of the Council of Ministers of the RSFSR.

The time for making rental payments is determined by the rules in Article 303 of this Code, unless the contract provides otherwise.
Article 305. Rent for the lease of premises in a building which belongs to a housing-construction cooperative

The amount of rent for housing leased in a building which belongs to a housing-construction cooperative must not exceed the operating expenditures collected from the lessor which are attributable to the leased premises.

Article 306. Retention of the right to use premises in case of temporary absence

In the event of temporary absence of a lessee or a member of his family or both, the right to use housing is retained by such absent persons for a period of six months, and in cases covered by points 1-5 of this Article, the right is retained for six months after the final day of the particular period indicated.

If a lessee or members of his family have been absent for valid reasons for more than six months, such period may be extended, upon request of the lessee or of members of his family, by the lessor, or, in the event of a dispute over the right of an absent person to use such premises, by a court.

The right to use housing is likewise retained by a lessee or, insofar as appropriate, by members of his family, in the event of:

1) a call to a period of military duty, for the whole period of such military duty;

2) a temporary departure from one's permanent place of residence in accordance with the conditions and character of one's work (ships' crews, members of geological or prospecting teams, expeditions, etc.), or in connection with education (students, graduate students, etc.), for the whole period of performance of such work or study;

3) care of children in state children's institutions, or by relatives or by their tutor, for the whole period of residence in such institution, or with relatives or their tutor, if members of the family of the children continue to live in the housing which the children have left. If members of the family do not continue to live in the housing which the children have left and the premises have been allocated to other citizens, such children are provided with housing by the executive committee of the local Soviet of Workers' Deputies at the end of their residence in the state children's institution;

4) a departure for treatment in a medical institution, for the whole period of the stay in such institution;

5) imprisonment, for the whole period of preliminary investigation or court proceedings. In the event of a sentence of imprisonment, exile or banishment for a period of more than six months, the contract for the lease of housing is considered rescinded from the moment the sentence is executed, unless members of the family of the person sentenced continue to live in the housing.
Article 307. Use by a lessor of the housing of a citizen called to a period of military duty

If no members of the family of a citizen who has been called to a period of military duty continue to live in the citizen's housing, the lessor may, after three months from the day upon which the citizen has been called to such duty, lease the housing to other citizens for the period during which the serviceman is on military duty.

Upon his return, the serviceman has a right to demand that the premises be vacated immediately and to move in. In case the lessee and members of his family refuse to vacate the premises, they are subject to eviction through a judicial proceeding, upon demand of the serviceman, without regard to when they will be provided with other housing (Article 331).

If a demand for the return of housing is not made within six months after the date upon which the serviceman was discharged, his contract for lease of the housing is considered rescinded.

Article 308. Reservation of housing

Housing occupied under a lease contract is reserved for (retained by) the lessee or, where appropriate, for members of his family:

1) in the event of being sent on business travel abroad, for the whole period of sojourn abroad;

2) in the event of departure for work in the regions of the Far North, or in a locality with conditions comparable to those of the regions of the Far North, for the duration of the labor contract concluded for a specified period, or, in cases specified by legislation of the USSR, for the whole period of sojourn in such regions or localities;

3) in other cases specified by legislation of the USSR and by decrees of the Council of Ministers of the RSFSR.

In the cases specified in this Article, the executive committee of the local Soviet of Workers' Deputies issues to the lessee a certificate of reservation for presentation to the lessor.

If the lessee or members of his family make no demand for return of the premises within a period of six months following expiration of the period of reservation, the contract for lease of the premises is considered rescinded.

Article 309. Use of reserved premises

A lessee may, through a sublease contract, place tenants in reserved housing in a building which belongs to a local Soviet of Workers' Deputies or to a state, cooperative or public organization, or he may house temporary residents therein, for a period within the limits of validity of the reservation.
Article 310. Eviction of a sublessee or temporary residents from reserved premises
Upon the return of the lessee or members of his family, such persons may demand that the reserved premises be vacated immediately.
In case the sublessee or temporary residents refuse to vacate the premises, they are subject to eviction through a judicial proceeding upon demand of the lessee, without the provision of other housing.

Article 311. Rights and obligations of a lessee who is temporarily absent and of members of his family
In case of the temporary absence of a lessee, any members of his family or all such citizens (Articles 306 and 308), such persons retain the rights and obligations acquired under the contract for lease of the housing, except in cases specified in Article 307 of this Code.
Where the right to use living space is retained by a citizen who is temporarily absent, such space is not considered surplus.

Article 312. Modification of the contract
A modification of the terms of a contract for the lease of housing is permitted only with the consent of the lessee, members of his family and the lessor, except in cases specified in Articles 313-316 of this Code.

Article 313. Modification of the contract upon demand of a member of the family of the lessee
An adult member of the family of a lessee who has an independent source of support (wages, pension, etc.) may demand that a separate lease contract be concluded with him, if he has the consent of the other adult members of his family living with him, and if he may be given as his share of the living space premises which satisfy the requirements of Article 300 of this Code.
A refusal to conclude a separate lease contract may be contested through a judicial proceeding.
The rules in this Article do not apply to the lease of premises in buildings which belong to the enterprises and institutions specified in paragraph 1 of Article 334 of this Code, except in cases in which the lessee and members of his family may not be evicted without the provision of other housing, nor do they apply to the lease of premises in buildings which belong to citizens by right of personal ownership.
Article 314. Modification of the contract upon demand of lessees who have become united into a single family

Citizens who live in a single apartment and who use the premises under separate contracts may, in the event they become united into a single family, demand that a lease contract for the whole premises which they occupy be concluded with one of them.

A refusal by the lessor to conclude a single lease contract may be contested through a judicial proceeding.

Article 315. Modification of the contract as a result of acknowledgment of another member of the family as lessee

An adult member of a lessee's family who has an independent source of support may, with the consent of the lessee and the other adult members of the lessee's family, demand that he be acknowledged as lessee in place of the original lessee under the previously concluded lease contract. In the event of a lessee's death, such a right belongs to any adult member of his family.

A refusal by the lessor so to acknowledge a member of the lessee's family under a lease contract may be contested through a judicial proceeding.

The rules in this Article do not apply to leases of housing in buildings which belong to the enterprises and institutions specified in paragraph 1 of Article 334 of this Code, except in cases in which the lessee and members of his family may not be evicted without the provision of other housing.

Article 316. Modification of the contract when some of the lessee's living space becomes surplus

If a surplus above the living-space norms occurs in housing occupied by a lessee in a building which belongs to a local Soviet of Workers' Deputies or to a state, cooperative or public organization, the lessor may demand in court that such surplus be withdrawn:

if the surplus constitutes a separate, isolated room, measuring not less than nine square meters;

if as a result of withdrawal of the surplus persons of different sexes, with the exception of spouses, will not be required to live in the same room, or spouses will not be required to live in different rooms.

Withdrawal of a surplus isolated room in a building which belongs to a local Soviet of Workers' Deputies may be carried out only in case the lessee himself fails to occupy the surplus premises within three months after written notification by the housing organization.

If a surplus isolated room occurs in an apartment allocated for the use of a single family, the lessee may either occupy it in accordance with the rules in this Article or demand that he be transferred to another apartment of smaller size.
If a room in the apartment in which a lessee lives becomes unoccupied, and the room is not isolated from the living space occupied by the lessee and connects with such living space, it is subject to transfer to the use of the lessee.

The norm for housing space is established at nine square meters per person. Norms for additional housing space, as well as the terms and procedure for the allocation of additional housing space and for the use of such space, are established for individual categories of lessees by decree of the Council of Ministers of the RSFSR.

**Article 317. Modification of the terms of a contract as a result of remodeling and rearrangement of an apartment**

Remodeling and rearrangement of housing and service premises may be carried out only for purposes of raising the level of planning and organization of an apartment, and is permitted only with the consent of the lessee and adult members of his family and the lessor, and with permission of the executive committee of the local Soviet of Workers' Deputies.

**Article 318. Resettlement of a lessee during a period of capital repair of housing**

In the event it becomes necessary to carry out capital repairs on housing occupied by a lessee, the lessor may demand in court that the lessee be resettled for the period of such repair in other housing provided by the lessor.

In such cases, the contract for lease of the housing is not rescinded; however, the lessee pays rent only for the premises provided for him during the period of repair.

Upon demand of the lessee, a court must determine the period during which the lessor is required to provide him with the above-mentioned premises.

In a building which belongs to a citizen by right of personal ownership, the lessor is not required to provide other housing during a period of capital repair.

**Article 319. Allocation of other premises to a lessee after rearrangement of an apartment**

If a lessor has carried out remodeling and rearrangement of housing space through capital repairs, and the premises which were previously occupied by a lessee no longer exist or have been substantially reduced in size, the lessor is required, upon demand of the lessee, to provide the latter and members of his family living with him with other comfortable housing (Article 331).
Article 320. Sublease of housing

A lessee may, with the consent of the adult members of his family living with him and with the consent of the lessor, sublet a part of the premises which he occupies or, in case of a temporary absence, the whole of such premises, while remaining liable to the lessor under the contract.

A sublease of premises is not permitted if, as a result of occupation by the sublessee, the amount of living space per occupant will be less than the established norm (Article 316).

Article 321. Rent for the use of premises under a sublease contract

Rent for the use of premises under a sublease contract is established by agreement of the parties, but may not exceed the rent paid for such premises by the lessee. Where the sublessee is provided with household articles, payment for the use of such articles must not exceed the amount of rent for the premises.

Article 322. Termination of a sublease contract

Upon expiration of a sublease contract, the sublessee may not demand renewal of the contract and, upon demand of the lessee, is liable to eviction through a judicial proceeding, without the provision of other housing.

If a sublease contract has been concluded without a specified duration, the lessee is required to give the sublessee three months' notice of termination.

Article 323. Temporary tenants

A lessee and the adult members of his family living with him may, by mutual agreement, permit temporary tenancy by other citizens (temporary tenants) of the housing allocated to their use, without the payment of rent by such tenants for use of the premises.

Occupancy by temporary tenants for a period of more than one and one-half months is permitted if the living-space norms are observed (Article 316).

Temporary tenants are required to vacate premises immediately upon demand of the lessee or of the adult members of his family living with him. In case of a refusal, the lessee or members of his family may demand eviction of the temporary tenants through a judicial proceeding, without the provision of other housing.

Article 324. Eviction of sublessees and temporary tenants in the event of termination of a contract for the lease of housing

In the event of termination of a contract for the lease of housing, a sublease contract thereunder is terminated at the same time, and the sublessee, as well as temporary tenants, upon a refusal to
vacate the premises, are liable to eviction through a judicial proceeding, without the provision of other housing.

**Article 325. Right of a lessee to exchange housing**

A lessee of housing has the right to exchange the housing which he occupies for that occupied by another lessee, with a mutual exchange of the rights and obligations under the respective lease contracts.

An exchange of housing in buildings which belong to state, cooperative and public organizations, as well as in buildings which belong to citizens by right of personal ownership, is permitted only with the consent of the lessor.

A refusal to agree to an exchange may be contested by the lessee through a judicial proceeding, except in cases of an exchange of housing in buildings which belong to citizens by right of personal ownership.

Written consent of the adult members of the lessee's family living with him, including those who are temporarily absent and for whom a right to living space has been retained (Articles 306 and 308), is required for an exchange of housing.

For the exchange of adjacent rooms connected by a common entrance, or if one such room is involved in an exchange, written consent of all lessees living in them and of the adult members of their families is required.

**Article 326. Cases in which an exchange of housing is not permitted**

An exchange of housing is not permitted:

1) if an action has been brought against the lessee for rescission or modification of the contract for lease of the occupied premises;

2) if the exchange is of a speculative or disguised nature;

3) if one of the premises being exchanged is located in a building which belongs to an enterprise or institution specified in paragraph 1 of Article 334 of this Code and the lessee of the other premises being exchanged is not employed by such enterprise or institution, except in cases in which the lessee cannot be evicted from the premises belonging to the enterprise or institution without the provision of other housing;

4) if the building is threatened with collapse or is subject to demolition (Article 332);

5) if the housing is occupational housing or is located in a dormitory.

**Article 327. Procedure for the exchange of housing**

The procedure for the exchange of housing is established by the Ministry of Communal Services of the RSFSR.
Article 328. Right of a lessee to renewal of a contract

A lessee of housing in a building which belongs to a local Soviet of Workers' Deputies or in a building which belongs to a state, cooperative or public organization has a right to renewal of his contract upon its expiration. This right may be contested by the lessor through a judicial proceeding only in the event of systematic non-performance by the lessee of his obligations under the contract.

The same right belongs to a lessee of housing in a building which belongs to a citizen by right of personal ownership, unless:

the lessee is living in premises under a contract concluded for a period of not more than one year with an obligation to vacate the premises upon the expiration of such period;

a court has established that the premises are necessary for the personal use of the owner of the building and members of his family.

Article 329. Rescission of a contract by a lessee

A lessee of housing has a right to rescind the contract at any time.

In the event of departure by the lessee and members of his family to take up permanent residence in another place, the contract for the lease of housing is considered rescinded from the date of such departure.

Article 330. Rescission of a contract by a lessor through a judicial proceeding

A contract for the lease of housing may be rescinded, and a lessee may be evicted from housing which he leases, only through a judicial proceeding (except in cases specified in Articles 337-341) and on grounds established by law.

Article 331. Obligation of a lessor to provide a person who has been evicted with other housing

A lessor is required to provide other comfortable housing to a lessee who has been evicted on grounds provided by law from a building which belongs to a local Soviet of Workers' Deputies or from a building which belongs to a state, cooperative or public organization, except in cases specified in paragraph 2 of Article 298 and in Articles 333, 334 and 338-341 of this Code.

The premises so provided must be located within the limits of the given population center, in a substantial building, comfortable in terms of the conditions of the given population center, and must be no smaller in size than those which the evicted person occupied. If the lessee occupied a separate apartment or more than one room, he must be provided with a separate apartment or premises consisting of the same number of rooms. If the lessee had a surplus of living
space, premises are to be provided in accordance with the norms specified in Article 316 of this Code.

The premises provided to a person who has been evicted must be indicated in the court decision ordering rescission of the lease contract and eviction of the lessee.

Article 332. Eviction of a lessee in connection with the demolition of a building

If a building in which housing which is the subject of a lease contract is located is designated for demolition in connection with allocation of a plot of land for state or public purposes, the contract for lease of the housing is rescinded through a judicial proceeding in which the lessee and members of his family, regardless of how long they have lived in the building, or, in the case of a building which belongs to a citizen by right of personal ownership, a lessee and members of his family who have lived in the building to be demolished for not less than one year, are provided with other comfortable housing (Article 331).

The evicted persons are provided with housing by the state, cooperative or public organization to which the plot of land has been allocated.

If a building which belongs to a citizen by right of personal ownership is designated for demolition, the evicted persons are provided with other premises by the executive committee of the local Soviet of Workers' Deputies or, if the plot of land is allocated to a state organization to which capital-investment funds for the construction of housing have been granted, by such organization.

Article 333. Eviction without the provision of other housing for the person evicted

If a lessee or members of his family systematically wreck or damage housing or through systematic violation of the rules of socialist communal living make it impossible for others to live with them in the same apartment or in the same building, and warnings and measures of social persuasion have proved to be without effect, the guilty parties may be evicted upon demand of the lessor or of other interested persons, without the provision of other housing.

A lessor may likewise demand rescission of a contract and eviction of a lessee and members of his family without the provision of other housing in cases in which the lessee and members of his family are absent for periods longer than those specified in Articles 306 and 308 of this Code, in cases in which a lessee owns a dwelling by right of personal ownership in the same population center which is suitable for permanent residence and it is possible for him to move into such dwelling, and in cases of systematic nonpayment of
rent by lessees of housing in buildings which belong to citizens by right of personal ownership.

Article 334. Special cases of eviction from buildings which belong to enterprises and institutions

The Council of Ministers of the USSR and the Council of Ministers of the RSFSR may establish lists of enterprises and institutions in vital branches of the national economy, and of individual departments or branches thereof, from the buildings of which workers and employees whose employment has been terminated in connection with discharge at their own request or discharge for a breach of labor discipline or the commission of a crime may be evicted through judicial proceedings without the provision of other living space.

However, disabled war veterans, Group I and II disabled workers, old age pensioners, persons receiving personal merit pensions, the families of persons serving in the Armed Forces of the USSR and the families of servicemen and partisans killed or missing in action in defense of the USSR or in the performance of other duties while in military service may not be evicted without the provision of other living space.

Article 335. Consequences of declaring an order invalid

In the event an order is declared invalid (Article 296), all citizens who live in the premises which have been allocated on the basis of such order are subject to eviction through a judicial proceeding without the provision of other housing. However, if the citizens who are specified in the order have previously used housing under a lease contract in a building which belongs to the local Soviet of Workers' Deputies or to a state, cooperative or public organization, they must be allocated either the premises which they previously occupied or other housing.

Article 336. Administrative eviction

Eviction of citizens through administrative procedures is not permitted, except in cases specified in Articles 337-341 of this Code.

Article 337. Eviction in the event a building is threatened with collapse

If a building in which a lessee lives is threatened with collapse, the contract for the lease of housing is rescinded and the lessee is allocated other comfortable housing (Article 331), upon decision of the executive committee of the local Soviet of Workers' Deputies, from the housing fund of the local Soviet of Workers' Deputies or the appropriate state, cooperative or public organization.
The eviction of citizens from buildings which are threatened with collapse is carried out through administrative procedures, with the approval of the procurator.

Article 338. Eviction of citizens from premises occupied without permission

Citizens who occupy housing premises without permission or who live in nonresidential premises are subject to eviction through administrative procedures, with the approval of the procurator, without the provision of other housing.

Article 339. Eviction of citizens from occupational housing

The right to use occupational housing allocated to a worker in connection with the circumstances of his work terminates simultaneously with the termination of his labor contract.

A worker who terminates his labor relationship and all persons living with him are subject to eviction one month after notice from the lessor, without the provision of other housing. Eviction is carried out through administrative procedures, with the approval of the procurator.

However, the citizens specified in paragraph 2 of Article 334 of this Code, as well as members of the family of a deceased worker to whom occupational housing had been allocated, may be evicted only through a judicial proceeding, and with the provision of other comfortable housing. Citizens who are relieved of the duties in connection with which they have been allocated occupational housing, but who have not terminated their employment relationships with the organizations which provided such housing, may be evicted in the same manner.

Article 340. Eviction of citizens from dormitories

Citizens living in dormitories may be evicted without the provision of other housing in the following cases:

1) seasonal and temporary workers, in the event of termination of the seasonal or temporary work in connection with which they had been allocated dormitory housing;

2) citizens to whom dormitory housing had been allocated by state, cooperative or public organizations in connection with employment, in the event of discharge at their own request or for a violation of labor discipline or the commission of a crime;

3) citizens living in the dormitories of educational institutions, in the event of their leaving the educational institutions which have allocated the dormitory space to them.

Eviction is carried out one month after notice from the lessor through administrative procedures with the approval of the procurator.
However, citizens specified in paragraph 2 of Article 334 of this Code who are living in dormitories and have terminated their employment (with the exception of seasonal and temporary workers), as well as citizens who have terminated their employment relationships with organizations which had provided them with dormitory space for reasons other than those listed in point 2 of this Article, may be evicted only through judicial proceedings with the provision of other housing.

Article 341. Eviction of citizens from hotels
Citizens who continue to live in hotels beyond the period established by the Ministry of Communal Services of the RSFSR, or who fail to pay for the use of the premises with which they have been provided or who violate the rules of internal conduct established for hotels are subject to eviction through administrative procedures, with the approval of the procurator, without the provision of other housing.

CHAPTER 29—USE OF PROPERTY WITHOUT COMPENSATION

Article 342. Contract for the use of property without compensation
By a contract for the use of property without compensation one party transfers or undertakes to transfer property without compensation to the temporary use of another party, and the latter undertakes to return the property.

Articles 276, 279, 281 (paragraph 1), 283, 285 and 291-293 of this Code apply insofar as appropriate to a contract for the use of property without compensation.

Article 343. Duration of a contract for the use of property without compensation between socialist organizations
The duration of a contract for the use of property without compensation concluded between socialist organizations must not exceed one year, unless otherwise provided by legislation of the USSR or the RSFSR. If the contract is concluded for a longer period, it is considered to be concluded for one year or for some other limited period prescribed by law.

If such a contract is concluded without a specified duration, paragraph 1 of Article 278 of this Code applies. If neither party has rescinded the contract prior to the expiration of one year, or of some other limited period prescribed by law, the contract is considered to be terminated upon the expiration of such period.
Article 344. Consequences of a failure to supply property for use without compensation

If a socialist organization which has become obligated under a contract to transfer property for use without compensation fails to supply such property, the rules in Article 282 of this Code apply. However, in such case the other party is compensated only for damages arising from his expenditures, or from loss or harm to his property.

Article 345. Liability for defects in property transferred for use without compensation

A person who transfers property for use without compensation is liable for the defects in such property which he has intentionally or through gross negligence failed to reveal at the time of transfer of the property.

Article 346. Transfer to a third person of property received for use

A person who receives property for use without compensation may transfer such property to the use of a third person only with the consent of the transferor, while remaining liable to the latter.

Article 347. Rescission of a contract before normal termination

A person who transfers property for use without compensation may demand rescission of the contract prior to normal termination, as provided in points 1 and 2 of Article 289 of this Code, as well as in cases in which the other party has transferred such property to a third person without the transferor's consent.

Article 348. Rescission of a contract upon demand by a new owner of property

A contract for the use of property without compensation concluded without a specified duration may be rescinded upon demand by a person to whom the right of ownership or the right of operative management in such property has been transferred.

Article 349. Termination of a contract

A contract for the use of property without compensation is terminated in the event of the death of a citizen or liquidation of a legal person who is party to the contract, as well as on the general grounds for the termination of obligations.

CHAPTER 30—INDEPENDENT-WORK CONTRACT

Article 350. Independent-work contract

By an independent-work contract an independent contractor undertakes to perform certain work at his own risk, according to
the instructions of a customer who orders the work, either with his own or with the customer's materials, and the customer undertakes to accept and to pay for the work performed.

**Article 351. Performance of contract work by a citizen**

A citizen may undertake to perform work under an independent-work contract only on condition that he perform such work by means of his own labor.

**Article 352. Estimates**

Firm or approximate estimates may be made for the work to be done under an independent-work contract. If it becomes necessary to exceed an approximate estimate to a significant degree, the contractor is required to inform the customer immediately. In such case, the customer has a right to rescind the contract after reimbursing the contractor for his expenditures. If the contractor fails to inform the customer about an excess above the estimate, he is required to perform the work without reimbursement for his expenditures beyond the amount of the estimate.

**Article 353. Performance of work with materials and resources of the contractor**

A contractor must perform the work required by a contract with his own materials and resources, unless otherwise provided by law or by the contract. A contractor who performs work with his own materials is liable for the poor quality of such materials. If a contractor performs work with his own materials under an independent-work contract for the provision of domestic services to citizens (domestic-service order), the materials are paid for at the time of concluding the contract either in full or in such part as is specified by the appropriate model contract, with final payment to take place upon receipt by the customer of the work performed by the contractor. In cases specified by the model contracts, the materials may be provided by the contractor on credit (with payment in installments). A subsequent change in the price of materials provided on credit does not call for a recomputation of the amount due.

**Article 354. Performance of work with materials of the customer**

If work is performed either in full or in part with the customer's materials, the contractor is liable for improper use of such materials. The contractor is required to account to the customer for his expenditures of materials and to return remaining materials to the customer.
If work is performed with the customer's materials under a domestic-service order, the receipt issued by the contractor to the customer at the time the contract is concluded must contain an exact listing of the materials and their valuation as agreed upon by the parties.

**Article 355. Transfer by organizations of materials and equipment under independent-work contracts**

Socialist organizations may, in the manner and within the limits prescribed by legislation of the USSR and the RSFSR, deliver their materials and equipment to socialist industrial enterprises for the manufacture of products under independent-work contracts.

Contracts concluded under this Article must, in addition to other terms, provide for norms of expenditure of materials, dates for the return of remaining materials and basic by-products, and the liability of the contractor for nonperformance or improper performance or improper performance of these obligations.

**Article 356. Obligation of a contractor to care for property entrusted to him**

A contractor is required to take all necessary measures to provide for the safekeeping of property entrusted to him by a customer, and he is liable for any oversight or omission which causes loss of or harm to such property.

**Article 357. Risk of accidental destruction of materials**

The party who provides the materials bears the risk of their accidental destruction or accidental deterioration.

**Article 358. Circumstances of which a contractor is required to warn a customer**

A contractor is required to warn a customer promptly:

1) of the unsuitability of poor quality of materials received from the customer;
2) if observance of the instructions of the customer threatens the fitness or durability of the work being performed;
3) of the presence of other circumstances beyond the control of the contractor which threaten the fitness or durability of the work being performed.

**Article 359. Consequences of nonfulfillment by a customer of demands made by a contractor**

If, despite immediate and justified notification by a contractor, the customer fails within a reasonable period of time to replace unsuitable or poor-quality materials, fails to change instructions regarding the manner in which work is to be performed, or fails to
eliminate other conditions which threaten the fitness or durability of the work, the contractor may, or under a contract between socialist organizations must, rescind the contract and recover the damages which he has suffered.

Article 360. Rights of a customer during the period of performance of the work

If a contractor fails to begin performance of a contract on time, or performs the work so slowly that it clearly cannot be concluded on time, the customer may rescind the contract and demand compensation for his damages.

If, during the period of performance of the work, it becomes evident that it will not be completed in the proper manner, the customer may set a reasonable period of time for the elimination of defects by the contractor, and in the event the contractor fails to comply with such a demand within the period specified, may rescind the contract and either demand compensation for damages or entrust correction of the work to a third person at the expense of the contractor.

A customer may, for valid reasons, rescind the contract at any time prior to completion of the work, having paid the contractor for that part of the work which has been performed and having compensated him for damages sustained through rescission of the contract, with a deduction of that which the contractor has saved as a result of rescission of the contract.

Article 361. Obligation of a customer to accept work performed by a contractor

A customer is required to accept the work performed by a contractor and to inspect it. If the customer does not immediately inform the contractor of deviations from the terms of the contract which lower the quality of the work or of other defects in the work, he loses his right to refer in the future to such deviations from the terms of the contract or defects in the work.

With respect to deviations from the terms of the contract or other defects in the work which could not have been discovered through the ordinary manner of acceptance of the work, the customer is required to inform the contractor immediately upon their discovery.

Article 362. Payment of compensation to a contractor

A customer is required to pay for work performed by a contractor upon delivery of the whole performance, unless otherwise provided by law or by the contract.

The cost of work performed under a domestic-service order contract is determined according to price lists approved in the
prescribed manner, and is paid by the customer, in accordance with the model contract either in full at the time the contract is concluded, or through giving an advance at the time the contract is concluded with a final accounting upon receipt by the customer of the contractor's performance.

Article 363. Accounting between the parties in the event of destruction of the subject matter of an independent-work contract or of impossibility of completing the work

If the subject matter of an independent-work contract has been accidentally destroyed prior to its delivery, or if completion of the work has become impossible through no fault of the parties, the contractor may not demand compensation for his work.

If destruction of the subject matter of the contract or impossibility of completing the work has occurred as a result of defects in materials supplied by the customer or in his orders regarding the manner in which the work was to be performed, or has occurred after the customer is in default in acceptance of work in connection with which the contractor has complied with the rules in Articles 358 and 359 of this Code, the contractor retains the right to receive compensation for his work.

Article 364. Rights of a customer in the event of breach of an independent-work contract by a contractor

If a contractor has permitted deviations from the conditions of a contract which have reduced the quality of the work or has permitted other defects in the work, the customer may, at his election, demand either correction of such defects without cost within a reasonable period of time, or compensation for the necessary expenditures which he has made in correcting such defects with his own resources if such a right has been given to him by the contract, or an appropriate reduction in the compensation for the work.

If there are basic deviations from the contract or other basic defects in the work, the customer may demand rescission of the contract and compensation for damages.

Article 365. Limitation of actions regarding the liability of a contractor

An action based on deviations by a contractor from the terms of a contract which have reduced the quality of the work, or based on other defects in the work, may be brought within six months after the date of acceptance of the work, or, if the defects could not have been discovered through the ordinary manner of acceptance of the work, within one year after the date of acceptance of the work.

An action based on those defects in a building or structure which could not have been discovered through the ordinary manner
of acceptance of the work may be brought within three years after the date of acceptance of the work if one of the parties is a citizen.

If an independent-work contract provides for a guarantee period, and if a complaint based on defects in the work is made within the limits of the guarantee period, the period of limitation of actions begins to run from the date the complaint based on defects is made, or, in relationships between socialist organizations, from the date of discovery of defects in the work.

Article 366. Consequences of a customer's failure to appear to receive work performed

In the event of a customer's failure to appear to receive an article manufactured under a domestic-service order contract, the contractor may sell the article in the prescribed manner after six months have passed from the date upon which, according to the contract, the article was to have been delivered to the customer and following two subsequent notifications to the customer, and the sum of money thus obtained, after a deduction of all payments due the contractor, is deposited in a notarial office in the name of the customer.

Article 367. Model domestic-service order contracts

The Council of Ministers of the RSFSR approves model domestic-service order contracts for various types of services to citizens.

Deviations from the conditions of such model contracts which limit the rights of customers are invalid.

CHAPTER 31—INDEPENDENT-WORK CONTRACT FOR CAPITAL CONSTRUCTION

Article 368. Independent-work contract for capital construction

By an independent-work contract for capital construction a contractor-organization undertakes to build with its own resources and to deliver to a customer-organization which has ordered it a project specified by a state plan, in accordance with the approved estimates and blueprints and within the stated period of time, and the customer undertakes to provide the contractor with a building site, to supply him with the approved estimates and blueprints, to ensure proper financing of the construction and to accept the completed construction project and pay for it.

It is the duty of the customer to supply the construction project with technological, power, electro-technical and general industrial equipment and apparatus, except in cases provided for by special decrees. The customer may be obligated by special decrees to furnish materials for the construction project.
Article 369. General contractor and subcontractor

An independent-work contract for capital construction is concluded by a customer with a construction organization which, as the general contractor, has a right, on the basis of subcontracts, to delegate performance of individual parts of the work to specialized organizations (Articles 171 and 223).

A contract for the assembly and installation of equipment is made by the customer either with the general contractor or with the supplier of the equipment.

With the consent of the general contractor, contracts for assembly and installation and other specialized work may be concluded by the customer with assembly and installation organizations or with other specialized organizations.

Article 370. Rights of a customer

A customer exercises control and technical supervision over conformity of the volume, cost and quality of the work being performed to the blueprints and estimates. He may at any time verify the progress and quality of the construction, assembly and installation work and the quality of the materials being used, without interfering with the operations of the contractor.

Defects in performance of the work or in materials used in the work which arise through the fault of the contractor (or subcontractor) must be eliminated by the contractor at his own expense.

Article 371. Liability of the parties for breach of an independent-work contract for capital construction

The party responsible for nonperformance or improper performance of obligations under an independent-work contract for capital construction must pay the established liquidated damages, and must in addition compensate the other party for any damages in the form of actual expenditures or loss of or damage to his property not covered by the amount of such liquidated damages.

The full amount any liquidated damages paid by a contractor for failure to perform individual work operations on time is returned to him in the event of completion of the whole project within the period specified by the contract.

Article 372. Rules governing independent-work contracts for capital construction

Independent-work contracts for capital construction are concluded and performed in accordance with rules approved either by the Council of Ministers of the USSR or in the manner prescribed by it.

Special rules governing independent-work contracts for capital construction on collective farms are approved in the manner prescribed by the Council of Ministers of the RSFSR.
CHAPTER 32—CARRIAGE

Article 373. Contract for the carriage of freight and plans for freight carriage

By a contract for the carriage of freight, a transport organization (carrier) undertakes to bring freight entrusted to it by the shipper to its destination and to deliver such freight to the person authorized to receive it (recipient), and the shipper undertakes to pay the established charge for carriage of the freight.

A contract for the carriage of freight belonging to a state, cooperative or public organization is concluded on the basis of a freight carriage plan which is binding on both parties.

The conclusion of contracts for freight carriage not provided for by a plan is permitted in the manner prescribed by transport statutes (codes).

Article 374. Contract for the carriage of a passenger

By means of a contract for the carriage of a passenger, a carrier undertakes to carry a passenger to his destination, and, in the event baggage is given to it by the passenger, to bring such baggage to its destination and to deliver it to the person authorized to receive it; the passenger undertakes to pay the established fare for the passage, and, if baggage is given to the carrier, to pay for the transportation of such baggage.

Article 375. Conditions of carriage of freight, passengers and baggage

Conditions of carriage of freight, passengers and baggage and the liability of the parties for such carriage are determined, in accordance with the Principles of Civil Legislation of the USSR and the Union Republics, by statutes (codes) for individual types of transport and by rules issued in the prescribed manner.

Conditions of carriage of freight, passengers and baggage by motor transport and the liability of the parties for such carriage are determined, in accordance with this Code, by the Motor Transport Statutes of the RSFSR, approved by the Council of Ministers of the RSFSR, and by rules issued in the prescribed manner.

Article 376. Liability for nonfulfillment of a freight carriage plan

The carrier and the shipper bear financial liability for failure to supply the means of carriage, failure to deliver goods for carriage and other breaches of obligations arising from a carriage plan, as well as for similar violations in cases specified in paragraph 3 of Article 373 of this Code.
Article 377. Liability for nonfulfillment of a plan for motor-freight carriage

A shipper who fails to deliver freight for carriage by motor transport must pay a fine to the motor-transport organization for the difference between the quantity of freight stipulated by the freight plan or by the single order and the quantity of freight delivered. Freight which has been delivered by a shipper in a condition which does not correspond to the rules of carriage and has not been put in proper condition within the period necessary to ensure its shipment on time is considered not delivered.

A motor-transport organization which has failed to provide a shipper with means of transport in a quantity sufficient for carriage of the freight specified by a carriage plan or by a single order accepted for performance must pay the shipper a fine for the quantity of freight prepared for shipment and not shipped as specified by the plan or single order. Provision of means of transport which are not suitable for carriage of the freight specified by the plan is equivalent to a failure to provide means of transport.

A motor-transport organization and a shipper are relieved of liability for failure to fulfill a carriage plan if such failure has occurred as a result of:

1) events of an accidental or spontaneous nature (snow drifts, floods, fires, etc.);
2) an accident at an enterprise, as a result of which work at the enterprise has been discontinued for a period of not less than three days;
3) a temporary discontinuation of or limitation in the carriage of freight along certain roads, established in the manner prescribed by the Motor Transport Statutes of the RSFSR.

The amount of fines provided for by this Article are determined by the Motor Transport Statutes of the RSFSR.

Article 378. Payment for the carriage of freight, passengers and baggage by motor transport

The amount of payment for the carriage of freight, passengers and baggage by motor transport, as well as the amount of charges for the performance by motor-transport organizations of work and operations supplemental to carriage, are determined on the basis of tariffs approved by the Council of Ministers of the RSFSR.

Article 379. Loading and unloading of freight carried by motor transport

The loading of freight on a motor vehicle is carried out with the resources of the shipper, and the unloading, with the resources of the recipient, unless otherwise provided by agreement between the motor-transport organization and the shipper or the recipient.
The periods for loading and unloading freight by shippers and recipients with their own resources are determined by the Motor Transport Statutes of the RSFSR.

For tying up motor-transport vehicles during loading and unloading in excess of the established periods through the fault of the shipper or recipient, as well as for tying up motor-transport vehicles en route through the fault of the shipper, the shipper or recipient pays the motor-transport organization a fine in an amount established by the tariff.

Article 380. Time for the delivery of freight and baggage, and liability for delay

A carrier is required to deliver freight or baggage to its destination within the period established by the transport statutes (codes) or by rules issued in the prescribed manner. If the time for delivery is not prescribed in the manner indicated, the parties may specify a time in their contract.

A carrier is relieved of liability for delay in the delivery of freight or baggage if the delay did not occur through his fault.

The amounts of fines exacted from motor-transport organizations for delays in the delivery in freight or baggage are determined in accordance with the length of the delay by the Motor Transport Statutes of the RSFSR.

Payment by a motor-transport organization of a fine for a delay in the delivery of freight or baggage does not relieve such organization of liability for loss of, shortage in or damage to freight or baggage caused by the delay.

Article 381. Termination of a contract for carriage upon demand of a passenger

A passenger may rescind a contract for carriage on interurban motor-transport lines, and after having returned the ticket prior to departure of the bus (taxi-bus), receive the money which he has paid:

1) if there has been a delay in the departure of the bus (taxi) of more than one hour;

2) if there is only made available to the passenger a place in the bus (taxi) of a lower class than that for which the ticket was sold to him;

3) in other cases specified in the Motor Transport Statutes of the RSFSR.

If a trip is terminated as a result of an illness or accident, a refund is made to the passenger for passage in proportion to the remaining distance.
Article 382. Liability of a carrier for loss of, shortage in or damage to freight or baggage

A carrier is liable for loss of, shortage in or damage to freight and baggage accepted for carriage, unless he shows that the loss, shortage or damage did not occur through his fault (articles 222 and 224).

Transport statutes (codes) may provide for cases in which proof of fault on the part of a carrier for loss of, shortage in or damage to freight is to be borne by the recipient or shipper.

Article 383. Extent of liability of motor-transport organizations for loss of, shortage in or damage to freight

A carrier (motor-transport organization) is liable for damage caused in connection with the carriage of freight or baggage by motor transport:

1) in the event of loss of or shortage in freight or baggage, in an amount equivalent to the value of the lost or deficient freight or baggage;

2) in the event of damage to freight or baggage, in the amount by which the value of the freight or baggage has been reduced;

3) in the event of loss of freight or baggage delivered for carriage with a declaration of its value, in the amount of the declared value of the freight or baggage, unless it is shown that such value is lower than the actual value.

If, as a result of damage for which a motor-transport organization is liable (Article 382), the quality of the freight or baggage has changed to such an extent that it cannot be used for its normal purpose, the recipient of the freight or baggage may refuse it and demand compensation for the loss thereof.

If freight or baggage for the loss or shortage of which a motor-transport organization has paid appropriate compensation is subsequently found, the recipient (shipper) may demand delivery of the freight or baggage after having returned the compensation received for the loss or shortage.

Article 384. Claims and actions based on carriage

A claim must be presented to a carrier prior to the bringing of a court action against him arising from carriage.

Claims may be presented within six months, and claims for the payment of fines and premiums, within 45 days. The carrier must review a claim which is presented and inform the person who has presented it within three months whether it will be accepted or denied, or, with respect to claims based on carriage performed by carriers of different types under one document, within six months, or, with respect to claims for the payment of fines or premiums, within 45 days.
If a claim has been denied, or an answer has not been received within the period established by this Article, the claimant may bring an action within two months after the date of receipt of an answer or after expiration of the period established for an answer.

A carrier has six months in which to bring actions arising from carriage against shippers, recipients, or passengers.

The periods of limitation of actions and the manner of bringing actions in disputes connected with carriage on foreign means of transport are prescribed by transport statutes (codes) or international agreements.

Article 385. Liability of a carrier for causing the death or injury to the health of a passenger

The liability of a carrier for causing the death or injury to the health of a passenger is determined by the rules in Chapter 40 of this Code, unless greater liability has been provided by law.

CHAPTER 33—STATE INSURANCE

Article 386. Types of insurance

State insurance takes the form of compulsory or voluntary insurance.

Article 387. Compulsory insurance

Property subject to compulsory insurance and the terms of such insurance are specified by law.

Under compulsory insurance, upon the happening of the event provided for by law (the insured event), the insurance organization compensates the insured party or other person to whom the insured property belongs for the damage which he has sustained: if the property is a total loss, in the full amount of the insurance protection; if the damage is partial, in the full amount of the corresponding portion of the insurance protection. The insured party is required to make the established insurance payments.

Types of compulsory personal insurance are established by legislation of the USSR.

Article 388. Contract for voluntary insurance

By a contract for voluntary insurance the insurance organization undertakes, upon the happening of an event specified by the contract (the insured event):

in the case of property insurance, to reimburse the insured party, or a third party for whose benefit the contract has been concluded, for the damage sustained (payment of insurance compensation), within the limits of the amount specified by the contract (the
insurance amount), or, if the property has not been insured to its full value, to the extent of a corresponding share of the damage, unless otherwise provided by insurance rules;

in the case of personal insurance, to pay the insured party, or a third party for whose benefit the contract has been concluded, the insurance amount fixed by the contract, regardless of any amount due such party under state social insurance or social security, or amounts due as tort damages.

The insured party undertakes to make the insurance payments established by the contract.

Article 389. Transfer to an insurance organization of the rights of an insured party with respect to the person responsible for the damage sustained

In the case of property insurance, the claim which the insured party (or a third party who has received insurance compensation) has against the person liable for the damage sustained passes, up to the amount of the insurance compensation, to the insurance organization which has paid the insurance compensation.

Article 390. Insurance rules

Insurance rules are approved in the manner prescribed by the Council of Ministers of the USSR.

CHAPTER 34—PAYMENT AND CREDIT RELATIONSHIPS

Article 391. Payments between organizations

Payments under obligations between state organizations, collective farms and other cooperative and public organizations are made by means of non-cash clearing orders through the credit institutions in which such organizations in accordance with the law keep their accounts. The procedure and forms related to payments are determined by legislation of the USSR.

Cash payments between state organizations, collective farms and other cooperative and public organizations are permitted in cases and within the limits established by legislation of the USSR.

Article 392. Disposition of funds kept in accounts maintained by organizations in credit institutions

Organizations dispose of funds kept in accounts maintained by them in credit institutions in accordance with the designated purposes of such funds.

Funds necessary for the payment of wages and equivalent disbursements are paid from the account of an organization regardless of the existence of any claims against the possessor of the account.
Exceptions to this rule may be established by the Council of Ministers of the USSR.

Deductions from funds kept in accounts maintained by organizations in credit institutions are permitted without the consent of such organizations only in cases specified by legislation of the USSR.

Claims are satisfied in the order of priority established by legislation of the USSR.

Article 393. Extension of credit to organizations

Credit is extended to state organizations, collective farms and other cooperative and public organizations in accordance with approved plans through the issuance of time loans for specific purposes by the State Bank of the USSR and by other banks of the USSR, in the manner prescribed by legislation of the USSR.

The extension of credit by one organization to another in kind or in cash, including advance payments, is permitted only in cases established by legislation of the USSR.

The terms and procedure which govern an extension of credit by one collective farm to another in the course of rendering assistance in production are established by decree of the Council of Ministers of the RSFSR.

Article 394. Bank loans to citizens

Loans to citizens are issued by banks of the USSR in cases and in the manner determined by legislation of the USSR.

Article 395. Deposits by citizens in credit institutions

Citizens may keep funds in state labor savings banks and in other credit institutions, may dispose of their deposits and receive income on them in the form of interest and prizes and may make payments by written order, in accordance with the charters of the credit institutions and with rules issued in the prescribed manner.

The state guarantees the secrecy of deposits, their safekeeping and their payment as soon as demand is made therefor.

The procedure governing the disposition of deposits made in state labor savings banks and in other credit institutions is determined by the charters of such banks and institutions and by the rules indicated in paragraph 1 of this Article.

Deposits of citizens in state labor savings banks and in the State Bank of the USSR are subject to execution based on a judgment or decision of a court in a civil action arising from a criminal proceeding, or a decision of a court in an action for support payments (in the absence of wages or other property subject to execution) or an action for division of a deposit which is joint marital property. The confiscation of deposits of citizens in such credit institutions
may be carried out on the basis of a judgment which has become legally effective or on the basis of a decree for the confiscation of property issued in accordance with law.

CHAPTER 35—AGENCY

Article 396. Contract of agency

By a contract of agency one party (the agent) undertakes to perform certain legal acts in the name of and for the account of another party (the principal).

The principal is required to compensate the agent if compensation is provided for by law or by the contract.

Article 397. Performance of an agency in accordance with the instructions of the principal

An agent is required to perform an agency given to him in accordance with the instructions of the principal.

An agent may depart from such instructions if, under the circumstances, it is necessary to do so in the interests of the principal, and if the agent cannot request instructions in advance from the principal or if he does not obtain a timely answer to such a request.

In such a case, the agent is required to notify the principal of the departures from instructions as soon as notification becomes possible.

Article 398. Personal performance of an agency by the agent

An agent must personally perform an agency given to him. He may entrust performance of the agency to another person (a substitute) only in cases specified in Article 68 of this Code.

In such cases, the agent is liable only for his choice of a substitute.

A principal may reject the substitute chosen by an agent.

Article 399. Agent’s accounting

An agent is required:

1) upon demand of the principal, to report all information regarding the course of performance of the agency;

2) upon performance of the agency, to present without delay an accounting to the principal, with supporting documents if such are required by the nature of the agency;

3) to transfer to the principal without delay all that has been obtained in connection with performance of the agency.

Article 400. Obligations of a principal

A principal is required to accept without delay an agent’s performance in accordance with the contract.
A principal is also required, unless otherwise provided by the contract:
1) to supply the agent with funds necessary for performance of the agency;
2) to reimburse the agent for the latter’s necessary expenditures in performance of the agency;
3) after performance of the agency, to pay the agent compensation if compensation is due (Article 396).

Article 401. Termination of the contract
In addition to the general grounds for the termination of obligations, a contract of agency is terminated as a result of:
1) revocation by the principal;
2) renunciation by the agent;
3) the death of a citizen who is a party to the contract, or a declaration that he does not have the capacity to perform legal acts, is limited in his capacity to perform legal acts or is a missing person;
4) the liquidation of a legal person.
A principal may revoke an agency, and an agent may renounce an agency, at any time. An agreement to renounce these rights is invalid.
If an agent renounces a contract under circumstances in which it is impossible for the principal otherwise to protect his interests, the agent is required to compensate the principal for damages sustained through termination of the contract.

Article 402. Consequences of the termination of a partially performed contract
If a contract of agency is terminated prior to full performance of the agency, the principal is required to reimburse the agent for expenditures made in performance of the agency and, if compensation is due the agent, to pay compensation in proportion to the work which the agent has performed. This rule does not apply to performance by an agent subsequent to the time at which he learned or should have learned of the termination of the agency.

Article 403. Obligations of the heirs of an agent
In the event of the death of an agent, his heirs are required to inform the principal of the termination of the contract of agency and to take the necessary measures to safeguard the principal’s property.
The liquidator of a legal person which has been an agent has the same obligation.
CHAPTER 36—COMMISSION CONTRACT

Article 404. Commission contract

By a commission contract one party (the commission agent) undertakes for compensation to perform one or several legal acts in his own name, as authorized by another party (the commission principal).

By a commission contract for the sale of agricultural products, a collective farm (the commission principal) authorizes a consumers’ cooperative organization (the commission agent) to sell surplus agricultural products which remain after the collective farm has fulfilled its obligations for the sale of agricultural products to the state.

Commission stores conclude commission contracts for the retail sale of both new and used articles of general consumption and household use, artistic creations, articles of the applied arts and antiques, with the exception of articles the acceptance of which is prohibited by rules on the procedure for acceptance and sale of goods by commission stores approved by the Ministry of Trade of the RSFSR.

Article 405. Form of the contract

A commission contract must be concluded in written form (Article 46).

A commission contract for the sale of agricultural products may be concluded through issuance to the collective farm of an invoice by the consumers’ cooperative organization which is acquiring the products. The contract (invoice) must specifically designate the products, the date of their receipt, by whom they have been delivered, their quantity and quality, the selling price and the time for payment.

Article 406. Rights and obligations of a commission agent in transactions with third persons

In a legal act between a commission agent and a third person, the commission agent acquires rights and becomes obligated, notwithstanding the fact that the commission principal has also been named in the legal act or has dealt directly with the third person in connection with performance of the legal act.

Article 407. Right of ownership of a commission principal

Property delivered to a commission agent by his commission principal or acquired by a commission agent for his commission principal is the property of the commission principal.
Article 408. Performance of a commission agency

A commission agent must perform an agency which he has assumed on the terms most favorable to the commission principal.

If a commission agent concludes a transaction on terms which are more favorable than those specified by the commission principal, all of the benefit passes to the commission principal.

If a consumers' cooperative organization acquires agricultural products from a collective farm for the purpose of commission sale, the organization may, in the event it is necessary to sell such products beyond the limits of the region of the organization's activity, conclude a commission subcontract with another consumers' cooperative organization.

A consumers' cooperative organization which acquires agricultural products for commission sale gives the collective farm an advance payment within the limits established by legislation of the USSR.

Article 409. Departures from instructions of a commission principal

A commission agent may depart from the instructions of his commission principal in cases specified in Article 397 of this Code.

A commission agent who sells property at a price below that specified by the commission principal is required to reimburse the latter for the difference, unless he proves that he had no opportunity to sell the property at the specified price and that by selling it at the lower price he avoided still greater losses.

If a commission agent buys property at a higher price than that specified by the commission principal, the latter, if he does not desire to accept the purchase, must inform the commission agent without delay upon receipt of notification of the conclusion of the legal act with the third person. Otherwise the sale is considered accepted by the commission principal.

If the commission agent informs the principal that he will pay the difference in price, the commission principal may not renounce the legal act which has been concluded for him.

Article 410. Price of an article sold by a commission agent

The selling price of an article accepted by a commission store is determined by agreement of the parties, but it must not exceed the state retail price on corresponding goods. The selling prices of antiques and unique articles and of artistic creations are determined by a commission store on the basis of special appraisals.

The price of an article which is not sold within the period established by regulations (Article 405) may be reduced through agreement with the commission principal. If the commission principal does not appear when called for a revaluation of the article, the store reduces the price in accordance with the rules.
The selling price of surplus agricultural products acquired from collection farms for sale by consumers' cooperative organizations is determined by agreement of the parties.

Article 411. Performance by a commission agent under a legal act with a third person

A commission agent must perform all obligations and exercise all rights arising from a legal act concluded by him with a third person.

A commission agent is not liable to his commission principal for the performance by a third person of a legal act concluded with him for the commission principal, except in cases in which the commission agent undertakes to guarantee performance of the legal act by the third person (del credere).

In the event of a breach by a third person of a legal act concluded with a commission agent, the commission agent must without delay notify the commission principal thereof and must collect and secure the necessary proof.

A commission principal who is notified of a breach by a third person of a legal act concluded with him by a commission agent may demand transfer to him of the commission agent's claims against the third person under the legal act in question.

Article 412. Liability of a commission agent for loss of, shortage in or damage to property of the commission principal

A commission agent is liable to his commission principal for loss of, shortage in or damage to property of his commission principal in his possession, unless he proves that the loss, shortage or damage did not occur through his fault.

If, at the time of acceptance by the commission agent of property sent by the commission principal, or of property delivered to the commission agent for the commission principal, there is damage or shortage which can be observed through a superficial inspection, as well as in the event of damage by anyone to property to the commission principal in the possession of the commission agent, the commission agent must take steps to safeguard the rights of the commission principal, to collect the necessary proof and to make a full report to the commission principal without delay.

A commission agent who has not insured the property of a commission principal in his possession is liable only in cases in which the commission principal has instructed him to insure such property or in which insurance is compulsory by virtue of law.

Article 413. Accounting by a commission agent

Upon performance of an agency, a commission agent must make an accounting to the commission principal and transfer to him
everything that has been obtained in performance of the agency, and
must in addition transfer to the commission principal upon demand
all rights with respect to any third person arising out of a legal act
concluded by the commission agent with such third person.

If the commission principal has objections to the accounting,
he must so inform the commission agent within three months after
the date of receipt of the accounting. Unless he does so, in the ab­
sence of agreement otherwise, the accounting is considered accepted.

Amounts obtained from the sale of agricultural products on
commission must be paid to the collective farm at the times speci­
fied by the contract, with deductions for any advance payments, as
well as for the established commission payment and for expendi­
tures made by the commission agent for the account of the commis­
sion principal. Final payment for agricultural products received
for commission sale must be made no later than three days after
the sale.

In the event of conclusion of a commission subcontract (Arti­
cle 408), the advance payment and final payment are made by the
commission agent or commission subagent according to the wishes
of the collective farm.

Payment of money to a commission principal by a commission
store, after deduction of the compensation due the store, is made no
later than three days after the sale of an article.

Article 414. Acceptance by a commission principal of the perform­
ance of an agency

A commission principal must:

1) accept from the commission agent all performance rendered
under an agency;

2) inspect the property acquired for him by the commission
agent and inform the latter without delay of defects discovered in
such property;

3) save the commission agent harmless from obligations toward
a third person which he has assumed in performance of an agency.

Article 415. Commission payment

Upon performance of an agency, the commission agent has a
right to compensation from the commission principal. If the com­
mis­sion agent has guaranteed the performance of a legal act by a
third person (Article 411), the commission agent receives special
compensation from the commission principal for such guarantee.

The amount of a commission payment, as well as the compen­
sation for any del credere guarantee, is determined by agreement of
of the parties, unless otherwise provided by law.

Under all commission contracts, with the exception of com­
mission contracts in foreign trade, a determination of the amount of
the commission payment as the difference, or as part of the difference, between the price specified by the commission principal and a more favorable price at which the commission agent might conclude the transaction is prohibited.

Article 416. Reimbursement for expenditures in the performance of an agency

A commission principal must, in addition to making the commission payment and in appropriate cases paying compensation for a del credere guarantee, reimburse the commission agent for sums expended by him in the performance of an agency.

A commission agent has no right to reimbursement for expenditures connected with storing any property of the commission principal in his possession, unless otherwise provided by law or by the contract.

All expenditures for transporting agricultural products sold on commission to the place of sale specified in the contract are borne by the commission principal, unless the contract provides otherwise.

Article 417. Deduction by a commission agent of amounts due him

A commission agent may deduct amounts due him under a commission contract from all monies acquired by him for the account of the commission principal.

Article 418. Performance of an agency by a commission agent after the death of his commission principal or the termination of the legal person which is his commission principal

In the event of the death of a commission principal or of a declaration that he does not have the capacity to perform legal acts, is limited in his capacity to perform legal acts or is a missing person, as well as in the event of the termination of a legal person which is acting as a commission principal, the commission agent must continue to perform the agency which he has been given until proper instructions are given by the successors to or representatives of the commission principal.

Article 419. Refusal by a commission agent to perform an agency

A commission agent may not, unless otherwise provided by the contract, refuse to perform an agency which he has accepted, except in cases in which such refusal is occasioned by the impossibility of performance of the agency or a breach of the commission contract by the commission principal.

The commission agent is required to inform the commission principal of his refusal in writing. The commission contract remains in effect for two weeks after the date of receipt by the contract
principal of notice from the commission agent of the latter’s refusal to perform the agency.

If a commission agent refuses to perform an agency which he has accepted as a result of a violation of the commission contract by the commission principal, he is entitled to receive both reimbursement for expenditures which he has made and his commission payment.

Article 420. Disposition of property of a commission principal after refusal by a commission agent to perform an agency

A commission principal who has been notified of the refusal of a commission agent to perform an agency must take charge of property in the possession of the commission agent within a month after he receives notification of the refusal.

A commission principal also has this duty in the event that he revokes an agency given to a commission agent (Article 421).

If the commission principal does not take charge of the property in the possession of the commission agent within the specified period of time, the commission agent may place such property in storage for the account of the commission principal, or, in order to cover his claims against the commission principal, may sell such property at a price which is the most favorable which can be obtained for the commission principal.

Article 421. Revocation of an agency by a commission principal

If a commission principal revokes an agency given to a commission agent either in full or in part prior to conclusion by the commission agent of the contemplated legal acts with third persons, he must pay the commission agent compensation for the legal acts concluded prior to revocation of the agency, and must reimburse him for expenditures made prior to revocation of the agency.

A citizen may at any time demand the return of an article which has been delivered to a commission store for sale and is still unsold, after having made reimbursement for the costs of storage of the article at the established rate.

CHAPTER 37—DEPOSIT

Article 422. Contract of deposit

By a contract of deposit one party (the depositee) undertakes to safeguard property transferred to him by another party, and to return such property in good condition.

A contract of deposit between socialist organizations may also provide for an obligation on the part of the depositee to accept for deposit property which is to be transferred to it by the other party.
Unless otherwise established by law or by the contract, a contract of deposit is gratuitous.

Article 423. Form of the contract
A contract of deposit in which either or both of the parties are citizens, when the value of the property to be deposited is more than 100 rubles, must be concluded in written form (Article 46), except in the case of short-term deposits of articles in cloak rooms of institutions, enterprises and organizations, where a number or token is issued by the depositee.

In the event of a dispute over the identity of articles accepted for deposit and articles returned by a depository, proof by witnesses is permitted.

A deposit of articles under exceptional circumstances (fire, flood, etc.) may be proved by witnesses regardless of the value of the articles deposited.

Article 424. Termination of a contract of deposit upon demand of one of the parties
A person who has deposited articles may at any time demand the articles from the depository.

If articles are placed on deposit for return on demand, or without a specification of the period of deposit, the depository may at any time rescind the contract, but he is required to give the person who has made the deposit a period which is sufficient under the given circumstances to reclaim the property.

Article 425. Obligations of a depository
A depository is required to take all measures specified by the contract or necessary for the safekeeping of the property.

A depository under a gratuitous contract of deposit concluded between citizens is required to care for the property deposited with him as he would his own property.

A depository may not use property deposited with him unless otherwise provided by the contract.

Article 426. Compensation and reimbursement of the expenses of a depository
The amount of compensation of a depository under a contract of deposit for compensation (Article 423) is determined by rates, charges or tariffs approved in the prescribed manner, or, in the absence of these, by agreement of the parties.

In the case of a gratuitous deposit, the person who deposits the property must reimburse the depository for expenditures necessary for the safekeeping of the property.
Article 427. Liability of a depositee for loss of, shortage in or damage to the property
An organization which under its charter (by-laws) has deposit as one of the purposes of its activity is relieved of liability for loss of, shortage in or damage to property caused by irresistible force.

If property is not taken back by the person who has deposited it upon expiration of the period of deposit as provided by the contract, or upon expiration of the period specified by the depositee under Article 424 of this Code, the depositee is liable for subsequent loss of, shortage in or damage to such property only if there is intent or gross negligence on his part.

Article 428. Extent of liability of a depositee
If the liability of a depositee to compensate for damages caused by loss of, shortage in or damage to property is not provided for by law or by the contract, the depositee is liable:
1) for loss of or shortage in property, to the extent of the value of the property which has been lost or is missing;
2) for damage to property, to the extent to which the value of such property has been reduced.

If an appraisal of such property has been made at the time of its deposit and is indicated in the contract or in another document issued by the depositee, the depositee is liable for the appraised value, unless it is shown that the actual value of the lost, missing or damaged property was lower than that amount.

If as a result of damage for which the depositee is liable the quality of the property has changed to such an extent that it can no longer be used for its original purpose, the person who has deposited the property may refuse to accept it.

Article 429. Liability for loss of or damage to property in hotels, dormitories and other organizations
Hotels, rest homes, sanatoriums, dormitories and other similar organizations are liable for loss of or damage to the property of citizens on the premises under their management, even if such property, with the exception of money and valuables, has not been specially deposited with such organizations.

Article 430. Consequences of a failure to observe the period for reclaiming property
A person who has deposited property must reclaim it within the period indicated in Article 427 of this Code.

If a person who has deposited property declines to reclaim it, the depositee, if he is a citizen, may demand through a court the forced sale of such property in the manner provided by the Code of Civil Procedure of the RSFSR for the execution of judicial decisions.
If the depositee is a socialist organization, the sale of unclaimed property is carried out in the manner provided by its charter (by-laws).

The money obtained through the sale of the property is given to the person who has placed the property on deposit, with a deduction of the amount due the depositee.

**Article 431. Compensation for damages sustained by a depositee**

A person who places property on deposit must compensate the depositee for any damages caused by the peculiar properties thereof, if the depositee on accepting the property for deposit did not know or should not have known of such peculiar properties.

**Article 432. Contract of deposit where goods are commingled**

If several persons deposit goods which are defined in the contract by generic characteristics, and such goods are commingled by the depositee, the persons who have made the deposits become owners by shares of the mass in proportion to the quantities which they have deposited.

If there is an agreement to the effect that such goods are transferred to the ownership of the depositee, he is required to return to each person who has made a deposit an equal quantity, or the quantity stipulated by the parties, of goods of the same type and quality.

**Article 433. Obligation of deposit by virtue of law**

The rules in Article 422, paragraph 1 of Article 424, and Articles 425 and 427-431 of this Code apply insofar as appropriate to deposit relationships which arise by virtue of law.

**CHAPTER 38—JOINT ACTIVITY**

**Article 434. Contract of joint activity**

By a contract of joint activity parties undertake to act jointly for the achievement of a common economic purpose, such as: construction and operation of an inter-collective-farm or state-collective-farm enterprise or institution (which is not transferred to the operative management of an organization which is a legal person), erection of water-conservation installations and equipment, construction of roads, sports installations, schools, maternity homes, housing, etc.

Citizens may conclude contracts for joint activity only for the purpose of satisfying their personal everyday needs.

Contracts of joint activity between citizens and socialist organizations are not permitted.
Article 435. Management of the common affairs of the parties to the contract

Management of the common affairs of the parties to a contract of joint activity is conducted on the basis of their common assent.

If the parties to a contract of joint activity by agreement among themselves delegate leadership of their joint activity to one of the parties, such party is also entrusted with management of the common affairs of the parties to the contract.

A person to whom management of the common affairs of the parties to a contract of joint activity has been delegated acts on the basis of a power of attorney signed by the remaining parties to the contract.

Article 436. Common property of the parties to the contract

In order to achieve the purposes indicated in Article 434 of this Code, the parties to a contract of joint activity make contributions of money or other property, or participate with their labor.

 Monetary or other property contributions by the parties to the contract, and also property created or acquired as a result of their joint activity, become their common property.

A party to a contract of joint activity may not dispose of his share of the common property without the consent of the other parties to the contract.

Article 437. Common expenditures and losses of the parties to the contract

The procedure for covering expenditures provided for by a contract of joint activity and losses which arise as a result of such joint activity is determined by the contract.

If no such procedure is provided by the contract, joint expenditures and losses are covered from the common property of the parties to the contract (Article 436), and deficiencies are spread among the parties in proportion to their contributions to the common property.

Article 438. Rules for particular types of joint activity

Particular types of joint activity are regulated in accordance with this Code by decrees of the Council of Ministers of the RSFSR.

CHAPTER 39—COMPETITION

Article 439. Announcement of a competition

A public promise by a state, cooperative or public organization of special compensation (a prize) for the best performance of
certain work (announcement of a competition) obligates such organization to pay the promised compensation to the person whose work is deemed worthy thereof in accordance with the terms of the competition.

An announcement of a competition must contain a statement of the task, the time for its performance, the amount of compensation, the place of presentation and the procedure and period for the comparative evaluation of work, and may also include other terms of the competition.

A competition may be announced by organizations to which such a right has been given by their charters (by-laws), or by legislation of the USSR or decrees of the Council of Ministers of the RSFSR.

Article 440. Change in the terms of a competition

A change in the terms of a competition is permitted only within the first half of the period established for the presentation of the work.

Participants in a competition must be notified of a change in its terms in the same manner in which the competition was announced.

Article 441. Decision regarding payment of the compensation (prize)

A decision regarding payment of the compensation (prize) must be made and reported to the participants in a competition within the period established by the announcement of the competition and in the manner indicated by such announcement.

Article 442. Use of works of science, literature and art awarded prizes in competitions

If an organization announces a competition for a work of science, literature or art, such organization acquires a right to use the works awarded prizes in the manner provided in the announcement of the competition. The creators of such works retain the right to receive compensation for their use (Article 479), unless otherwise provided by the announcement of the competition.

Article 443. Return of works submitted by participants in a competition

An organization which announces a competition is required to return to the participants in the competition works which are not awarded compensation (prizes), unless otherwise provided by the announcement of the competition.
CHAPTER 40—OBLIGATIONS WHICH ARISE FROM
THE CAUSING OF INJURY

Article 444. General grounds of liability for the causing of injury

Injury caused to the person or property of a citizen, as well as
injury caused to an organization, is subject to compensation in full
by the person who has caused such injury.

A person who has caused injury is relieved of the duty to
make compensation if he proves that the injury was not caused
through his fault.

Injury caused through lawful acts is subject to compensation
only in cases specified by law.

Article 445. Liability of an organization for injury caused through
the fault of its workers

An organization is required to compensate for injury caused
through the fault of its workers in the performance of their employ­
ment (official) duties.

Article 446. Liability for injury caused by the acts of officials in
the sphere of administrative management

State institutions are liable upon the general grounds of liabil­
ity (Articles 444 and 445) for injury caused to citizens by the im­
proper official acts of their officials in the sphere of administrative
management, unless otherwise provided by special statute.

For injury caused by such acts of their officials to organiza­
tions, state institutions are liable in the manner prescribed by law.

Article 447. Liability for injury caused by officials of the organs of
inquiry and preliminary investigation, the procuracy and the courts

Organs of inquiry and preliminary investigation, the procuracy
and the courts are financially liable for injury caused by improper
official acts of their officials in those cases and within the limits
expressly provided by law.

Article 448. Injury caused in self-defense

Injury caused in self-defense is not subject to compensation if
the amount of force used did not exceed the proper limits thereof.

Article 449. Liability for injury caused in extreme necessity

Injury caused in extreme necessity must be compensated for
by the person who has caused it.

Taking into account the circumstances under which such injury
has been caused, a court may impose an obligation to make compensa-
tion upon a third person in whose interest the person who has
cau sed the injury acted, or may relieve such third person or the
person who has caused the injury of the obligation to compensate for
it either in full or in part.

Article 450. Liability for injury caused by a minor under 15 years
of age

Parents or tutors are liable for injury caused by minors
under 15 years of age, unless they prove that the injury did not arise
through their fault.

If a minor under 15 years of age causes injury while under the
supervision of a school or a child-care or medical institution, such
institution is liable for the injury, unless it proves that the injury
did not arise through its fault.

Article 451. Liability for injury caused by minors over 14 but under
18 years of age

Minors over 14 but under 18 years of age are liable upon the
general grounds of liability (Articles 444, 449 and 454) for injury
which they cause.

In cases in which a minor over 14 but under 18 years of age
has neither property nor wages sufficient to compensate for the in-
jury, it must be compensated for in appropriate part by his parents
or curator, unless they prove that the injury did not arise through
their fault. Their obligation terminates when the person who has
caused the injury reaches his majority, or if he obtains property or
wages sufficient to compensate for the injury prior to reaching his
majority.

Article 452. Liability for injury caused by a citizen who has been
declared not to have the capacity to perform legal acts

For injury caused by a citizen who has been declared not to
have the capacity to perform legal acts (Article 15), liability is
borne by his tutor or by the organization which has the duty of su-
pervising him, unless such tutor or organization proves that the in-
jury did not arise through his or its fault.

Article 453. Liability for injury caused by a citizen who is incap-
able of understanding the meaning of his acts

A citizen with capacity to perform legal acts who causes in-
jury while in a condition in which he cannot understand the meaning
of his acts or control them is not liable for such injury. However,
he is not relieved of liability if he has placed himself in such a con-
dition through the use of alcohol or narcotics, or through other
means.
Article 454. Liability for injury caused by an extra-hazardous source

Organizations and citizens whose activities are connected with increased hazard to persons in their vicinity (transport organizations, industrial enterprises, construction projects, possessors of automobiles, etc.) are required to compensate for injury caused by the extra-hazardous source, unless they prove that the injury arose through intent on the part of the victim or through irresistible force.

Article 455. Liability for injury jointly caused by several persons

Persons who jointly cause injury are jointly and severally liable to the injured party.

Article 456. Right of indemnification against a person who has caused injury

A person who compensates for injury caused by another person has a right to recover from such person the amount of compensation paid (right to indemnification), unless a different amount has been established by law.

Parents, tutors and curators, as well as the organizations indicated in Articles 450 and 452 of this Code, who have compensated for injury caused by citizens who have not yet reached their majority or who have been declared not to have the capacity to perform legal acts, have no right of indemnification against such citizens.

Article 457. Extent, nature and amount of compensation for injury

In awarding compensation for injury, a court, arbitrazh or private arbitrators obligate the person liable for the injury either to compensate in kind (to give an article of the same kind and quality, to repair a damaged article, etc.) or, in accordance with the circumstances of the case, to compensate in full for damages (Article 219).

Article 458. Account to be taken of the fault of an injured party and of the means of a person who has caused injury

If gross negligence on the part of the injured party has helped to bring about or to increase his injury, the amount of compensation must be reduced, or compensation must be refused, in relation to the degree of fault of the injured party (and, where there is fault on the part of the person who has caused the injury, in relation to the degree of his fault).

A court may reduce the amount of compensation for injury caused by a citizen in relation to his means.

Article 459. Compensation for injury to health

In the event a citizen is crippled or his health is otherwise
injured, the organization or citizen liable for the injury must compensate the injured party for wages lost as a result of his total or partial disablement, as well as for expenditures caused by the injury to his health (special diets, artificial limbs, special care, etc.).

Article 460. Liability for the death or injury to the health of a citizen for whom the person who has caused the injury is required to pay insurance premiums

If a worker is crippled or his health is otherwise injured in connection with the performance of his employment (official) duties through the fault of the organization or citizen required to pay premiums for him under state social insurance, such organization or citizen must compensate the injured party for the injury to the extent that it exceeds benefits received by him, or a pension granted to him after the injury to his health and actually received by him. Exceptions to this rule may be established by legislation of the USSR.

In the event of the death of an injured party, persons unable to work who were dependent upon him or had a right to receive support from him as of the day of his death, as well as a child of his born after his death, have a right to compensation. Such persons are compensated to the extent of the share of the wages of the deceased which they received or had a right to receive for their support while he was alive.

Compensation is paid:

- to minors, until they reach 16 years of age, and to students, until they reach 18 years of age;
- to women over 50 years of age and to men over 60 years of age, for life;
- to invalids, for the period of their disablement;
- to the spouse or a parent of the deceased, regardless of his or her age or ability to work, who does not work and who is engaged in the care of children, grandchildren, brothers or sisters of the deceased who have not reached eight years of age, until such persons reach eight years of age.

Article 461. Liability for the death or injury to the health of a citizen for whom the person who has caused the injury is not required to pay insurance premiums

If a citizen who is subject to state social insurance is crippled or his health is otherwise injured by an organization or citizen not required to pay premiums for him under state social insurance, such organization or citizen must compensate the injured party for the injury, according to the rules in Articles 444, 445 and 454 of this Code, to the extent it exceeds benefits received by him or a pension granted to him after the injury to his health and actually received by him.
In the event of the death of the injured party, the citizens indicated in paragraph 2 of Article 460 of this Code have a right to receive compensation for the injury, in the amount established by that paragraph, and for the periods provided in paragraph 3 of the same Article.

Article 462. Compensation for damages connected with injury to the health of a citizen who is not awarded benefits or a pension

If a citizen who is subject to state social insurance is not granted benefits or a pension in connection with his becoming crippled or with some other injury to his health, the organization or citizen liable for causing the injury must compensate him to the full extent of the injury sustained (Article 459).

Article 463. Claims for indemnification brought by social-insurance and social-security organizations

An organization or citizen liable for an injury must, upon the bringing of a claim for indemnification by a state social-insurance or social-security organization, reimburse such organization for the amounts of benefits or pensions which have been paid to persons indicated in Articles 460 and 461 of this Code. Such a claim for indemnification may also be brought by a collective farm which has made pension payments to citizens indicated in Article 464 of this Code.

In the event the amount of compensation for injury is reduced (Article 458), the amount recovered under a claim for indemnification is reduced accordingly.

Article 464. Liability for causing the death or injury to the health of a citizen who is not under social insurance

If a citizen who is not under state social insurance is crippled or his health is otherwise injured, the organization or citizen liable for causing the injury is required to compensate the injured party for expenditures connected with the restoration of his health, as well as for damage caused by total or partial loss of his ability to work, in an amount approximately equal to the wages of the appropriate category of workers or employees, unless otherwise provided by law.

If a collective farmer is crippled or his health is otherwise injured, the organization or citizen liable for causing the injury is required to compensate him for expenditures connected with the restoration of his health, as well as for damage brought about by his loss of income from participation in the communal economy of the collective farm or of that part of such income which exceeds the amount received by him through pensions established for collective farmers.
In the event of the death of the injured party, the citizens indicated in paragraph 2 of Article 460 of this Code have a right to compensation for injury as calculated in the manner indicated above, in the amounts established by that paragraph, and for the periods provided in paragraph 3 of the same Article.

**Article 465. Compensation for injury to the health of a citizen under 15 years of age**

In the event a citizen who has not reached 15 years of age and who earns no wages is crippled or his health is otherwise injured, the organization or citizen liable for the injury is required to compensate for expenditures connected with restoration of his health.

When the injured party reaches 15 years of age, the organization or citizen liable for the injury is likewise required to compensate him for damage connected with loss or reduction in his ability to work, using as a basis the average wages of an unskilled worker in the particular locality.

If a citizen under 15 years of age earns wages at the time of injury to his health, the injury must be compensated for on the basis of such wages, but the compensation must not be lower than the minimum wages of an unskilled worker in the particular locality.

After he begins work in accordance with his job qualifications, the injured party may then demand an increase in the compensation for injury connected with the reduction in his ability to work as a result of the injury to his health, based on the rate of remuneration for a worker with his qualifications.

**Article 466. Modification of the amount of compensation upon demand of the injured party in the event of a change in his ability to work**

An injured party who is partially disabled may at any time demand that the organization or citizen liable for crippling him or otherwise injuring his health make an appropriate increase in the amount of compensation, if his ability to work in the future as a result of the injury to his health has been reduced in comparison with the ability which he retained at the time he was awarded compensation, or if the amount of the pension which he is receiving under state social insurance has been reduced.

**Article 467. Modification of the amount of compensation upon demand of the person who has caused injury**

An organization or citizen ordered to pay compensation in connection with reduction in an injured party's ability to work resulting from crippling or other injury to his health, may at any time demand an appropriate reduction in the amount of compensation awarded if the injured party's ability to work has increased in
comparison with the ability which he retained at the time he was awarded compensation for the injury, or if the amount of the pension which he is receiving under state social insurance has been increased.

**Article 468. Payments of compensation for injury**

Compensation for injury connected with the reduction in an injured party's ability to work, as well as for injury connected with death, is made in monthly payments.

**Article 469. Reimbursement for burial expenses**

In the event of the death of an injured party, the person who pays his burial expenses is reimbursed by the organization or citizen liable for the injury in connection with which the death has occurred.

**Article 470. Compensation for injury in the event of termination of a legal person obligated to make compensation**

In the event of reorganization of a legal person, claims based on Articles 460-465 of this Code are brought against the successor of the legal person.

In the event of liquidation of a legal person, such claims are brought against its superior organization, or against the organization specified in the decision on liquidation.

In the event of reorganization of a legal person which has, in the prescribed manner, been declared obligated to make the payments indicated in Article 468 of this Code, such payments are made by the successor of the reorganized legal person.

In the event of liquidation of a legal person which has, in the prescribed manner, been declared obligated to make the payments indicated in Article 468 of this Code, the payments must be capitalized according to the rules of state insurance and deposited with an insurance organization for payment in the prescribed amount and manner.

In the event of reorganization of a legal person, demands for increases in compensation for injury, as provided in Articles 466 and 467 of this Code, are brought by the successor or against the successor of such legal person; in the event of liquidation, they are brought by or against the superior organization or the organization indicated in the decision on liquidation.

**Article 471. Interruption of the running of the period of limitation of actions for the compensation of injury**

In addition to the circumstances indicated in Article 85 of this Code, application of the citizens indicated in Articles 460 and 461 of this Code to the appropriate organization for the granting of a pension
or benefits interrupts the running of the period of limitation of ac-
tions for the compensation of injury connected with causing death or
injury to health until such pension or benefits are granted or re-
fused.

CHAPTER 41—OBLIGATIONS WHICH ARISE AS A RESULT OF THE RESCUE OF SOCIALIST PROPERTY

Article 472. Compensation for injury sustained in rescuing socialist property
Injury sustained by a citizen in rescuing socialist property from a danger threatening it must be compensated for by the organ-
ization whose property the injured party has rescued.
The rules in paragraph 1 of Article 444, Articles 455, 457 and 459, paragraphs 2 and 3 of Article 460, and Articles 461, 462, and 464-471 of this Code apply insofar as appropriate to the compensa-
tion for such injury.

CHAPTER 42—OBLIGATIONS WHICH ARISE FROM THE ACQUISITION OR SAVING OF PROPERTY WITHOUT LEGAL GROUNDS

Article 473. Obligation to return property acquired or saved without legal grounds
A person who, without a basis in law or in a legal act, acquires property at the expense of another is required to return such prop-
erty to the latter.
The same obligation also arises if the grounds upon which property has been acquired subsequently cease to exist.
In the event it is impossible to return the specific property acquired without legal grounds, compensation must be paid for its value as determined at the time of its acquisition.
Property which has been acquired at the expense of another person, not on the basis of a legal act but as a result of other activ-
ities which are deliberately contrary to the interests of the socialist state and society is recovered for the state, if it is not subject to confiscation.
A person who has obtained property without legal grounds is also required to return or compensate for all income which has been derived or should have been derived from such property from the time at which such person knew or should have known that the property was obtained without legal grounds.
These rules extend to cases in which there is a saving of prop-
erty at the expense of another person without a basis in law or con-
tract.
Article 474. Property not subject to return

The following may not be recovered as having been acquired without legal grounds:

1) property transferred in performance of an obligation prior to the beginning of the time for performance;

2) property transferred in performance of an obligation subsequent to expiration of the period of limitation of actions, in cases in which such performance is permitted by law;

3) excess payments, or payments made upon grounds which have ceased to exist, of remuneration to an author or remuneration for inventions, discoveries or rationalization proposals, if such payments have been made voluntarily by the organization, with no accounting errors on its part, and without bad faith on the part of the recipient;

4) excess payments made in the compensation of injury in connection with death or injury to health, if the payments have been made without bad faith on the part of the recipient.