

**CHAPTER II**  
**LOAN FOR CONSUMPTION**

-----

**Section 650**

A loan for consumption is a contract whereby the lender transfers to the borrower the ownership of a certain quantity of property which is consumed in the user, and the borrower agrees to return a property of the same kind, quality and quantity.

The contract is complete only on delivery of the property.

**Section 651**

Costs of the contract, costs of delivery of the property lent and costs of return are borne by the borrower.

**Section 652**

If no time for return of the property lent has been fixed, the lender may give notice to the borrower to return the property within a reasonable time to be fixed in the notice.

**Section 653**

A loan of money for a sum exceeding two thousand Baht in capital is not enforceable by action unless there is some written evidence of the loan signed by the borrower.

No repayment of a loan of money evidenced by writing may be proved unless there be some written evidence signed by the lender, or the document evidencing the loan has been surrendered to the borrower or cancelled.

**Section 654**

Interest shall not exceed fifteen percent per year. When a higher rate of interest is fixed by the contract, it shall be reduced to fifteen percent per year.

**Section 655**

Interest shall not bear interest. The parties to a loan of money may, however, agree that the interest due for not less than one year shall be added to the capital, and that the whole shall bear interest, but such agreement must be made in writing.

Commercial usage for the calculation of compound interest in current accounts as well as in similar commercial transactions, are not governed by the forgoing paragraph.

**Section 656**

If a loan is made for a sum of money, and the borrower accepts goods or other property instead of such sum, the amount of the debt due shall be considered as equal to the market value of the goods or property at the time and place of delivery.

If a loan is made for a sum of money, and the lender accepts goods or other property for the repayment of the loan, the amount of the debt extinguished thereby shall be considered as equal to the market value of the goods or property at the time and place of delivery.

Any agreement to the contrary is void.