

The Custodians Law of Israel

1. Custody and Custodians

(a) (1) Custody of property is the lawful possession of property not by virtue of ownership; this occurs when the owner of the property requests another to guard it, and the custodian undertakes to do so.

(2) The custodian is not obligated to guard the property until he has performed an act of acquisition in respect of the object.

(b) A custodian of property who derives no personal benefit from the custody thereof is a gratuitous custodian

(c) A custodian of property who receives compensation for his custody, or derives any other personal benefit therefrom, without using the property, is a paid custodian

(d) A custodian of property who holds it for the purpose of using or enjoying it without giving compensation is a borrower.

(e) A custodian of property who uses it and gives compensation for such use is a lessee.

2. Liability of Custodians

(a) A gratuitous custodian is required to deposit the entrusted property in a secure location; he is liable for the loss, damage, or theft of the property if such occurred due to his negligence.

(b) A gratuitous custodian who failed to guard properly shall be liable even if the loss ultimately occurred through an unavoidable event, provided it may reasonably be attributed to his prior negligence

(c) A gratuitous custodian who, upon the approach of thieves, robbers, or wild beasts, could have saved the property by calling for help but did not do so, is deemed negligent and liable; however, if assistance could only be obtained for payment, he shall be exempt.

(d) A paid custodian must keep the deposit in a highly secure location and guard it with superior care; he shall be liable for its loss, theft, or damage unless such were caused by circumstances he could not reasonably have foreseen or prevented.

(e) A borrower is liable for loss or damage to the property, regardless of the cause, unless the damage was due to the lender himself.

(f) Where the custodian becomes aware of potential damage for which he would not otherwise be liable under subsections (a)–(c), but fails within a reasonable time to inform the owner or take reasonable steps to do so, he shall be liable to the extent that timely notice would have enabled the owner to prevent the damage.

2A.Exemption from Duty of Custody

- (a) The Custodians Law do not apply to real estate, banknotes, or property that does not belong to members of the covenant.
- (b) The Custodians Law do not apply if, at the time of deposit, , the owner was indebted or subordinated to the custodian.

3. Increased Liability

A gratuitous custodian or paid custodian who received property shall not transfer it to another person unless expressly or implicitly authorized to do so; if he does, he shall be liable for any loss or damage to the property.

4. Limitation of Liability

- (a) A custodian is not liable for loss or damage to the property resulting from normal use in accordance with the terms of custody or due to natural wear and tear.
- (b) If the property is lost or damaged due to a defect that existed at the time of delivery to the custodian, a gratuitous custodian is exempt from liability, while a paid custodian remains liable, unless the depositor was aware of the defect at the time of deposit.
- (c) However, the provisions of subsections (a) and (b) do not reduce liability in cases of negligence.

5. Compensation and Indemnification

- (a) Where the custodian is liable for the loss or damage of the property, the owner shall be entitled to compensation equal to the value of the deposit at the time of loss or damage.
- (b) Where the custodian is not liable for the loss or damage, but has a right of compensation or indemnification against a third party due to the loss or damage — and such right arises from the nature of the property— the owner may recover from the custodian his loss out of such compensation or indemnity.

6. Authorization as needed

- (a) The custodian is obliged to perform any urgent and unforeseeable act that is reasonably necessary to prevent damage that may be caused to the property.
- (b) If the act of rescue to prevent damage involves expenses - the gratuitous custodian is exempt from incurring such expenses, whereas the paid custodian is liable for them.

7. custodian Who Transfers to a Sub- custodian

(a) Where a custodian transfers the property to a sub-custodian, the acts and omissions of the sub-custodian shall be deemed those of the custodian himself; and the sub-custodian shall also be liable to the owner of the property to the same extent as to the custodian, if the delivery was without the owner's authorization.

(b) However, if the transfer of the property was with the owner's authorization, whether express or implied, the sub-custodian shall be liable only to the owner of the property.

8. Indemnification

(a) The owner of the property is obliged to indemnify a paid or gratuitous custodian, as well as a holder of a pledge or other security, for the reasonable expenses they incurred and for the obligations reasonably undertaken by them in consequence of the custody, up to the value of the property.

(b) Every custodian is entitled to indemnification as stated in subsection (a) for an act performed pursuant to Section 6.

9. Lien

The custodian shall have a right of lien on the property for any amount owed to him by the owner of the property as a result of the custody.

10. Set-Off

Mutual debts between the owner and the custodian arising from the custody may be set off against each other.

11. Owner Who Has Not Reclaimed the Property

A custodian who is entitled to return the property to its owner and has fulfilled his obligation to do so, but the owner has not accepted it, the custodian may apply to the court for instructions regarding the disposition of the property and shall be exempt from all liability if he acts in good faith according to the court's instructions; and if he is a paid custodian, his liability for loss of or damage to the property and his right to indemnification shall be as that of a gratuitous custodian, even without applying instructions from the court; and if he is a borrower, his status shall be as that of a paid custodian.

12. The Status of a Hotel Owner

(a) In this section: "Hotel" includes a pension and another guesthouse;

"Hotel owner" – includes any person managing a hotel;

"Guest" – anyone who has been provided with accommodation in the hotel.

(b) With regard to a guest's property located in the hotel, the hotel owner shall be deemed a paid custodian.

(c) If the property consists of money, securities, or other valuable items, subsection (b) shall not apply unless the guest has notified the hotel owner of such items and, at the owner's request, has deposited them with the owner for safekeeping.

(d) The hotel owner shall be liable even if he was not notified of the loss or damage to the property within a reasonable time after the guest became aware, or ought to have become aware, of such loss or damage.

(e) The hotel owner shall have a right of lien over the guest's property located in the hotel, or deposited with him pursuant to subsection (c), to the extent of any amount owed to him by reason of the safekeeping or the hospitality provided.

13. Definition

For the purposes of this law, "owner of the property" in relation to a custodian – including anyone for whom the custodian holds the property.

14. Application

The provisions of this Law shall apply to the custody of property unless a different intention is implied by the agreement between the parties.

Sections 15–16 are repealed.

The Law of Returning Lost Property of Israel

1. Definitions

In this Law:

"Lost property": Movable property lost to its owner in circumstances where a reasonable person would not despair of recovering it .

"Owner": in relation to lost property: Includes any person entitled to possess it .

2. Duty of the Finder

(a) A person who finds and takes possession of lost property (hereinafter "the finder") must return it to its owner, unless circumstances suggest the owner has abandoned hope of recovery .

(b) A finder obligated to return lost property must publicly announce its discovery, or deliver it to the police, or submit it to another entity responsible for its return.

3. Lost Property found in the possession of another person

(a) If someone finds a lost property in the possession of another person, and according to Section 2(a) the finder is entitled to take it for themselves:

(1) If the property is in a possession that, under property law, can transfer ownership to the possessor, the finder must notify the owner and hand it over to them upon request.

(2) If the property is in a possession that cannot transfer ownership to the possessor under property law, the finder acquires the lost property.

(b) If someone finds a lost property in the possession of another person, where according to Section 2 the finder is not entitled to take it for themselves, the finder shall act according to the provisions of Section 2.

4. Lost Property with No Identified Owner

If the finder announces the lost property per Section 2(b) and no owner is identified, the finder must care for the property in a manner that preserves its value until the owner is located.

5. Redemption of Lost Property

If the finder acquires the lost property, the original owner has no right to redeem it .

6. Sale of Lost Property

- (a) Lost property liable to spoil or lose value must be sold immediately by the finder
- (b) If a lost item incurs expenses in keeping it, or if it is a living animal or an item that is readily purchasable, the finder is allowed to sell it.
- (1) The police or any other authority to whom the lost property has been delivered shall also act in accordance with the provisions of subsections (a) and (b).
- (2) The finder may not sell the property under subsections (a) or (b) without court supervision .
- (3) If the lost property is sold, the finder's status with respect to the proceeds of the sale is that of a borrower.

7. Neglected Property

- (a) Property deposited in an institution where persons reside, are hospitalised, or visit, or in similar places, which is not claimed for a long period after the end of the deposit period, shall be regarded as lost property, and the owner of the institution or place shall be deemed a finder subject to the provisions of section 2.
- (b) Property left in the places mentioned in subsection (A), and not claimed for a long time, may be taken by the finder for themselves.
- (c) The provisions of subsection (A) do not derogate from the conditions of the deposit

8. Property of a Missing Person

- (a) Movable property belonging to a person who has left involuntarily and whose traces are unknown, or who has passed away and whose heirs are unknown, and the court has not taken the property into custody, shall be subject to the provisions of Sections 2(b) and 4(a) with the necessary modifications.
- (b) Movable property of a person who left voluntarily and whose traces have disappeared shall not be subject to the provisions of this law.

9. Offenses

Repealed

10. Delegation of Functions and Powers

Repealed

.

11. Execution and Regulations

Repealed

12. Application

This Law applies absent specific provisions in other laws .

13. Repeals

14. Commencement

This Law takes effect immediately .