

THE CALL CENTER for HILCHOS RIBBIS

UNDER THE AUSPICES OF HARAV PINCHOS VIND SHLITA



732 - 228 - 8558



סניף ליקוואוד וגלילותיה

Harav Pinchos Vind Shlit"א

Q&A

Q. I own a factory, and a friend recently placed a big order with us to be delivered in a few months. Being short of cash I would like to ask him to prepay for the order. I have all the ordered merchandise in stock so there is no issue of פוסקין (prepaying), however would paying in advance cause me to be considered a borrower? If yes, would that mean that I would not be able to extend any favors to him until he receives his order?

A. Yes. In such a situation one would be considered a borrower, and it would be אסור for one to do any favors for the buyer, if one expresses that it's being done as appreciation for the prepayment of the order.

However, if the favor is being extended during the waiting period of delivery of merchandise, *without* stating that it's for appreciation of the loan, then anything one would have done regardless of the loan, can be done here too. Furthermore, even to extend a favor to the buyer when the goods are delivered would be מותר, although in a standard loan one should be stringent and not do any favors *at* the time of payment even if one would have done so regardless, as it gives the impression of ריבית. Nevertheless, in our case since the buyer is giving money and getting back merchandise (דרך מקח וממכר), it would be permitted. The reason is because adding something extra for the loan - that one would have done regardless - without explicitly expressing it, is only אסור as a חומרא, as there are opinions that permit it. Therefore, being stringent on something that just gives the appearance of ribbis, by ריבית דרך מקח וממכר, would be a bit of a stretch.

Additionally, although we find regarding standard loans that the borrower should not do any favors for the lender in public even if he would have done so regardless of the loan, here regarding our case there would be no such stringency.

In addition, although whenever someone lends money to someone, he may not use the borrower's things without permission even if he knows that he would let everyone use it for free, as it gives the impression that he feels he can boss him around because of the loan, here it's different. As a loan that is just created by prepaying for an item is only ריבית דרך מקח וממכר, there is no room for such a stringency. 

R' Y.Y. Jacob

A Jewish Lender

Q. I took out an interest-bearing loan, and after a few months of making payments, I realized that the lender was a איד, how should I deal with this going forward?

A. Whenever we deal with such an issue, the first step would be to see if the lender is willing to stop charging the interest and credit all previous interest payments towards payment of the principal. However, since generally this option is not feasible, the next option would be to try to immediately refinance the loan. However, before doing so one should ask a relative or a good friend (who is willing to make a payment as a gift), to pay directly to the lender any interest that was incurred and not paid for before the refinancing, plus a partial payment towards the principal equal to all the interest paid thus far. One needs to have in mind that the payment is not on his behalf, rather it's merely in order to remove the rights of the lender to collect from the borrower (avoiding the issue of עבד כנעני).

If refinancing is not an option at the moment, one can still use the above option in the interim by asking a relative or a good friend (who is willing to make a payment as a gift), to make all future interest payments and a partial payment towards the principal equal to the amount of interest already paid. Generally, this is a good option, when one is dealing with a small amount of interest.

However, if even this is not feasible, then every month one may take the amount equal to the interest incurred and be מפקיר it in front of close family members or friends and ask them to take that money and make the payment, with the same intentions as the previously mentioned option. In addition, as we mentioned above, one would need to calculate how much interest was already paid, and a portion of the principal balance equal to that amount should be paid in the same manner.

If this too is not an option, and the borrower feels that if he doesn't pay the interest it would ruin his credit which can impact his business or other dealings, he will be permitted to continue making payments and have in mind that he is just paying it because he doesn't want the lender to ruin his credit, but not as interest payments.

»»»» next page

»»»» cont'd from previous page

However, if the borrower has any way to repay the loan immediately, (i.e. borrowing from a different non-Jewish lender with higher interest, pulling out savings) he must do so. The reason for this is, as since he has an option of repaying the loan right away (even under difficulty), and he chooses not to, in essence, he is choosing to keep the loan from the א"י in order to have lower interest payments, making it inconsistent with his claim that he is paying the interest only because he doesn't want to ruin his credit, and not as interest payments.

Although this final option is debatable and there are opinions that hold that there is no such leniency, however, since most times the lender is not the sole owner of the loan, rather a partner in a large lending company, there is definitely more room for leniency. 



Did you know? Borrowing money for just a few minutes is considered a loan and all the halachos of ribbis apply. Therefore, giving the lender anything in addition to the loan will be assur, even though the loan lasted only a few minutes. 

הגליון נדבה לזכות ולעילוי נשמת

ר' דוד ע"ה בן יבלט"א ר' פנחס שליט"א
נלב"ע י"ט ניסן תש"פ

ר' משה יצחק גרשון בן ר' אברהם יהודה ז"ל
(Jacobowitz)