What is a Perozbul, and why you should sign one?

This year that is coming to an end, 5782, has been a Shemita year. In addition to the restrictions of working the land in Israel and transacting with produce from the land of Israel, the Tora also prescribes that each Jew shall renounce his or her right to recover a debt from any other Jew. This means that, as soon as Rosh HaShana commences next week, if I have lent money to another Jew, I now will have the obligation to never charge this person this money. It is a beautiful precept and one that allowed Jews to start fresh. It is a sort of biblical bankruptcy protection that allowed people to push the reset button at least once every seven years.

But, wait, so does this mean that cousin Jim will never need to pay back the $500 I lent him?

During the first century of the common era, before the Second Temple was destroyed, Hillel the Elder, the foremost sage of his generation and head of the Jewish Supreme Court at that time, realized that Jews were refraining from making any loans during the Shemita year. After all, why lend money that becomes unrecoverable if not paid back before Rosh HaShana? Actually, the Tora already foresaw this possibility, and warned us not to refrain from making loans during this year; but Hillel saw that people were still not lending. Paradoxically, poor people were harmed by this precept because now there were no loans available. Hillel came up with a legal device that permits lenders to recover on their loans even after the Rosh HaShana following Shemita. The device is called “Perozbol,” (also “prozbol”, “prozbul”, or most people call it “pruzbul”) and we employ it to date.

In essence, the Biblical precept says that one needs to “let go” of the borrower (“Shamot Kol Ba’al Mashe Yado”) and refrain from demanding the repayment of the debt. However, if a debt is recognized by a court (say, if the lender sued the borrower and the court agreed that the debt needs to be repaid), this “debt” is now in a way an obligation to the court, not to the lender. It is a matter of justice more than personal debt.

Hillel's device then is to declare before a Jewish court the debt in question so that it is recognized officially by a court even before it is due. If Jim owes me $500, I should then – after the loan but before Rosh HaShana – write a document to a Jewish court declaring before them that this money is due and that the lender intends to recover it whenever. This declaration is called Perozbol. By doing this, the debt survives the Shemita, and the lender is not transgressing the precept; after all, the lender will not demand the repayment of the debt – the court will – and so there will be nothing to be "let go" ("Shamot").

A few notes:

· The Shemita debt forgiveness applies to actual loans, but not to debts that are owed due to services received, goods purchased or legal damages owed

· The Perozbol device is only permissible while the laws of Shemita are rabbinical (these laws will regain their biblical status once the majority of Jews live in Israel); otherwise, loans really need to be forgiven

· The borrower needs to have some real estate; this is so that the debt may be assigned to a court (the court can only assume a debt that can be attached to a real estate lien)

· The court to whom one delivers the Perozbol should be a court with authority to make liens and to seize property

· It is proper and appropriate to repay one's debts next year even if the lender did not do a Perozbol; in such case, the borrower should be clear that this is not a repayment but rather a gift

· It is also proper and appropriate to forgive one's loans, especially if the borrower could use the relief of not having to repay what is owed

by *Rabbi Jacob Bittón*

PRINTABLE FORM

The form we present here requires the signature of two suitable witnesses, the lender should also do a qinyan (one form requires the ender to sign). The lender can keep the form with him.

https://halachayomit.co.il/Pruzbul-English.pdf