Lending /borrowing money with interest

28th of Nisan, 5770 (Today is the 13th day of the Omer)
It is forbidden for a Jew to lend or borrow with interest ("Ribbit"). Not only is it forbidden to lend/borrow with monetary interest, but any kind of interest is forbidden—even if it is through something other than money or even when not done at the moment of the loan. It is forbidden to send gifts to somebody, with the intention that this person will "return the favor" by agreeing to lend some money. The gifts would be a form of Ribbit in advance.

Illustration: Jonah is about to start a new business. A month from now, he will need to be lent $10,000. He starts treating his friend Danny exceedingly well, invites him out to lunch a few times, gets him gifts, all so that a month from now—when Jonah asks for the loan—Danny will agree to it. This is forbidden. The gifts are a kind of "Ribbit" in advance.
Similarly, it is forbidden for a borrower to give Ribbit to his lender, retroactively, after the loan.

Illustration: Danny lent Jonah the $10,000 he needed. Jonah is not allowed to start being "extra nice" towards Danny because of this loan, and buy him presents and invite him out for lunch.
The main idea behind this is that lending money interest-free is a Mitzva. When a lender lends money interest-free he is doing a favor to himself, by following a precept from the Tora.

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Note: the laws of "Ribbit" are very complex, especially in today's corporate world of sophisticated financial and legal structures. Ours is a basic overview of the Halakha as found

in Maimonides's Mishne Tora and in Shulchan 'Arukh. Please consult your rabbi with any practical questions (Halakha leMa'ase).

"Ribbit": The prohibition of lending money with interest (2)

24th of Shebat, 5770

As explained previously, it is forbidden for a Jew to lend or borrow money with interest ("Ribbit"). This includes loans that are made between friends or family members. Even though everything is in good spirits and everyone is fine with it, it is forbidden, as it promotes a bad habit.

Illustration: Because he had forgotten his wallet at home, Mark's teenage daughter, Lynn, lends him $5 to pay the toll. Mark wants to reward his daughter. He wants to repay her back $10 for the $5 he borrowed. Even though he would do this willingly and in good spirit, he is not allowed to. By receiving $10 for $5, Lynn would be getting the wrong message regarding loans and interests.
Not only is it forbidden to lend/borrow with monetary interest, but any kind of interest is forbidden—even if it is through something other than money.

Illustration: Evan needs urgently a loan of $10K. Danny, who is renting an office in a building Evan owns, accepts to lend him the money he needs, which Evan will repay without interest, but with the condition that he gets one month of rent free. This is also Ribbit and is forbidden.

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today's corporate world of sophisticated financial and legal structures. Ours is a basic overview of the Halakha as found in Maimonides's Mishne Tora and in Shulchan 'Arukh. Please consult a competent rabbi with any practical questions (Halakha leMa'ase).

"Ribbit": The prohibition of lending money with interest (1)

17th of Shebat, 5770
As explained last week, it is forbidden to lend or borrow with interest (= "Ribbit"). What happens when a person who has lent with Ribbit decides to do Teshuva (repent)? – Our sages demanded that if a person who once charged you Ribbit now wants to return that sum of money to you, you do not accept it.

Illustration: Joe lent $10 to Abe last year demanding $1 as Ribbit. This year, just before Yom Kippur, Joe decides to do Teshuva. He goes to Joe and offers to return him the $1 he had charged him. Abe should not accept that money back, and should instead forgive it.
This is in order to encourage people to do Teshuva.

Illustration: Because Joe knows that Abe will probably not accept the money back, he is more likely to do Teshuva. Joe still needs to offer the money back, even if he knows Abe will probably refuse it.
The exception is when the Ribbit was in the form of an object. Then, one may accept the object back.

Illustration: Last year, Joe lent $10 to Abe with the

condition that Abe repays him $10, and, additionally, he gives him his blue pen. The blue pen is the Ribbit. This year, Joe is doing Teshuva. Since the pen is an identifiable object, Joe should return it, and Abe could very well accept it. This is to protect Joe's reputation; otherwise, people who knew the pen belonged to Abe will think Joe never did Teshuva.

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Lending money and paying back (Part 2)

3rd of Shebat, 5770

It is forbidden for a borrower to spend the borrowed money recklessly (unnecessarily) in a way that the lender will not be able to recover the loan from him/her. This is true even if the lender is very wealthy; the Halakha does not permit to borrow without truly intending to repay.

When a person borrows money, the Halakha expects him/her to feel a very strong responsibility towards the lender, and to do everything to pay the lender back as soon as possible. After all, a loan is not a gift – the money still belongs to the lender. Just like the poor is not allowed to steal from the rich, so too is the rule regarding loans. Our Rabbis said "the money of your fellowman should be treated with the same care you would treat your own."

ILLUSTRATION: *Josh, having lost everything to the recession, asks David – whose wealth recently grew tenfold – for a loan. David lent Josh what he asked. Regardless of David's wealth, Josh must act responsibly with this loan. He must care for David's money as if it were his own, and repay him as soon as possible.*

Lending money and paying back (Part 1)

25th of Tebet, 5770

One of the 613 Mitzvot is lending money, without interest, to a fellow Jew who needs it. Helping a needy person through a free loan is the highest form of Tzedaka. However, harassing a needy person into paying back the loan when one knows he/she lacks the money at the moment is a very grave transgression.

ILLUSTRATION: *David, knowing that Josh's business is in the verge of insolvency, offers to lend him the $10k needed to keep afloat. "You'll pay me when things get better again" said David to Josh.*
David has just fulfilled a great Mitzva. Not only did David help a fellow Jew financially, but he did this without affecting Josh's dignity. In fact, he prevented Josh from getting to the point that he would need to ask for financial help.
As long as David knows that Josh cannot yet repay the loan, he is forbidden from harassing Josh. The Halakha is that David cannot even "inadvertently" pass by Josh's place in order to remind him of the loan, if David knows that Josh doesn't yet have the money.
On the other hand, Josh is forbidden from withholding payment

longer than necessary. In other words, if Josh does have the money, it is forbidden for him to unduly delay paying back David.