

The Rules of Loans (Qardh)

Issue 768: Lending is one of the highly recommended acts. Emphatic exhortations are related in the Noble Qur'an, the Prophet's Sunnah and the narrations of the infallible Ahlul-Bait, peace be upon them all.

It has been related from the Messenger of Allah, peace be upon him and his family (that he said): He who loans a Muslim a loan expecting his good fortune in it, his wealth is (akin to being used as) Zakah and (this deed) is in the prayers of the angels until it is paid. He who needs his Muslim brother for a loan and (his brother) is capable of it and does not provide it, Allah will forbid the fragrance of heaven for him. In another narration, he said, peace be upon him: *Charity (Sadaqah) has the reward of ten and the loan (Qardh) has the reward of eighteen.*

Issue 769: It is permissible to execute a verbal contract for a loan and, as such, by the action that a sum is given to someone with the intention of a loan and the other side takes it with this same intention. Both situations are proper.

Issue 770: It is conditional in the loan that the quantity of the property, its type and the period of the loan is known. Likewise, (It is conditional that) the lender (Muqridh) and the borrower (Mustaqridh) both be mature (Baaligh) and sane ('Aqil) and that they not be dimwitted nor restricted from disbursing their properties. (Also it is conditional) that they engage in this act willingly and voluntarily not due to coercion, compulsion nor jest.

Issue 771: When both (the lender and borrower) have specified a time period for the loan, it is not permissible for the lender to seek his property before the arrival of the time of this period. As for when a time period had not been specified in the repayment of the loan, it is permitted for the lender to seek his property at whatever time he desires.

Issue 772: When a loan was deferred for a period and the desire of the debtor is to pay his debt before the arrival of the due date, it is not obligatory upon the lender to accept that. However, when the period is specified as a provisional period with the borrower, if he desires to pay back his debt whenever he desires it is obligatory upon the lender to accept that.

Issue 773: When the lender demands his property at the expiration of the period in which he has the right to seek his property, it is obligatory upon the borrower to promptly pay his debt immediately. To delay (in repaying the loan) is a sin and disobedience. However, when the debtor does not own anything except the house in which he lives and the furnishings of the house and whatever he requires in his (day to day) life, it is obligatory upon the lender to wait and grant a delay. It is not permitted that he compel the debtor to sell the necessities which he has need for. However, it is obligatory upon the debtor to strive in the payment of his loan and obtain it in the way of earning and labor which can repay this right for him.

Issue 774: When (locating) the lender is impossible and there is no hope in contacting him, according to obligatory precaution, the amount obligatory upon him should be given in charity (Sadaqah) to the poor without any distinction between Sayyid and non-Sayyid and it should be given with the permission of the Religious Authority.

Issue 775: When the estate of a deceased is limited except for the obligatory amount for his shroud (Kafan), burial and his debts, it is obligatory that his estate be utilized in those matters and nothing from it is given to the inheritors.

Issue 776: When a sum of gold and silver minted with the signet of currency is loaned or (gold and silver of another kind), then, its value drops or rises, it is obligatory to pay the amount which was taken, the same if its value rises or falls.

Issue 777: When a term comes to an end and the thing that was taken (as a loan) exists and the lender demands its return (meaning the same thing lent out), it is not obligatory to return it itself, although the recommended precaution is to give it (that very thing) itself.

Issue 778: When the lender makes it conditional that he will receive more than that what he gave, it is interest (Ribaa) and forbidden whether it be in volume, weight or number. Even, if (the lender) makes it conditional that he performs a particular action or he adds a commodity at the time he repays. Or he loans a quantity of non-minted gold and makes the condition that he return that same quantity of gold but fashioned into jewelry, each of these are (instances of) interest and forbidden.

However, there is nothing that prevents paying the loan itself along with giving an addition without it being conditional. Rather, this action is recommended and affirmed.

Issue 779: Paying interest is like receiving it, forbidden. He who takes a loan with interest does not take possession of it and it is not allowed for the borrower to utilize it. However, when it was such that the owner of the property agrees that the borrower utilized the property, as long and unless interest is not made a condition, it is permitted for the borrower in this situation that he can utilize that property

Issue 780: It is permissible for people to give an amount to someone in another city and then receive in exchange for that, a lesser amount from the other party. This is called Hawaalah and it is similar to a

person who waives his rights for something which is his right. As for when a sum of money is given so that more will be received after a month in another city, for example, one hundred dollars is given to receive one hundred and ten dollars after a month, it is interest and forbidden.

Issue 781: When a debtor dies, it is obligatory to pay all of the debt obligatory upon him without waiting for the time period (to expire). It is permissible for the lenders to seek their debt.

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