



BETH DIN of AMERICA

בית דין דאמריקא

SHTAR ISKO

Agreement Concerning Interest on Loans

Introduction

Jewish Religious Law strictly prohibits the paying or receiving of interest on loans made between Jews. However, when monies are advanced in the course of a business transaction, an agreement may be entered into, whereby the provider and receiver of these funds are considered equal partners. This partnership is based upon the stipulation that, upon request, every loss must be attested to by two trustworthy witnesses, and all profits verified by oath. All consequent profits and losses are then equally shared. However, in order to avoid these very stringent requirements, the provider of the funds, under this "Shtar Isko", agrees to waive his share of the profits in lieu of receiving a fixed percentage of the money advanced. This percentage is then considered profit, rather than interest on a loan. This agreement becomes effective when the receiver of the funds executes a form as set below.

The Agreement

I, the undersigned, have received from _____, the sum of _____ repayable over ____ years for the purpose of transacting business in connection with _____ in which profits and losses are to be equally shared. However, the said _____ has agreed that in lieu of such sharing of profits and losses, which would require substantiation of all losses by two trustworthy witnesses, and verification of all profits by oath, he shall accept my payment of an annual percentage of ____% of the said sum of _____ and waive all other profits which may be earned from the advanced funds. I have received a token payment of \$1.00 from the said _____ for my efforts in connection with this undertaking, and have signed herewith the receipt of the said \$_____.

SIGNED THIS ____ day of _____ at _____.

Recipient's Signature