

Iska A: Where Money Is Advanced for Business Use

Iska Contract¹

I, the undersigned, have received the sum of \$ _____ from _____ (hereafter referred to as the "Investing Partner"), to be used for business purposes. I obligate myself to utilize these funds in a manner which I believe will generate profits. Any profits realized or losses sustained shall be shared equally between the investing partner and myself.

Any claim of loss must be verified through the testimony of two qualified witnesses in, and under conditions acceptable to, an Orthodox Jewish court of law. Any claim regarding the amount of profit generated by these funds shall be verified under solemn oath, before and under conditions acceptable to, an Orthodox Jewish court of law.

It is agreed that if I return the above-mentioned principal to the investing partner, together with an additional _____ as payment for his share of the profits which are generated, then I will not be required to make any further payment nor will I be required to make an oath.

I am obligated to make this payment on or before _____. If payment is not made by this time, the terms of this Iska shall continue.

I have received one dollar from the investing partner as payment for my services during the term of our partnership.²

In the event of any conflict between the terms of this Iska agreement and the terms of any other agreement signed by the two parties in regard to these funds, the terms of this agreement shall prevail.

This agreement shall follow the guidelines of Heter Iska as explained in *Sefer Bris Yehudah*. It is agreed that any dispute which may arise in connection with this agreement shall be submitted before _____.³ Judgment rendered by the aforesaid authority may be entered in any court having jurisdiction thereof.

Dated _____

Signature of the Recipient _____

Signature of the Investor _____

Witnesses³

In witness whereof the above-mentioned parties have entered into this Heter Iska agreement on this _____ day of _____.

Signature of Witness _____

Signature of Witness _____

1. Hebrew versions of a Heter Iska suitable for use in this situation appear in *Tam Ribbis* p. 307 and *Mishnas Ribbis* p. 256.

2. The investing partner pays one dollar to the managing partner, in addition to the funds which are invested. The reason that this payment is necessary is explained above, Chapter 22, Paragraph 29.

3. This part of the contract is optional.

HETER ISKA KLALI

1. Whereas we, the undersigned, desire that all our business transactions be in accordance with Orthodox Jewish Law, which prohibits the payment of Ribbis on money advanced between Jews;
2. We hereby declare that all monies advanced in the course of our joint business dealings, by either party (hereafter, "the investor"), whether personal monies or via loans received from outside lenders, including mortgage loans, which are guaranteed by individual partner(s), are advanced in accordance with the terms of Heter Iska, stating that;
3. In exchange for these funds received from the investor, the remaining partner(s) shall transfer ownership (in the value of funds received), in all present investment, real estate or business that he (they) may presently have, to the investor;
4. Any profits realized or losses suffered, as a result of the aforementioned investment(s), shall be allocated to the investor, except that the partner(s) shall retain 5% of profits for efforts as manager of the investment(s).
5. Any claim of loss by the partner(s) must be verified through the testimony of two qualified witnesses, in, and under conditions acceptable to, an Orthodox Jewish Court of Law. Any claim regarding the amount of profit generated by these investment(s) shall be verified under solemn oath, before and under conditions acceptable to, an Orthodox Jewish court of law;
6. It is agreed that if the partner(s) shall provide to the investor, a sum equal to the monthly payments provided for in their agreement, the investor shall waive his rights to any additional profits. All remaining profits shall belong to the partner(s);
7. In the event of any conflict between the terms of this Iska and any other agreement, the terms of this Iska shall prevail;
8. This agreement shall follow the guidelines of Heter Iska as outlined in "The Laws Of Ribbis". Transfer of funds by the investor is accepted as means of effecting this legal transfer and obligation, as applicable under Orthodox Jewish Law.

Ratified as a by-law of all entities involving any or all of us, effective today, _____.

Signed _____

Signed _____

Signed _____