The Mitzvah Behind the Loan

A Halachic Perspective on JFLA's Work by Rabbi Adir Posy

Jewish Free Loan Association has offered zero-interest, zero-fee loans since 1904. But where, exactly, does the mitzvah occur? Is it when a donor gives money that becomes loan capital? When JFLA staff work with an applicant? When the Loan Committee approves a loan? When the funds reach the borrower? Or does the mitzvah encompass everyone who helps make the loan possible?

Jewish law offers a framework for understanding each part of this process.

Lending Is a Positive Mitzvah

Interest free lending is not simply about avoiding the Torah's prohibition against charging interest or ribbit. The Rambam explicitly identifies lending to someone in need as a positive mitzvah: "מצווה עלינו להלוות לעניים להקל מעליו עוני ולהטיב דייו" "It is a mitzvah for us to lend to the poor in order to alleviate their poverty and ease their circumstances." Rambam, Sefer HaMitzvot, Positive Commandment 197.

This is rooted in the Torah's command: ("אם-כסף-תלוה את-עמי את-העני עמך" (שמות כב, כד), "If you lend money to My people, to the poor among you..." -Shemot 22:24, and reinforced by "העבט תעביטנו" (דברים טו, ח), "You shall surely lend to him sufficient for his needs." - Devarim 15:8

The Rambam goes even further in Hilchot Malveh VeLoveh 1:1, explaining that lending to a person in need is a greater mitzvah than simply giving tzedakah.

Why?

A loan can help a person before he or she becomes dependent on charity. It offers assistance while preserving dignity and independence.

When Does the Mitzvah Actually Occur?

From a technical halachic perspective, the central fulfillment of the positive mitzvah of lending occurs when an interest free loan is actually extended. For JFLA, this takes place when loan funds are transferred to the borrower or otherwise placed at the borrower's disposal, creating an obligation to repay. That is the act of halva'ah, lending. But that transfer does not happen in isolation. It is the culmination of the work of many people, each of whom helps make the mitzvah possible.

The Role of JFLA's Program Team

Before JFLA can offer a loan, staff must determine whether an applicant qualifies, understand the person's financial circumstances, assess the proposed loan, confirm repayment capacity, and structure the transaction properly.

This work is more than administrative. In halachic terminology, it can be understood as hechsher mitzvah, the actions necessary to enable a mitzvah to be performed properly. Jewish sources place importance on ensuring that communal resources reach appropriate recipients. The Gemara, Rambam, and Shulchan Aruch address the responsibility to exercise judgment when distributing communal funds. JFLA's intake staff, program team, and loan analysts perform this function every day. Their work helps ensure that loan capital is directed appropriately, that loans are sustainable, and that the terms remain consistent with the principles of interest free lending. They make the eventual act of lending possible.

The Role of the Loan Committee

The Loan Committee occupies another essential place in the process. Committee members review applications, consider the circumstances of each borrower, evaluate risk, and ultimately authorize loans. While the committee's vote is not itself the technical transfer of funds, its approval allows the loan to move forward. The committee members therefore serve as active partners in the mitzvah. Their judgment turns a proposed loan into one that JFLA is prepared to fund.

The Transfer of Funds

When the approved funds are placed at the borrower's disposal, the central positive mitzvah of lending is fulfilled. This is the moment when preparation becomes action. A person who needs help now has access to capital without paying interest or fees for that assistance. The Torah's command to lend has become a tangible act.

Repayment Is Part of the Story

JFLA's work does not end when a loan is disbursed. Throughout the life of the loan, JFLA must ensure that the borrower repays principal without interest. This maintains compliance with the Torah's prohibitions against ribbit "לא תשימון עליו נשך". Repayment also serves another important purpose. When a borrower repays a JFLA loan, those dollars return to the loan fund and can be lent again. ne contribution can therefore support a succession of borrowers over time.

This reflects Rambam's description of one of the highest forms of tzedakah: helping another person become financially stable through a loan, partnership, employment, or other assistance that enables that person to stand independently. "Strengthen him until he no longer needs to depend upon others." Rambam, Hilchot Matnot Aniyim 10:7

What About JFLA's Donors?

Donors are essential partners in this mitzvah. A donor who contributes funds for interest free lending makes the loan itself possible. The donor fulfills the mitzvah of tzedakah while supplying the capital through which future acts of halva'ah can occur. פתח תפתח את ידך "דברים טו, יא" And because JFLA loans are repaid and the money is lent again, the same donated dollar can participate in loan after loan. The impact of the gift continues as the capital revolves through the community.

And What About Fundraising?

Those who raise the funds also have a role. Jewish communal life has long depended upon people who gather and steward resources so they can be directed to those who need them.
At JFLA, fundraising creates the pool of capital from which interest free loans can be made. Without those resources, there can be no transfer of funds to the borrower.

The fundraiser, donor, staff member, Loan Committee member, and others involved in bringing the loan to fruition are therefore connected to the same ultimate purpose.

One Loan. Many Partners. One Mitzvah.

Halachic precision helps us distinguish between the specific moment when the positive mitzvah of lending is fulfilled and the many actions necessary to reach that moment. The actual extension of the interest free loan is the central kiyyum hamitzvah, the fulfillment of the mitzvah. But it depends upon an entire community. Someone must contribute the capital. Someone must raise it. Someone must speak with the applicant. Someone must analyze the request. Someone must approve the loan. Someone must transfer the funds. Someone must administer the repayment.

Each has a different role. Together, they make interest free lending possible.

At JFLA, that process has continued since 1904, allowing one of the Torah's oldest forms of financial assistance to meet the needs of people today.