

If My Partnership Takes a Loan, am I Personally Liable?

**Rav Yitzchak Grossman**

**Question:** If one partner arranges for a loan for the partnership as a whole, and now that creditor is ready to collect, can the creditor go after any of the partners as individuals, or is he only allowed to go after the partnership as a whole?

**Answer:** The halacha is that all partners are liable to repay a loan that was taken out on behalf of the partnership. Each one is personally liable for the entire loan.

If the partnership has no assets left, and four of the five partners have no money, the creditors can try to collect the entire debt from the fifth partner. However, even though they all have liability for the entire debt, the liability is primary only on the partner's proportion of the entire debt, and secondary on the rest. In halacha, we would say that he is a borrower on one-fifth of the debt, and he is a guarantor on four-fifths of the debt. This means that if all the partners do have money, the creditors must first try to collect one-fifth of the loan from each partner individually. If some of them do not have money, the rest of the partners are liable as guarantors and the creditors can go after them for any outstanding part of the debt.