

## Purchasing A Home Under Someone Else's Name

Sometimes, when a person cannot obtain a mortgage using his own name, he may ask a relative to obtain the mortgage for him. We will refer to the person trying to purchase the home as the buyer, and the one obtaining the mortgage as the relative. The relative would then legally buy the house and take out a mortgage under his own name.

Such an agreement would be prohibited under the laws of ribbis, since the bank is loaning the money solely to the relative, who in turn loans the money to the buyer. Therefore, any interest paid by the relative would be prohibited. This prohibition includes directly paying creditors on behalf of the lender to the loaning bank. Due to the ribbis prohibition, anyone seeking to make such a mortgage arrangement must obtain a *heter iska*.

In a case where this arrangement is made to purchase the buyer's personal residence, there is another possible solution. Rav Moshe Feinstein z"l permits an arrangement in which the relative and the buyer would purchase the home as a partnership. The buyer advances the money being used for the down payment, while the relative advances the money he borrowed from the bank. Each one would then own a share of the house reflecting the percentage of the purchase price that they contributed. For example, if the buyer advanced 20% of the purchase price as a down payment, and the relative advanced the remaining 80% through obtaining the mortgage, the buyer would own 20% of the home while the relative would own 80%. An additional component of this partnership agreement is the stipulation that the relative agrees to let the buyer buy out his share of the home at his convenience, though he is obligated to buy out the full home once the loan is fully paid up through the monthly principle payments.

Under this agreement, the amount that the relative pays the bank as interest is considered to be the buyer's rental payment for the relative's percentage of the home. The buyer also obligates himself to pay any bills, such as taxes, insurance, and repairs. Since this agreement does not include any loan or interest between the relative and the buyer, there are no ribbis prohibitions.