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Building by a loan to be repaid from future rent

The first question of Fatwa no. 512

Q 1: A person has a piece of land then he made an agreement with another person on condition that the other would pay a sum of money to build a compound on the piece of land. Then, they would share the rent during the following ten years. After the ten years, the landowner would take back the building and repay the sum that was invested to the other partner.

A: If the matter is as mentioned that two men participated in building a compound on a piece of land owned by one of them provided that the rent of the compound would be divided fifty-fifty between them for a fixed period; for ten years for example, and then the sum of money would be returned to its owner; the land and the established compound would be recovered by the landowner, this is not permissible. The reason is because it is a loan which brought usurious interest because he paid the sum on the building to be given back to him after a while. In return, he benefited from half of the rent during this fixed period. However, the sum which they used in building may be more or less than the value of the land; therefore, it is not permissible to share the rent.

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May Allah grant us success! May peace and blessings be upon our Prophet Muhammad, his family, and Companions!

Member	Member	Deputy Chairman
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