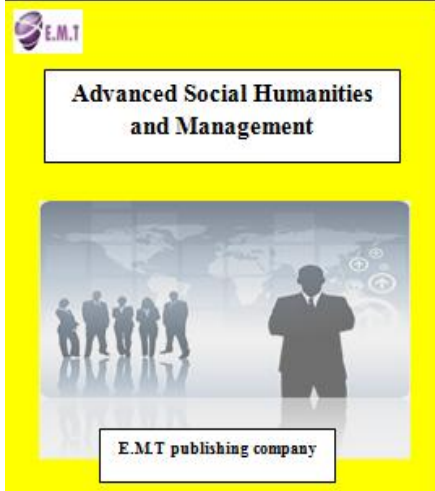


Credit contracts in Iran law

Sayedeh Leila Houseininia, Shahid Beheshti university faculty of law Master of Science private law

Faride Keyani Qom university faculty of law Master of Science private law

Sayed Hamzeh Houseininia, postgraduate student of Criminal law and Criminology in Azad University of Shahrekord.



Abstract:

Since long, the lawyers paid attention to the effect & value of will sovereignty & individual letters were declared as the first right recommendation. But, increasing from day to day of the business relations development & progress of technology & appearance of the phenomenon called “monopoly”, decreased the individual letters power, & created the “social school” that was based on the social justice.

Because of this, the lawyer paid attention to the moderate school for a long years, but with emergence of the inequality & injustice in economic relations, the governments perceived the inefficiency & incapability of the public & civil laws in the course of making a conventional. There are some kinds of contracts which are made arrangement between credit institutions & individuals, in order to resolve their own needs. Credit institutions & banks via different topics venture to confer the authority for their customers. Perhaps these allocated authorities are used to remove & eliminate various needs & requirements like purchase stuff & settlement, reparation or partnership in productive & economy

activities. Today, individuals for obviation their economic needs are interested to make arrangement this kinds of contracts. Although, the credit conventions has a incredible effect on the economic splendor, but individuals misused it. Be cause, mostly there is no economic balance between these institutions & individual. Since credit institutions have various special privilege such as “monopoly”, etc..., the government must to interfere in their actions that are boxed on a contract. However, up to tow this order doesn't happen comprehend sirelyin internal rights.

Credit sale contracts:

Credit sale is a kind of contract in which the payment the price (cost) is ultimate & if the price is paid by instalments, is called “instalments sale”. The letter of credit in this kind of contract its achieved by two ways: at first, the credit is acquired by the dealer himself, and second, it's a assumption that credit purchase is achieved by the credit institutions.

Today, in Iran's right regarding credit purchase of movable & immovable properties, is different. In Iran's right, the credit purchase contracts of immovable properties, mostly are called instalments sale.” In the banking disciplines of Iran, instalments sale contracts means: “that the merchandise whether movable or immovable be buoyed & be paid for in cash from the seller & then, as the instalments is given over to recipient of the credit.

Contracts of credit service:

It means that credit services, achieved a required credit for perception of required services of individuals. Supply required credits for credit services is like the “sale credital” that perhaps credit institutions & banks supply it.

In Internal rights supply credit services, is mostly called “Gealleh Contract”. In banking rights for Iran “Jealleh” means: (that “Jael” must pay a clear & known amount for a certain act) & the person who do this act is called “Amell”, (agent”.

Without usury & also article 2 of “Jealleh” executive prescription, banks & institutions can due to supply the required facilities for developing the productive & servicing activities, give credit in the form of “Jealleh” contract. This process is accomplished in 2 ways:

- 1) The creditor employer is agent (Amell) too
- 2) The creditor agent is “Jaell” too.

The contracts about rent provided (that) possession:

Cash & credit council approved 1361/8/26 – rent provide possession means: the contract that to lay a wager or bet that the tenant in the end of the time of rent, can be landlord and town the landed property, this kind of credit contract.

Supplying the credit of rent provided possession is achieved in 2 way:

1) If the landlord is the owner of the estate & the tenant didn't interfere in preparation of the estate, so the contract of the rent is arranged directly between the creditor agent & creditor.

The second way, we suppose that the landlord wasn't owner of the estate, in this meantime the tenant will be the intermediate of the contract arrangement between the creditor agent & the seller. In the other hand, individuals who produce their desired consumed goods & for the act of buying, introduce them to the creditor agent & after that the creditor agent to own them, achieved them to the creditor.

Single article 1: The terms & words that are explained in the single article 1 of Islamic republic of Iran's stock exchange have the same meaning & applications in this prescription.

Portion of guarantee account:

It's kind of notice that the creditor agent based on this prescription & with this label issued & sent for the consumer.

Validity:

Validity is amount of money (in Rial) that based on this prescription & the contract of credit purchase, the creditor agent determine for the customer & in this framework & based on this prescription, till the roof of the mentioned amount of money, the price of the credit purchase from the customers paid.

Commercial liability, this is the liability of the customer to the creditor agent that is related to the buying of the stock exchange, price-work wage & other expenses about horticulture discount.

Updating the guarantee account: is calculating the moderate value of the customer's guarantee by the creditor agent any time, based on this prescription & proportionally moderating the guarantee account's customer.

Final liquidation: It means the whole liquidation of customer's commercial liability to the creditor agent.

Guarantee account: when a creditor agent opening an account for the customer whom arrange a credit contract & register in it the value of the customer's guarantees which are specialized for the credit, according of the prescription.

Credit purchase when the creditor agent according of the customer's buy a stock exchange, agent based on the credit purchase contract, part the part of the stock price, of course the customer is debtor just equivalent with this payment & liquidation of this debt, is follower of the credit purchase contract.

Credit purchase contract: Is a kind of contract that set between the customer & creditor agent. Based on this contract, the creditor agent has to appropriate credit to the customer.

Creditor agent: Is an employer that set a credit purchase contract with the customer.

Observer agent: It means an employer that arrange & carryout a sale order of the stock.

Central depository firm: In fact, It's central depository firm of stock exchange & liquidation of Iran's money, that it's registered number is 262549 in registration of documents firm of Tehran.

Dependent person: The dependent person to the real person (not legal person) is consist of: causative & dependent person to the legal person is consist of:

- a) The managers of the legal person & their first rank nears.
- b) The persons who are under control
- c) The persons who control the legal person
- d) The persons who are subscribe to the legal person in being under control

The advantages & appurtenant of stock exchange:

It means; the shared benefits, the authority of stock exchange, the sagittal benefits, origin repayment in due date & it's equals that are belonged to the owner of the stock exchange.

Customer's guarantees: It means stock exchange of article 6 in this prescription & benefits & appurtenant of this stock exchange.

Customer: Real or legal person who receive agency services from creditor agent.

Article 2: To allocating the credit by creditor agent is purely based on this prescription & certainly they must arrange a contract of credit purchase between the customer & agent.

Article 3: Allocating the credit to the customer via creditor agent, is just with the aim of credit purchasing of stock exchange transactions in stock exchange of valuable documents of Iran or Tehran stock exchange & the creditor agent cannot allocate credit to the customer for another aim & reason

Article 4: The highest amount of credit that is allocated to every customer for credit purchase is equivalent with customer's guarantee & shouldn't be higher than stock holder's fee.

Article 5: The agent who take action of credit purchase for his customer, should before allocating credit & credit purchase for the customer, control the prescription and if this action is against laws of credit purchase must obtain doing this action. The creditor agent must in the end of per day calculate the capitals of approved in

board of directors & to be soured about the correctness of prescription, other wise, carr gout the necessary actions according of the same prescription.

Article 6: The stock & the priority right of the another stock in stock exchange of Tehran & in the first market or modern financial tools in Iran's "Faraboors" with this conditions as customers financial commercial liability guarantee carry to account of creditor agent & as a result, the custom have no option to change the creditor agent. The creditor agent must register the value of this guarantee just after apply the coefficients of prescription's topic:

- 1) The customer must be sown of the stock & and the possessory rights of customer shouldn't be limited for any reason.
- 2) The due date of the stock exchange which containing certain due date, must be minimum 1 month after the due date of customer's debt liquidations.
- 3) The supervisor agent of valuable documents, in the time registering it in the guarantee account, must be a creditor agent.

Nota bene 1: The primacy right of the stock buying which charged as a topic guarantee of this prescription, & also the new stock that use this prescription, automatically is charged as the customer's commercial debt guarantee & as a result, the authority of customer about changing the supervisor agent is proscribed.

Nota bene 2: The agent can more over than guarantee of the topic article, receive another guarantee regard credit purchase from customer, but the value of these guarantees will not be register able in customer's guarantee account.

Nota bene 3: The creditor agent is bound to when the customer appeal to sale the stock exchange, based on this article is enumerate as commercial debt guarantee, and have to apply mentioned appeal. So the quantity of the sale, is defalcated from customer's commercial debt at first, unless, customer guarantee account, can cover & support his commercial debt, in which it's payment table to the customer.

Article 7: The creditor agent is bound to open the separate guarantee account for every customer & register the value of the stock exchange based on their characteristics are mentioned in art ide 6 by use of these proportions:

- a) In the cause of stock, 60% percent of final price
- b) In the case of priority right of the buying stock, the moderate value is calculate in this way:
 $-s\%60=(v+s)$ the moderate value
- c) In the case of the bond & value documents with the stable income, 90% percent of the final price.

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