

What's the worst kind of debt? (22:26-27)

THE TEXT (NASB)

Do not be among those who give pledges [literally strike hands], among those who become guarantors for debts. If you have nothing with which to pay why should he take your bed from under you?

CLASSIC KJV TEXT

Be not thou one of them that strike hands, or of them that are sureties for debts. If thou hast nothing to pay, why should he take away thy bed from under thee? KJV - Proverbs 22:26

INTRODUCTION



Be careful with credit—some types are worse than others.

It's easy to lose both security and personal freedom.

The worst kind of debt leaves you naked *and* enslaved.

COMMENTARY

[Classic KJV - Proverbs 22:26](#)

The giving of **pledges** or the striking of hands refers to a specific time when a binding commitment is consummated. It's not just a friendly handshake like a greeting. It's a promise to pay later, for a good or service received now. Refer to Proverbs 6:1 and 20:16.

Business with a Handshake

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In some cultures where integrity and private property are the norm, a business transaction is sealed with a handshake. There was no need for massive, complex contracts written in legalese and addressing every possible event which might occur during the life of the contract. Perhaps that's the way business was done in some places in the past but not now. What does it mean to become a **guarantor for debts**? But before we answer this, let's look at the topics of debt and collateral.

Debt: Two Kinds

There are basically two kinds of debt: Secured and unsecured. Secured debt is tied to an asset which can be sold to pay off the debt. This asset is called the collateral for the debt.

Unsecured debt has no associated collateral, that is, **you have nothing with which to pay**. Unsecured debt is riskier for the lender and usually requires a higher interest rate. The lender will expect more compensation because he is exposed to greater risk. Unsecured debt is bad enough with our own affairs, but when you vouch for another person you are really out on a limb.

Collateral

In its financial sense, collateral is defined as “security pledged for the repayment of a loan.” For example a person may be allowed to take a loan to buy a car only if the car can be re-possessed by the lender should the borrower fail to pay the loan. Often loans are not granted unless there is an asset pledged as collateral. Sometimes a guarantor promises to pay, or co-signs another person's financial obligations. This is discussed in detail in Proverbs 11:15. It's a dangerous financial strategy which has direct implications on your personal life—maybe even on how you sleep at night. Historically, this guarantee has been described as *surety*.

Lost Your Car and Your Freedom?



We seldom use the word surety in our culture, but it's very much present like a rampant financial disease. Surety is like a pandemic.

Imagine buying a car for \$20,000 with a car loan for \$20,000. Pretend a year later you are laid

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off work and cannot afford the monthly payments of \$375. You want to get rid of the loan and so you decide to get rid of the car. To your horror you find you can sell the car for only \$15,000 while outstanding portion of your loan is \$18,000. You decide to apply the car sale of \$15,000 against the loan leaving you with \$3,000 in obligations as a liability. Now you are trapped. You must give up either other personal assets (sell them to raise cash) or you must work and give up your income to pay it off. In both cases it gets personal and uncomfortable.

Lost your Mattress?

What on earth does the text imply with the words, “**Why should he take your bed from under you?**” Does someone want to steal your mattress? The creditor must be very desperate to want my mattress! What’s the point behind the text? I believe this text has layers of meaning and we need to look at some ancient commercial law to understand it.

Collateral under Mosaic Law

According to Mosaic Law a lender was forbidden to confiscate everything from a borrower who failed to pay a loan. We read in Exodus 22:25-27 that God expected lenders to respect the human dignity of the borrower. Specifically the lender must leave the borrower with minimal assets including a cloak, which doubled as a sleeping bag. When I was 17, I used my daytime jacket as my night-time pillow when I hitchhiked across Canada.

Here’s the Message for Lenders

Lenders show some leniency. Don’t be needlessly cruel. Show the borrower some respect as commanded in Deuteronomy 24:10-13. At least let the borrower get a good night’s rest. That helps the lender too. A well-rested borrower can work better to pay off a loan. Besides, cruelty in debt collection may cause the borrower to complain to God and pray against the lender. That’s bad news for the lender.

Mosaic Law Not Followed

The ancient Hebrews did not follow the debt collection restriction. Unscrupulous lenders took not only a person’s cloak but even his children to work as slaves. See 2 Kings 4:1.

Many classic commentaries believe that this is the text’s warning: Despite legal prohibitions against using the cloak (i.e. his sleeping bag or mattress) as collateral, overly aggressive lenders will certainly invade your personal privacy.

1. *Literally* taking your bedding away. Creditors will confiscate other assets first. Your bed would be one of the last assets to go.
2. *Figuratively* robbing you of sleep as you worry about losing your assets. It could also mean that you are deprived of sleep as you are forced to work extra hours.

Whatever it means, you can be sure that it gets very personal. Your bed is your private zone,

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essential for healthy rest. It's important to have a place where you can rest peacefully and be refreshed.

Self-Centered Debt

The Bible issues a serious warning against those who use debt for self-aggrandizement. "Woe to him who increases what is not his...and makes himself rich with loans" (Habakkuk 2:6). The woe is not directed against those who make *others* rich with loans but against those who make themselves rich with loans. The curse is also not for those who make themselves rich with *labour*. Furthermore, it's not aimed at people who use loans for food, clothing and basic shelter. Only self-centred debt for luxuries/extras attracts a curse. It's everywhere. Credit card companies that entice consumers with easy credit and free bonus points for personal pleasures are luring the unsuspecting consumers into personal trouble.

Limits in Bankruptcy



The principles underlying the Judeo-Christian legal system influenced personal bankruptcy laws in Canada. For example, personal bankruptcy laws in Alberta (as of 2009) allow many personal exemptions so certain assets cannot be seized by creditors; including equity in the debtor's principal residence up to \$40,000, one motor vehicle not exceeding a value of \$5,000 and household furniture and appliances up to a value of \$4,000.

Careless use of credit can ruin your life.

Bankruptcy Hurts

Bankruptcy protection seems to show compassion, but it's not free. First of all there is an expense involved in claiming bankruptcy. This cost is incurred by the person claiming bankruptcy. Currently, claiming bankruptcy costs about \$3,000 in Canada. Secondly others in the community are affected directly (the lenders) or indirectly (those financially linked to the lenders) by the ones declaring bankruptcy. My son Andrew did some electrical contracting work for a company in Calgary, which failed to pay for goods and services properly rendered and thereafter promptly declared bankruptcy, leaving Andrew to eat these expenses. Andrew was hurt because of his misguided trust in a stranger.

OUR CREATOR, REDEEMER, AND FRIEND

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Jesus paid a debt He didn't owe. He lost everything in the process.

Jesus told His followers that, in order to be His disciples, they must give up [note, give *up* not necessarily give *away*] all their possessions (Luke 14:33). Followers of Jesus must emotionally, if not physically, kiss all their assets goodbye. Jesus Himself, had already lost His "bed". He had no bed to call His own (Matthew 8:20). Jesus gave up all His personal assets and comforts in an all-out commitment to do only what God His Father wanted.

His loss was, and is, our gain (2 Corinthians 8:9).

APPLICATION

- Memorize the text in your favourite Bible translation.
- Eliminate all personal debt starting with your unsecured consumer debt and ending with the mortgage on your home.
- Refuse to take on new personal debt.
- Learn to save money for future needs and wants.

Which of these steps, if any, does Jesus want you to take now? Ask Him.

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KEY WORDS

bankruptcy, collateral, credit, debt, freedom, guarantee, guarantor, liability, slavery, sleep, worse life (quality)

ILLUSTRATION

Who is Tax-Driven Ted?



Death and taxes: The only things we can be sure of! Certainly that's the way Tax-Driven Ted sees it. Whereas others pay some or little attention to taxes, he is consumed by tax minimization. Ted is tax obsessed. Why? For many Canadians, if left unmanaged, taxes eliminate over 50% of income. In Canada tax freedom day falls in July.

Tax freedom day is the day of the year when you have paid all your taxes and can now keep the rest of the money you earn. Tax-Driven Ted will spend money just to get a write-off. He fails to seriously evaluate the underlying economics behind the decision and chooses to focus on the tax consequences. He loves to borrow money to invest simply because he can write off the interest costs of amount borrowed. This investment technique is called leveraging and is commonplace.

Ted doesn't believe he should pay any taxes. After all, the government wastes money. It's extremely inefficient. He uses every angle to reduce taxes. He's always looking for loopholes, credits, or write-offs. *His focus is not on customer satisfaction but on tax reduction.*

He goes on trips and conferences so that he can take the tax write-offs. He loves limited partnerships investments and other tax shelters. For some investors tax considerations are

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secondary, but for Tax-Driven Ted, they come first.