



FINANCIAL WORKSHOP – July 15th at 12Stone™ Church - [REGISTER HERE!](#)

Make plans now to attend Tuesday, July 15th in the Cafe Theater for our 2nd workshop of the 79 Day Challenge! Refreshments and light hors d'oeuvres begin at 6:30 p.m. and the workshop at 7:00 pm. Register today. Child care will not be available for this event.

BORROWING AND LENDING

A survey was done recently of several seminar groups to determine if they thought borrowing is scripturally forbidden. Over 70 percent responded that they believed the Bible prohibits borrowing. Perhaps it would be a lot easier if God's Word did prohibit a Christian from borrowing, but it does not. There is not a verse directing God's people not to borrow money (no, not even Romans 13:8). However, neither does Scripture encourage borrowing. Borrowing is always discussed in the Bible as a negative, rather than a positive, principle.

God's word is full of principles to help guide our lives. These principals help us make good decisions, but these principles are not laws. While it is important as believers to know the difference, it is equally critical to understand these principles and incorporate them in our daily decisions, especially when considering borrowing or lending money.

The following are principles from the Bible in regards to borrowing and lending money. This week's study is designed for you to review these principles so that you better understand them so that you can incorporate them into how you manage your finances.

Principles

1. Borrowing and Lending creates undesirable outcomes

Borrowers and lenders create master/slave relationships. Solomon's words are clear: *"The rich rules over the poor, and the borrower becomes the lender's slave"*(Proverbs 22:7). God wants us free from obligation to others so that we are free to fully serve Him. When we are enslaved to our debtors we limit our ability to fully follow Him and to be used by Him for Kingdom purposes.

God also does not desire for us to be masters over others, so lending is not an encouraged as God sets the bar higher for us (see Luke 6:34). When considering lending to others, know that according to God's word it is the righteous that is gracious and gives. If God has richly blessed you and you are considering loaning someone money, search your heart. If the person is in need, prayerfully consider whether God brought them to you for you to offer grace and give them assistance without expecting a repayment. They should certainly want to repay, but your motive for giving should not be the repayment of the money given.

2. Principle: Debt isn't normal

When we *"Diligently obey . . . the Lord [He] will open for you His good storehouse . . . to bless all the work of your hand; and you shall lend to many nations, but you shall not borrow"* (Deuteronomy 28:1, 12). Borrowing is never God's best for His people. He wants to demonstrate his faithfulness to us and provide for our needs, and if we borrow for something because we do not want to wait, we are in reality saying that we don't trust or need God.

3. Principle: Don't accumulate long-term debt

The average American family uses 40 to 70 percent of their income for a 30-year mortgage to buy a home; but the longest term of debt God's people took on was about seven years (see Deuteronomy 15:1-2). In our society the 30 year mortgage has become a "standard", when in reality if we enter into a debt we should have the goal to pay it off as quickly as possible. Most people could manage a 15 year or even shorter term mortgage, but it would mean buying less house or saving a larger portion of the purchase price before buying.

4. Principle: Avoid surety

Surety is an obligation to pay without a guaranteed way to repay, such as cosigning a loan. Proverbs 17:18 states that, *"A man lacking in sense pledges and becomes guarantor in the presence of his neighbor"*. The only way to avoid surety is to collateralize a loan with property that covers the complete debt. Borrowing without the means to repay through disposal of collateral, is surety. Credit Card borrowing, (not paying off the balance entirely each month), is surety, plain and simple. You should develop a pattern in your life to never utilize a credit card if you cannot repay the amount in full each month, and it is very wise to never cosign a loan for someone else, no matter how much you love or trust them.

5. Principle: The borrower is absolutely obligated to repay

Annually, millions of borrowers add more debt than they can repay, then choose bankruptcy to postpone or avoid repayment. Some voluntary bankruptcy may be acceptable – but only to protect the creditors, never to avoid payment. God doesn't allow exceptions to keeping vows. *"It is better that you should not vow than that you should vow and not pay"* (Ecclesiastes 5:5). There is never a time, no matter how mean spirited a creditor may be, when it is OK not to repay a debt.

God's minimum

The absolute minimum that God's Word establishes for any borrower and lender is found in Psalm 37:21: *"The wicked borrows and does not pay back, but the righteous is gracious and gives."* If we don't want to be counted among the "wicked," we must repay any debt.

The wisest option would be to avoid any further debt in your life and pay off your current debt as soon as possible. Sounds good, but how do you pay off your debt? The Debt Snowball Plan by Dave Ramsey is listed below and it is the most-effective permanent solution to paying off your current debts and becoming totally debt free. For those of you unfamiliar with Dave Ramsey's work he has dedicated his work to helping people become debt-free and financial peace, and his 7 Baby Steps to Begin Your Journey to Financial Peace that can be found on his website, (see link below), are a great roadmap for accomplishing that in your life.

Debt Snowball Plan by Dave Ramsey

Myth: I should pay off the debt with the highest interest rate first to get out of debt quickly.

Truth: You should pay off the smallest debt first to create the greatest momentum in your debt snowball.

The math seems to lean more toward paying the highest interest debts first, but what I have learned is that personal finance is 20% head knowledge and 80% behavior. You need some quick wins in order to stay pumped enough to [get out of debt](#) completely. When you start knocking off the easier debts, you will start to *see results* and you will *start to win* in debt reduction.

Debt Snowball Plan

The principle is to stop everything except minimum payments and focus on one thing at a time. Otherwise, nothing gets accomplished because all your effort is diluted.

First accumulate \$1,000 cash as an emergency fund. Then begin intensely getting rid of all debt (except the house) using my debt snowball plan. List your debts in order with the smallest payoff or balance first. Do not be concerned with interest rates or terms unless two debts have similar payoffs, then list the higher interest rate debt first. Paying the little debts off first gives you quick feedback, and you are more likely to stay with the plan.

Build Momentum

Redo [this](#) each time you pay off a debt, so you can see how close *you are getting to freedom*. Keep the old papers to wallpaper the bathroom in your new debt-free house. The "New Payment" is found by adding all the payments on the debts listed above that item to the payment you are working on, so you have compounding payments which will get you out of debt very quickly.

"Payments Remaining" is the number of payments remaining when you get down the snowball to that item. "Cumulative Payments" is the total payments needed, including the snowball, to pay off that item. In other words, this is your running total for "Payments Remaining."

Debt Free!

You attack the smallest debt first, still maintaining minimum payments on everything else. Do what is necessary to *focus your attention*. Keep stepping up to the next larger bill. After the credit debt is taken care of, you are ready for the next [Baby Step](#) in your Total Money Makeover.

Study Resources

- www.crown.org
- www.daveramsey.com

Selected Articles

- [Borrowing & Lending - Crown Financial Ministries](#)
- [Barrowing: A biblical perspective - Crown Financial Ministries](#)
- [The Consequences of Barrowing - Caleb McAfee](#)

- [Debt Snowball - Dave Ramsey](#)