

Mishlei 11-15

Risk

Key Concepts

We should always avoid taking on excess risk, especially in situations where we have no control. When we act as the guarantor (co-signer) of a loan we are placing ourselves at the mercy of the borrower who may be unable or unwilling to carry out his obligation to repay it. Therefore, before getting into such an arrangement we need to know that this individual is trustworthy and reliable.

Mishlei advises to avoid giving such guarantees altogether, especially if the borrower is not well known. If we do give a guarantee, we should put ourselves in readiness to cover the loan and lose our investment, rather than to get into a legal battle with the lender or the defaulting borrower.

It is a *mitzvah* to lend money to someone who needs help in getting established. However, the loan should be negotiated on a business-like basis with a reasonable expectation that the borrower will repay it. Otherwise, there is a great risk of ill-will and conflict. Unrealistic expectations on the part of creditors, borrowers, and guarantors are a recipe for tragedy.

Exploring Mishlei

(טו) רַעֲיִרוּעַ כִּי־עָרַב זָר וְשֵׂנְאֵה תִקְעִים בּוֹטָח:

(15) *Misfortune will befall the one who guarantees a loan to an unreliable stranger but a hater of handshake commitments to guarantee loans will be secure.*

Mishlei calls attention to the misfortune that can occur when someone whom we don't really know very well turns out to be untrustworthy. It is wishful thinking to think that we will be able to fend off the lender if the borrower defaults on the loan and it is foolish to think we will be able to recover our investment from the insolvent borrower. Mishlei contrasts the potential tragedy of confrontation and quarrel with the security and peace of mind a person has when he avoids such insecure commitments altogether.

We have already seen Mishlei's views on this subject in Segment 06-01 (Wishful Thinking). Now, in the current proverb, Mishlei emphasize the importance of extra

care in risk avoidance when dealing with strangers. Further on, in segment 20-16, Mishlei shows how the authorized seizure of personal items from a foolish guarantor discourages wishful thinking.

Learning Mishlei

(15) **Misfortune will befall** — רַעֲיוֹעַ

the guarantor of a loan to a stranger, — כִּי־עָרַב זָר,

while not expecting to ever be required to make good if the stranger defaults.

but a hater of handshake commitments to guarantee loans — וְשָׂנֵא תַקְעִים

will be secure. — בּוֹטָח

because he will not expose himself to the uncertainty of a weak borrower.

Additional Insights

(1) It is a foolhardy person who carelessly takes on the commitment of a loan guarantee, thinking he will be to evade the legitimate demands of the creditor if the unknown borrower defaults. By making such a commitment he opens himself up to legal battles which disturb the peace of the community. (רבינו יונה)

(2) In contrast, a responsible person who feels the need to co-sign a loan will make up his mind to write off the costs of covering this loan because of the very real possibility that the borrower will default. (רבינו יונה)

(3) A person who neglects the risks of getting into commitments for which he has not been compensated is opening himself up to the possibility of a tragic outcome. (המאירי, חנוך לנער)

(4) A person should avoid lending money to someone who does not have the credit worthiness to get a loan without a third-party guarantee. Such a guarantee is an unreliable and conflict-prone mechanism. (חנוך לנער)

(5) A person should not lend money unless he feels confident that the borrower will be ready and willing to repay him. (חנוך לנער)

(6) Giving a loan guarantee is inherently a source of dispute and quarrel. The guarantor is open to the possibility of a two-way conflict, first with the borrower, who is blamed for not repaying his debt, and then with the lender who is impatient for his loan to be repaid. (חנוך לנער)