

## Loans Supported by Statements

Ref: *Sefer Mishpatim, Hilchot Malveh Veloveh, Chapter 11*

### MILVAH BEAL PEH (ORAL LOAN)

Even when loan made in presence of witnesses it does not have much legal strength. If the borrower claims that he has returned the money, he is required to take a *shvuat hesset* and is discharged.

### SHTAR (PROMISSORY NOTE)

This written official document carries more legal weight.

The repayment must be done in presence of witnesses and therefore there is no denying about owing the money.

When a borrower writes his own note and witnesses testify to this transaction and he gives it to the lender, it is an acceptable promissory note.

If borrower writes note but there are no witnesses, it is only considered as a *milvah beal peh*.

The promissory note has the power to expropriate property from heirs and purchasers, whereas a *milvah beal peh* will only allow expropriation from heirs (and only under certain circumstances). This is because a promissory note becomes public knowledge and a purchaser should know if a property is threatened with expropriation.

#### Reminder

Pack on Expropriation of Property



### KINYAN (ACQUISITION)

If the borrower affirms that he owes the lender, by means of *kinyan chalifin*, exchange of a handkerchief, the witnesses may write a promissory note and give it to the lender. This is because a *kinyan* allows automatic recording of a legal document.