ARTICLE: Lenders Are Deceiving Us, Should An "Even Exchange of Value" Be Considered A Loan? ...and what you can do about it. **www.livingfreeeandclear.com**

...and what you can do about it.

The Mortgage Loan Process

Let's examine how it is MONEY created by "credit-lenders".

Your signature is an asset in our economy. You create the value for your mortgage with your signature on the Promissory Note. You do not borrow the bank's money.

Take a look at the definition of "Bank" in the 4th Edition of Black's Law Dictionary:

If a **promissory note** is designed to **circulate as money**, like money it can be deposited into a checking account. Though this is the case it was never disclosed in the bank loan agreement.

Since the promissory note is a negotiable instrument, per the Uniform Commercial Code, at what point did the bank "own" the promissory note? The "lending" techniques that banks have used for centuries appear to be lending money, but in actuality have the value supplied by the person seeking the loan.

The bank does not disclose to you that your Promissory Note is actually an asset to the bank. Instead they focus your attention on the second document you sign, the Mortgage Agreement. The intent of this misdirection is to perpetuate a public perception that you are receiving something from the bank that you are obligated to repay.

The bank does not let you know that a promissory note is actually a "negotiable instrument" under the Uniform Commercial Code, and that it will be deposited to fund your loan. Nor does the bank tell you that they have a liability to you of approximately the amount of the loan. (The bank owes you by their own bookkeeping entries).

When you apply for a $100,000 bank loan, you sign a $100,000 promissory note, which funds the $100,000 bank loan check that you receive at closing. What is the actual cash value of the promissory note? It is $100,000, because the bank exchanges your promissory note for $100,000 in government bonds, which has value equal to cash.

The lender merely exchanged actual cash value for actual cash value, and you were charged as if there was a loan. As per the Federal Reserve Bank of San Francisco publication Monetary Policy in the United States (p. 13) states that, "bank loans is/are funded...by banks creating new deposits." They claim there was a loan. The truth is , it was an exchange and they called the exchange a loan. The proof is in the bookkeeping entries. No actual cash value was loaned as consideration for obtaining the promissory note, and the proof is that the note is what funded the check that you received.

If you gave the bank $100.00 cash as collateral for a bank loan, and the bank deposited the $100.00 cash and used it to fund a bank loan check which was delivered to you, and the bank refused to return the $100.00 cash collateral, does that make business sense to you? Does that sound like a fair and equitable transaction?

That is exactly what the bank does on every loan it makes. When you hand the lender a promissory note, it has equal value to the loan check. Where is the money that paid for the promissory note?

When a bank grants a $100,000 loan, all they are doing is taking $100,000 of actual cash value from you (the promissory note) and transferring it to them, for free. The bank did not loan one cent of their depositor's money for the $100,000 promissory note.

They did it by recording the promissory note as a loan from you to the bank, on the banks books by journal entry. The bank then used the $100,000 they obtained from you to create the $100,000 of new money called checkbook money. Checkbook money has equal value to legal tender because the promissory note can be sold for legal tender.

Then the bank uses the newly created checkbook money to give you back the $100,000 as a bank loan.

How Does A Bank Loan Actually Work:

1. You want a loan for your home

2. The bank advertises that they loan money

3. You apply for a loan

4. You jump through all their hoops and are approved for a loan

5. They have you sign a promissory note

6. Your promissory note is exchanged for currency of equal face value

7. The bank deposits the currency into an account

8. The bank cuts you a check from the deposit you never knew about (or transfers the money to those who should be receiving it).

9. And you think you owe money back on a loan, when in fact all that took place was an "exchange".

Did they give you money?

What other business in the world allows you to create money based on the value that someone else GIVES YOU, then charge that person again plus interest!?

So the real question becomes, "If the promissory note is an asset, what funded the bank's ownership of the note?"

Answer: They still don't really own it. They made and **exchange** – Your promissory note (asset to the bank) was exchanged for approximately the amount of the loan. You gave the bank an asset worth $100,000 and the bank returned $100,000 to you. Where was the loan? There was not one.

As an honest ethical person who believes that all loans should be repaid, do you agree that the bank should repay your loan to them? After all, they deposited your promissory note. Your promissory note is an asset that they exchanged for a check.

Where's the loan? Factually, there is not one. And since all lenders should be repaid, shouldn' t the bank repay your loan to them?

To add insult to injury, the banks can "fractionalize" your note through the Federal Reserve System, expanding its value up to nine times the note's face value ($100,000 becomes $900,000), tax-free money they can spend and invest as they please. Bearing in mind, your are "currently obligated" to repay the loan with interest that works out to 2 1/2 times the principal over a 30 year period.

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