

## **Co-Signing is Serious Business**

When you co-sign a loan, you do more than just help someone you care about: You take a risk that a professional lender wouldn't take. As co-signer you guarantee that if the borrower fails to make payments, you'll make them. In most states, if the borrower misses a payment, the lender can immediately collect the debt from the co-signer without first trying to collect from the borrower. If you don't repay, the lender may sue you for payment.

Although you may feel like a third party to this transaction, that's not the case: You are the borrower. Should the primary borrower default, your credit record could be damaged and any property designated as collateral, collected. Don't forget that even if the borrower makes timely payments, the fact that you're liable for the active loan could hinder your chances of being approved for other credit because it will be included on your list of debts.

If, after careful consideration, you decide to co-sign, stay in touch with the borrower to make sure he or she makes timely payments. Get copies of important papers such as the loan contract, the Truth in Lending Disclosure Statement, and warranties. Find out if there are any additional co-signer rights in your state. The people at FFCU can answer any questions and concerns you have about co-signing.

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