



U.S. ARMY OKINAWA

★ TORII STATION ★



LEGAL ASSISTANCE

• 652-4332 / 4742 • BUILDING 218, ROOM 220 •

SHOULD YOU CO-SIGN A LOAN?

Think twice about being a co-signor. Some people cannot obtain credit in their own name. They may want to obtain a loan, enter into a lease or otherwise obtain credit. They may not have credit, may not have enough credit, or they may have “bad” credit. The lender may still want to lend to these people but desire a little extra assurance that a loan will be repaid, so they require a co-signer. In other words, the lender is asking the co-signer to take the risk because the borrower does not meet the requirements for a loan. Some of us may have asked mom and dad to co-sign for us to get our first car or an apartment. Many businesses will eagerly extend credit to military personnel. So, you may be asked by a friend or family member to be a co-signer. But, do you really know what a co-signer is, and what the possible ramifications are?

The most important thing to know is that a co-signor is fully responsible for the loan or debt if the primary obligor does not pay. Most of us struggle to pay our own debts; can you afford to pay someone else’s debt? Even if you can afford to pay another’s debt, are you really prepared to do so? Although the act of co-signing is easy, the consequences could be devastating. Do you really want to be stuck paying off someone’s car, lease, credit card, or mortgage payment? Sometimes it is hard to say “no”, but consider the alternative. Your credit could even be affected if you do not fulfill your responsibilities as a co-signor.

Many soldiers have sought legal assistance over the years for debts for which they have co-signed. Sometimes a co-signor can successfully pursue the principal borrower but usually that is a fruitless effort. Also, think about the damage to the friendship, or relationship, if the co-signor gets contacted to make a payment on a debt. Usually, the co-signor gets “stuck” with the loan when the principle borrower does not pay. The principal borrower may lose his or her job, may go bankrupt, or simply just not pay. The vast majority of co-signors are asked to make payments on a loan.

If you are considering co-signing for someone, you may first want an attorney to review your loan paperwork. On Torii Station, please feel free to call 652-4332 to make an appointment with a legal assistance attorney.