

Be kind to others but be kinder to yourself

Acting as a guarantor to a loan can be easy but it has huge responsibilities and is a highly risky affair. Some have even been declared bankrupt just because they consented to act as a guarantor and the borrower defaults.

According to the legal requirements, anybody can be a guarantor provided he or she is above 18 years old, not a bankrupt, is of sound mind, able to comprehend the conditions and the consequences of guaranteeing a loan and entering the agreement on his or her own discretion without any coercion from another party.

Acting as a guarantor means that if the borrower is unable to repay the loan, you become legally liable to pay the outstanding balance. This can include not only the original amount borrowed, but also the interest and other legal charges. Besides that, you don't own the rights to claim on the properties or goods that the borrower has purchased using the loan.

BEFORE YOU BECOME A GUARANTOR, CONSIDER THE FIVE QUESTIONS FIRST:

1. What is the total amount borrowed?

2. How responsible is the borrower?

3. Does the borrower have a regular income stream from employment?



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4. Does the borrower have any other sources of income to repay the loan if he/she is unemployed?

5. Can you (the guarantor) afford to repay the total amount of the loan if the borrower cannot or will not honor the loan?

Before giving your consent to act as guarantor, you must fully understand all the risks involved, the financial woes you might face and most importantly – can you afford to sacrifice your hard-earned money should the borrower fail to make the repayments? It is good to be kind to others but be kinder to yourself when you know you need to.

OFFERING a helping hand to someone you care about to have a financial breakthrough in their lives is noteworthy but when it can ruin your own financial life, you may really want to think twice before doing it.

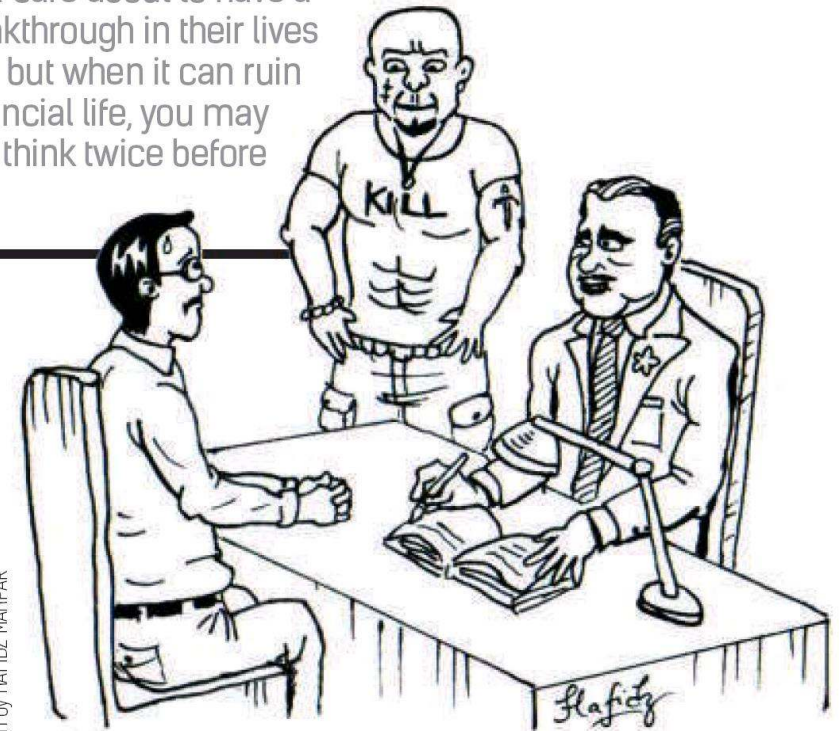


Illustration by HAFIDZ MAHPAR

"We don't require you to have guarantors. We have our own 'guarantors' that guarantee you repay your loan."