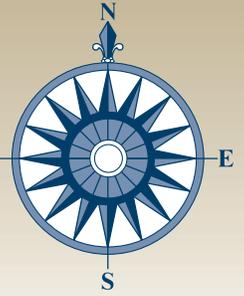


CO-SIGNING



It is poor judgment to countersign another's note, to become responsible to pay for his debt.

PRINCIPLE OF THE WEEK

This principle may be difficult to understand because we are taught to help those who are in need. It is especially difficult when it is a close friend who is asking for a favour. Banks and lending institutions are created for people who have needs; it is their business. If the bank has refused to loan the money or their family has not responded to the need, there may be a good reason for us not to get involved either. If the person has been unwise in managing their finances, why should we support these actions and become part of their problem? To say no may in fact help the person face their problem and get the help they really need. If a person has not earned the credibility to get a loan, then it is probably not wise for us to co-sign either.

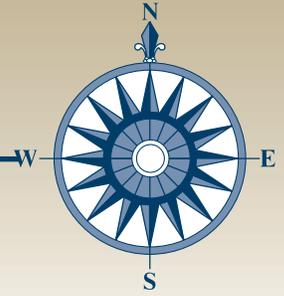
Not co-signing a note is a principle that has proven many times to be good judgment from a practical and relationship standpoint. When a co-signer has to pay someone's debt, friendships are lost and the person unable to pay the debt feels ashamed and may disappear. Co-signing violates many common sense principles. First of all, each of us should take responsibility for our own debt. In many cases, the person who asks for co-signing has not been faithful or responsible to the bank, family or others; otherwise the person might not be in this situation. When we don't manage our affairs right, we end up losing what we already have. If you want friends to remain friends, don't co-sign for them. There can be exceptions to the rule; however you will incur risk. There are several things to consider before co-signing for someone else's debt. Is the person known as being ethical, honest and of good

character? Is what this person wants a necessity or merely a desire? Has this person been living within his means? Why is the family not responding to this need? If we really believe in our brother who has a problem, we can be generous and create good will by giving him money as a gift, asking nothing in return. If you do give him money, make sure you add counsel to help him out of his situation, or you may have helped in vain. This could build lasting relationships rather than having to pay the debt and lose the friendship in the end. Before considering co-signing, discuss the matter with family and friends. The amount we co-sign for should never affect your family in case you have to pay for the loan.

BENEFITS

1. By saying no to co-signing we may be doing a favour. We will need to give the reasons why we are saying no but this serves as an opportunity to help them see things from a different perspective. We may build a lasting relationship rather than lose a friend if they are not able to pay.
2. If we give them money as a gift with no obligation to repay, we earn the right to be heard and may be able to speak into their life, helping them make different choices to get what they want.

Action Plan for CO-SIGNING



STEPS TO FOLLOW

1. The family unit should take responsibility to direct and discipline its members to work to meet the needs of the family first.
2. Wants and desires should only come from earning extra after responsibilities are met.
3. The family should pull together to help each other out when there is a genuine need.
4. A loan from a bank or others should never be taken out for wants.
5. Seek counsel from family and friends before taking out any loan.
6. Be disciplined and save up for things that are not actual needs.
7. Live within your means.
8. Don't be afraid to say no to a friend who wants you to co-sign, explain what your reasons are.

If we would take all the money in the world and distribute it equally to each individual, at the end of ten years, rich people would be rich again and poor people would be poor again. This assessment is based on human behavior, how we handle finances and the way we think about money. By following universal principles we will give ourselves an advantage and we will be successful in life.

Remember...

*thoughts produce actions,
actions produce habits,
habits form our character,
and character determines our destiny!*

REFLECT AND RESPOND

Have you co-signed for someone and regretted it? Why? Did you remain friends?

Did you feel pressure to co-sign?

If you didn't co-sign did you feel guilty? Was it better judgment than doing it?

Evaluate yourself from 1 to 10	1	2	3	4	5	6	7	8	9	10
Why did you give yourself this rating?										
Benefits of raising your rating?										
What specific action will you do this week? (eg. what, with whom, when)										