

Surety—What If You Have Already Cosigned a Loan?

Statistics demonstrate that in more than 50 percent of instances when someone has cosigned, it is the cosigner, not the borrower, who ends up paying the loan. If you have already cosigned for a loan, I strongly recommend that you take the advice given by God to do everything possible to free yourself from the financial obligation related to cosigning. Proverbs 6:1–5 states,

My son, if you have put up security for your neighbour, if you have struck hands in pledge for another, if you have been trapped by what you said, ensnared by the words of your mouth, then do this, my son, to free yourself,... press your plea with your neighbor! Allow no sleep to your eyes, no slumber to your eyelids. Free yourself, like a gazelle from the hand of the hunter, like a bird from the snare of the fowler.

The words “have struck hands in pledge for another” mean that you have shaken hands confirming that you are responsible for the financial obligation of some one else.

God’s Word is clear that if you have cosigned for someone else, you should do everything possible to free yourself from that responsibility. Here are some practical suggestions to do this.

First, I recommend that you spend some quality time in prayer acknowledging that you have violated one of God’s principles and asking God to provide a way for you to free yourself from the “cosigning obligation.” In some cases, that will require a miracle from God.

Next, I suggest that you approach the lender and see if it is possible to free yourself from the legal obligation. However, unless the borrower’s credit rating or assets have improved significantly since the loan was taken out, most lenders will not release a cosigner.

Another option would be to see whether you can find another financial institution that would lend money to the borrower *with no cosigner*. Once this is accomplished, you could have the borrower use the funds from this loan to pay off the original loan that you cosigned.

Generally, if a lending institution has requested a cosigner in the first place, there is a high probability that the borrower was not a good credit risk. Frequently, people are not a good credit risk because historically they have not managed their money well. If this is the case, you can certainly reduce your risk of being liable for the loan by encouraging and assisting the borrower in managing his or her finances. I strongly recommend the materials provided by Crown Financial Ministries, whose focus is to teach God’s Word on managing money. The web site is www.Crown.org.

Proverbs 11:15 states, “He who puts up security for another will surely suffer, but whoever refuses to strike hands in pledge is safe.”