## The Management Principle of

## **Co-Signing**

"It is poor judgment to countersign another's note, to become responsible for his debts." Proverbs 17:18



By John E. Schrock, Businessman

Underline the key concepts found in this principle.

This may seem difficult to understand as a generous-spirited Christian, because we are taught to help those who are in need. It is especially difficult when it is our Christian brothers or sisters who are asking for the favor, because all ethical Christians want to respond to the needs of our brothers. However, 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?
- 2. Is what this person wants a necessity, or merely a desire?
- 3. Has this person been living within his means?
- 4. Why is the family not responding to this need?

Banks and lending institutions are for people who have needs, it is their business. If the bank or the family is not responding to the need, there may be a good reason for us not to get involved either. If the person has been unwise in managing the finances, why should we support these actions and become a partaker of the trouble? To say "no" may really be helping the person. Banks are in the business to make loans. If a person has not earned the credibility to get a loan, then it is probably "poor judgment" to co-sign for him.

God's plan is to have the family unit take responsibility for its members first. They are to direct and discipline them so that their needs are met—not their wants or desires. Wants and desires should never be met by banks or personal loans, they should only come from earning beyond responsibilities. If we want friends to remain friends, don't cosign for them. There can be exceptions to the rule, however, you will incur risk.

Not co-signing a note is not only a principle of the Kingdom of God, but has also proven many times to be good judgment from a practical and relationship standpoint. Many times the co-signer ends up paying the note and his friend feels bad and ashamed of himself and disappears. Co-signing someone else's note violates many common sense principles. First of all, we are to 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 advice from others; otherwise, the person might not be in this situation. When we don't make good use or manage our affairs right, "God will take from him that has not, and gives it to him that has" (Matthew 25:29). This was Jesus' own words, because he knew how the financial laws work.

If we really believe in our brother who has a problem, we can be generous and create goodwill by giving him money as a gift, asking for no return. If you do, 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 friends in the end.

This principle is part of the one year character development program:

Foundations For Achievement.

## Thoughts to Ponder:

Co-signing is like paying a person without employing him. It ends with disappointments.

Evaluate yourself from 1 to 10	1	2	3	4	5	6	7	8	9	10
Why did you give yourself this rating										
What benefits will you obtain by raising your rating?										
What specific action can you put into practice to test the benefits of this principle?										
Check list for the daily reading of this principle	M		Т	W	7	Г	F	S		S

Completed

Not completed