

BEWARE GUARANTEEING THE KIDS!

We all like to look after our family and help them get the start in life that we might not have had. When your son, daughter, niece or nephew see that car all bright and shiny, they sometimes find that the lender (sometimes through shark like practices) wants a better security than the car, so they say "What about Mum and Dad, do they own their own home?"

Mum and Dad then sign a document which they haven't had properly explained to them as to how much potential harm it can cause. This document is a Guarantee. Now everybody is happy, because the car is great and takes the kids everywhere they want. Mum and Dad are pleased because they see how happy their kids are.

But wait, there's more. The car crashes and it is too expensive to fix or can't be fixed or the car owner loses his or her job and can't afford the payments any longer. No matter, Mum and Dad signed that Guarantee, so they will have to pay. Only thing is no one tells Mum and Dad. They then find that they are listed with Baycorp for non-payment of the debt and when they want to borrow some money, find out they can't. Worse still they may find that unless they can repay the debt they might have to sell their home.

That is all because they wanted to help out without realising the full impact of trusting their kids too much.

We see these situations week after week and often have to do a refinance of debt to put it right. Sometimes, this will be at higher interest rates because of the credit blemishes. Our advice when signing any legal documents is to seek sound legal advice from an independent lawyer. Be very wary of taking advice from the people selling the car or the finance people they have directed you to. Never waive the option of taking independent legal advice when it comes to documents (like Guarantees) which are complex or that you don't understand fully.

Remember: The pain of regret will far outlast the good feeling of the instant fix.

Think about this: Often our kids are in far better shape earnings and knowledge wise to handle their futures than their parents were. The difference is they want it now, you had to wait. Things given out on a platter are generally not appreciated to the extent they should be. Let your kids do the hard yards too. It will make them grow to someone you will be more proud of.

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