

# Public Service Announcement

## What does it mean to co-sign a loan?

**Start Date: June 20, 2023**

**End Date: June 23, 2023**

## Nunavut-wide

**90 sec**

Cosigning a loan means you are legally responsible to pay back the loan if the borrower fails to meet their payment obligations. This does not mean you receive ownership of the property the loan is for. You might be asked to co-sign a loan for a vehicle, an ATV, a boat, jewelry, or a mortgage.

To co-sign a loan, you must have a strong credit score. You may be asked to co-sign a loan when the person applying for the loan is not qualified for reasons such as having insufficient credit history, a history of defaulting on loan payments, unsteady income, and a bad credit history.

Before cosigning a loan:

- Obtain copies of the paperwork, understand the terms of the loan fully and know the total loan amount.
- Ensure that you can afford to pay the debt, late fees or collection costs if the borrower defaults or falls behind on payments.
- Consider the consequences and what co-signing a loan will do to your credit score, as this loan will appear on your credit report.

If someone asks you to co-sign a loan, or if you ask someone to co-sign for you, carefully consider how this could affect your financial situation as well as theirs.

For more information, contact the Consumer Affairs Division at [consumerprotection@gov.nu.ca](mailto:consumerprotection@gov.nu.ca) or 1-866-223-8139 (toll-free).

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## Communications