

State Department Federal Credit Union

Topics of Interest

Know Your Loan Terms: *Co-Applicant vs Guarantor*

When applying for any loan, it is always important to read all the written disclosures and understand all the terms that are listed. Disclosures notify you about your responsibility for the loan.

Co-Applicant: A person who signs as a co-applicant on a LOANLINER® plan agrees to be a co-applicant on each and every LOANLINER plan service that either party may apply for in the future. A co-applicant is bound by the terms of the agreement for each service used.

When applying as a co-applicant:

- You are applying for joint credit with the applicant - both parties are equally responsible for payment.
- Both parties benefit from the proceeds of the loan.
- This loan information will appear on each party's credit report.
- You must be an SDFCU member or in the SDFCU field of membership.

Example: If you sign as a co-applicant for a car loan with your spouse, you are also a co-applicant on each and every future loan with the Credit Union under the current LOANLINER plan - including personal loans, MoneyLine credit advances, credit cards, and car loans. If you do not want to be a co-applicant on future loans, you can request to have your name removed from the loan plan. If you do not remove your name, you are responsible, along with the applicant, for each and every loan that is processed.

Guarantor: A person who signs as a guarantor signs a separate agreement and guarantees that the applicant will meet the specific obligation set out in the guarantee itself. A guarantor is only liable for one specific loan. Unlike a co-applicant, a guarantor may not apply for any future advances, and the loan does not benefit the guarantor.

When applying as a guarantor:

- You may help a member who may not qualify on his/her own (such as a parent being a guarantor on a child's car loan).
- You are only responsible for this one specific loan.
- You do not need to be an SDFCU member or in the SDFCU field of membership.

If you have any questions, please contact our Member Service Center by email at sdfcu@sdfcu.org or by phone at 800-296-8882, outside the D.C. metro area or 703-706-5000.