

## Guarantor Information Sheet

For students who do not have an adequate independent source of income, landlords may require that the tenant find a guarantor. A guarantor is someone who guarantees the lease obligations will be paid who can show they have enough income to keep up with the rent. The agreement they sign is called a guaranty agreement.

Most undergraduate students do not have adequate independent income to assure they will be able to pay their rent, so it is very common for landlords to require that they have guarantors.

Here are a few things your guarantor should consider:

- Guarantors are liable for the same financial obligations as the tenant. This includes any joint and several liabilities the lease may include. Most parents are comfortable guaranteeing payment of their own student's rent but may be less comfortable if they realize they are guaranteeing payment of all of the tenants on the lease.
- Some guaranty agreements provide that the guarantor is obligated to the lease being signed and any renewals or extensions of that lease. If enforceable, that provision means they would continue to have financial responsibilities for more than just that one year without signing another agreement.
- Landlords can and do hold guarantors responsible for unpaid obligations under the lease. Guarantors should be sure they understand all possible obligations under the lease contract. When thinking about possible obligations, think about the worst-case scenarios – Is the guarantor comfortable agreeing to obligations that would accrue if one roommate stops paying rent? If one tenant accidentally burns down the building? If there's a global pandemic and the tenant will not be living there anymore?
- A comprehensive renter's insurance policy can mitigate some (but not all) of the risk.
- Outstanding obligations can negatively impact guarantors' credit. Guarantors with significant unpaid obligations may find their ability to get credit is damaged, including for things like getting Parent Plus loans.
- If a landlord gets a judgment against a guarantor in court, they can execute against their assets like their home, bank account, vehicles and other property.