

# GUARANTOR ADVICE

## What is a Guarantor?

If you are borrowing in the name of a company your bank will almost always require the directors to personally guarantee the loan.

This means that you, as the director, become personally liable for the borrowing company's obligations under the loan in the event that the company is unable to perform such obligations.

## What is Guarantor Advice?

Guarantor advice is the provision of detailed legal advice relating to the loan and requires the lawyer providing the advice to execute a "legal advice certificate".

The lawyer needs to review the loan documents and provide you with advice as to your rights and obligations under the loan.

## So why do I need Guarantor Advice?

You need guarantor advice to satisfy the banks that you understand your rights and obligations under the loan and are becoming a guarantor of your own free will.

The reason for this is that:

- Many of the clauses in the bank guarantees are inherently unfair on guarantors; and
- The terms of guarantees can be complex.

### **The most important thing however is...**

That obtaining guarantor advice and certificate to that effect does NOT protect you... it protects the bank.

## How does it protect the bank?

Guarantor advice protects the bank from claims from claims by Guarantors that they did not understand the requirements of the loan or alternatively that they were forced to execute the documents.

# How can we help you?



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