

A guide to being a Guarantor

What does it mean to be a Guarantor?

This information sheet is designed to explain the reasons for requiring a guarantor and the implications of acting as one. We hope that this will answer any questions that you may have and allay fears. However, if you have any further questions please do not hesitate to contact our offices.

Who would require a Guarantor?

We would require a guarantor if the prospective tenant cannot show sufficient financial strength in their own right. This may be for a variety of reasons none of which may reflect any adverse financial history, although this may be the reason. These can range from not being a UK resident to being a beneficiary of a trust. If we are provided with all relevant and accurate information relating to an application, we can usually advise prospective tenants whether they will require a guarantor or not, thus avoiding the embarrassment of putting in an application which is then declined. However, there are occasions where adverse history is only brought to light at the point of application and therefore the tenant may be invited to reapply with the support of a guarantor.

What are the process and criteria of being a Guarantor?

Where the tenant requires additional support by way of a guarantor, we will request that the proposed guarantor fills in an online application form and our external referencing company will then carry out the credit check and referencing on the guarantor. As a rough guide the guarantor will need to show that their gross income is at least three times the annual rent of the property and that other financial burdens do not compromise the guarantor's ability to pay the rent in the event that the tenant does not. Guarantors will also require a clear credit file of no CCJ, IVAs or Bankruptcy.

Responsibilities and signing of the tenancy agreement

Assuming that the referencing process can now be completed and that the Landlord is happy to proceed on the basis of the referencing agency's findings, the guarantor will then be required to sign the tenancy agreement along with the tenant/s. By doing so the guarantor will become ultimately legally responsible for the payment of

rent and any late rent charges that we cannot recover from the tenant. They will also be liable for any damage that is inflicted on the property over and above the value of the deposit held (we do recommend that tenants hold Contents Insurance which covers damage to the Landlord's possessions, so it should be rare that we need to go to the guarantor for excess damage).

In the event that we are managing the property, our accounts team will advise the guarantor if the rental account falls into arrears. However, if we provide a Let Only Service for the Landlord, we will not know whether the tenants are paying regularly or not and so must advise the guarantor to ensure that they are kept fully informed. Although we feel it is vital for any prospective guarantor to completely understand the implications of their position and this involves spelling out the worst case scenarios, we would like to say that in our experience the vast majority of tenants fulfil their obligations and pay their rent in full and leave their properties as they should at the end of their tenancies.

How do I stop being a tenant Guarantor?

The Tenancy agreement guarantee entered into with PJC remains in effect for the duration of the term that the tenant is in occupation of the property and therefore will not be revoked until vacant possession is obtained.

Declaration

To be signed upon completion of references and prior to contacts being drawn up

I AGREE TO STAND AS A GUARANTOR FOR THE PROPOSED TENANTS(S) AT THE AGREED RENT STATED IN MY APPLICATION FOR THE LENGTH OF TIME THAT THE SAID TENANT REMAINS IN OCCUPATION AT THE PREMISES. I WILL ENSURE THAT THE PREMISES ARE LEFT IN THE SAME CONDITION AT THE END OF THE TENANCY AS THEY WERE AT THE START OF THE TERM (FAIR WEAR AND TEAR AND DAMAGE BY ACCIDENTAL FIRE EXCEPTED) AND WILL INDEMNIFY THE LANDLORD AGAINST ALL LOSSES CAUSED BY THE TENANTS BREACHES OF THE TENANCY AGREEMENT AND ANY OTHER AGREEMENT THAT MAY COME INTO FORCE BETWEEN THE SAID TENANT AND THE LANDLORD.

(I UNDERSTAND THAT SUBMISSION OF THIS FORM DOES NOT CONSTITUTE ACCEPTANCE OF THE APPLICANT OR GUARANTORS APPLICATION OR ENTRY INTO ANY TYPE OF TENANCY AGREEMENT WHATSOEVER. YOU WILL BE REQUIRED TO SIGN THE TENANCY AGREEMENT PRIOR TO THE COMMENCEMENT OF ANY LET).

- I CONFIRM THAT I AM OVER 18 YEARS OLD AND HAVE READ AND UNDERSTOOD THESE TERMS AS STATED.**
- I DECLARE THAT ALL THE INFORMATION THAT I HAVE GIVEN IS CORRECT AND MAY BE VERIFIED. I GIVE PERMISSION FOR MY EMPLOYER/ACCOUNTANT/PENSION PROVIDER TO DISCLOSE DETAILS OF MY SALARY/INCOME TO PAYTON JEWELL CAINES AND/OR LET ALLIANCE REFERENCING. I UNDERSTAND THAT SUBMISSION OF THIS COMPLETED FORM CONSTITUTES ACCEPTANCE OF PAYTON JEWELL CAINES TERMS.**
- I CONFIRM THAT I HAVE ASSESSED AND MEET THE INCOME TO RENT RATIO REQUIREMENTS AND HAVE CHECKED MY CREDIT FILE TO CONFIRM THAT I HAVE NO ADVERSE CREDIT.**