



About a dozen people, after reading last week's article on co-signed loans, asked if I have any opinion on lending money to friends. You might say I do. There's no time like the present to bring the topic up, since without a doubt, it's an area that many of us easily identify with. And there's nothing like a story to make things real.

Let me relay a true story – honestly, except the names have been changed to protect the innocent, and possibly those who think they're innocent.

Edwina and Rose met for the first time in either Grade one or two. Neither knew what drew one to the other, but within weeks of their first meeting they were inseparable. They remained so for the rest of their school years, after which both went off to what was then "Trade School" pursuing, you guessed it, the same course.

As was fashionable in the mid to late 70's, they both married in their early twenty's, Rose to a well paid professional, and Edwina to a skilled trades person who earned an above average salary for the day. Rose and her husband moved back "around the bay" where he found a good paying job. They bought a property which had been owned by his grandparents but which required some upgrades, repairs and improvements. Edwina continued to live in the capital city with her husband, renting at first but eventually purchasing a fairly large home in an upscale neighbourhood. By both couples third anniversary they each had 2 children; for Rose a boy and girl while Edwina boasted about her a girl and boy.

All was bliss, love and kindness in Rose's household. The only discord was about the amount of the horrendously high telephone bills resulting from calls between She and Edwina. They talked daily, some times twice or more and today's long distance "packages" hadn't been invented at the time. Besides, things in Edwina's life weren't so great and Rose was trying to help and be supportive. Edwina noticed her relationship changed by the birth of her daughter. Things did not improve. Just before the little girl's third birthday the husband didn't come home one day. She learned from his parents about a week later that he'd moved to the Northwest Territories and would not be back.

While Edwina had worked outside the home during her marriage, her income was simply inadequate to keep all the balls in the air on her own. Rose on the other hand, was a stay at home mom. But because of the choices she and her husband had made, not only were they enjoying a reasonably high standard of living, they had also managed to set aside a fairly decent amount in savings – remember now, this is a couple still in their late 20's.

Because of Edwina's "crisis", and their long-standing friendship, Rose decided to "offer" some financial help. She did so with her husband's encouragement and support, and \$2,000.00 was promptly dispatched into Edwina's bank account to keep the mortgage and other debts up to date until her house sold. Everybody was confident that the house sale would resolve all the problems and returning the \$2,000.00 was not felt to be an issue.

But after the payment of real estate and legal fees, along with the mortgage, an amount Edwina's husband owed to the Federal Government and several credit card accounts, there was just over \$500.00 remaining in cash; and it had to be split with her former husband.

"But not to worry", Rose assured Edwina, "you'll pay us back sometime". They both comforted the other with the knowledge that the whole sordid situation was now behind Edwina.

Edwina lived with her parents for about 2 years. She traveled regularly "around the bay" to visit her best friend and on one of these trips was introduced to "a friend of a friend of a friend". Within 6 months they married. The new husband was himself recently divorced and was coming from a childless marriage. He was very well educated, and earned twice as much as Rose's husband. It was only after the marriage however, that everything was fully disclosed. He had a huge debt load, most of which was behind. He was about to see an attachment placed on his salary. This prospect was mortifying for him because of his professional status. He'd agreed to adopt Edwina's 2 children and was perceived by all and sundry to be better than the best thing ever have come out of Rabbittown. And now this crisis!

Edwina and he agreed to approach Rose and her husband. They needed about \$5,000.00 which they would gladly repay over time, along with the \$2,000.00 which had been advanced earlier. Rose's husband was skeptical but she was gung-ho and eventually he agreed.

Six months evolved into 12 and on to 18. Three years later nobody's paid a dime and "Mr. Rose" tells her that he's about to talk with "Mr. Edwina". Somewhat embarrassed, Edwina's husband promised to start paying from his next paycheck.

About 10 days later, they received by mail, not the first payment as they'd expected; but rather a series of documents which did not make a great deal of sense to either of them. A few discreet inquired revealed that Edwina and her husband had made an assignment in bankruptcy about 48 hours after Rose's husband had been assured that payments would start. Surely there had been a misunderstanding, so a phone call to Edwina was made. The number had been changed to unpublished. A phone call to the husband's office resulted in an embarrassed secretary relaying to Rose and her husband, that she'd been instructed not to put any calls through to from either of them.

On a visit to the city several weeks later the door was closed in their face. So ended a 30 plus year friendship.

What was devastating for Rose, and to a lesser degree her husband was not the loss of \$7,000.00 and the other lost financial opportunities, but rather the lost relationship this series of events had been wrought upon them. They both acknowledge, even years later, that they would have felt better about the loss, if some explanation had been made or some reasons given. They mourn the loss of the relationship much, much more than they do the \$7,000.00.

So if you're about to lend a friend or family member any amount, ask yourself first "Can I afford to lose this amount outright". Based on the resulting thoughts, you next need to ask yourself; "How will I feel if I'm not repaid", and "Will I still consider these people trustworthy".

Who was it that said "Neither a borrower nor a lender be".

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