



Signs Of Debt

By Sarah Stachiw



Sarah
Stachiw

It seems that every time we scroll through our newsfeeds or watch the television these days, all we hear is more bad news. Between the recent interest rate hikes and the threat of more to come, piled on with inflation, shrinkflation and the never-ending food and gas prices, it's no surprise that Canadians are struggling. We know that more families than ever are struggling with debt, and many are too embarrassed to seek financial help. As a condo manager, you likely see signs from some of your owners but may not be aware that they are financially stressed. Let's look into some tell-tale signs that you can watch out for.

One of the first signs you will likely see is condo fees not being paid on time or at all. You may be annoyed or frustrated, but taking a step back is essential. Your owners are not avoiding payments to make things

difficult for you, even though it might feel that way at the moment! They are likely struggling with debt, feeling overwhelmed, and over their heads with worry and bills. Often debtors will avoid their creditors, and, in this case, they will avoid you! They may know your schedule and avoid leaving their suite when they know you are around in case they bump into you. They may be trying to juggle debt by bouncing cheques, transferring balances from one account to another and trying to pay minimum balances. One major problem is when debts aren't paid in full and will likely incur extra costs from credit card interest or bounced cheque fees. If possible, email them and let them know you want to work with them to set a payment plan. Letting them know that you aren't looking to add stress to their situation—whatever it may be – and that you need to have a payment plan set up to settle any outstanding balances.

Another sign that may indicate someone is struggling with debt is additional

mail, which may be stamped “Overdue” or “Past Due.” Often when someone is in debt, it's not just one bill they are avoiding, which means their creditors will be trying to get paid. If the debt continues, you may notice utilities being cut off.

One more significant sign that someone is in debt is that they are selling items or even going to the extremes of selling their condo. Often the first response will be to downsize to create more cash flow. This could be by subletting an extra room, selling off additional items, or choosing to downsize their living arrangement and sell their condo to pay off their debt.

More than half of all Canadians are living paycheck to paycheck. While that may not be a surprise, it means that every person who doesn't have savings is only one emergency away from being unable to handle their monthly bills. This could be anything from a medical expense, loss of a job, death of a loved one, car accident, or one of many

other situations. By keeping relationships with your owners, you will be able to have a handle on who may be one circumstance away from being in debt. You may consider having a social get-together with your owners. Giving people a social setting will not only provide comfort to those who may have been feeling isolated over the pandemic, but the owners will likely be more willing to be open and honest with you if they have a social relationship.

You may know that one of your owners is in debt, but what options do they have to get out of debt?

Credit Counselling

Credit counselling can provide the tools and knowledge needed to take control of finances or debt from credit cards, payday loans, wage garnishments and more, and builds a secure financial future by better managing debt while staying out of unnecessary debt.

Debt Consolidation

A debt consolidation loan consolidates all creditors into a single loan.

However, unlike other debt-relief options, the debtor is required to pay back 100% of the debt with interest.

Consumer Proposal

A debt relief specialist will work within an individual's financial situation and budget to determine the terms of a proposal. Once terms are accepted by the individual and the proposal is submitted, relief is in sight. Right away, creditors must stop all actions. This includes you. If you are informed that an owner has filed for bankruptcy, you cannot call them asking for payment. For the person in debt, this option means no more phone calls, garnished wages, and any active lawsuits end. Typically assets are kept, and the individual has up to five years to pay off the agreed-upon amount.

Bankruptcy

Before we recommend that someone declares bankruptcy, all other options, such as a Consumer Proposal, are examined in detail. However, in some cases, declaring bankruptcy can be the

best option to eliminate debt and allow the individual to start over with a clean slate. Declaring bankruptcy may be easier than you think. The time to make payments depends upon whether or not they have been previously bankrupt. A Licensed Insolvency Trustee can walk the individual through all the steps of bankruptcy before deciding if this is the right option.

By knowing what resources are available, you may be able to help your condo owners get back on track and keep them as owners! It is important to know that only a Licensed Insolvency can restructure and manage debt under Canada's bankruptcy and insolvency law. Debt can happen to anyone. Knowing there are options and how to seek help will give you the upper hand in managing debt. ■

Sarah Stachiw is the Communication PR Specialist with Bromwich+Smith. Sarah has a background in Property Management Marketing and social media. She enjoys sharing financial tips to make financial wellness accessible to all. bromwichandsmith.com



588 Edward Avenue, Unit 49
Richmond Hill, ON L4C 9Y6
P 905-737-0111 F 905-737-4046
(Guelph Region) P 519-827-1757

- Reserve Fund Studies
- Performance Audits
- Condition Assessments
- Specifications & Tendering
- Forensic Engineering
- Roof Consulting
- Construction Review
- Contract Administration



PRACTICAL APPROACHES ■ SENSIBLE RESULTS

www.brownbeattie.com

