



# COVID-19 FINANCIAL PRIMER

Helping you financially navigate and thrive  
during these unprecedented times

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## A Note from Kyle Green

Wow, what a crazy few weeks we have all experienced. Our team has been working tirelessly to answer all of your questions during this uncertain and difficult time. To help you navigate your specific situation, we have put together an in-depth guide that covers The Green Mortgage Team's perspective on what is happening in the world today and how you can adjust.

One important thing I want to remind all of you is that you are not alone in this. We are all going through this together and we will all come out of this time together.

As always, please feel free to reach out to us if you have further questions at [Info@GreenMortgageTeam.ca](mailto:Info@GreenMortgageTeam.ca) or 604-229-5515.

We are here to help you navigate this unprecedented time.

Wishing you health and safety,



Kyle Green  
Owner  
Green Mortgage Team



# Impact on Financial Markets

The stock market has taken a beating, with many stocks falling 35%-40%, and many (like airlines, marijuana, etc.) dropping 80%-90%. The S&P/TSX market has fallen from 17,843 to 12,685 in just over one month. These are extraordinary drops. The biggest concerns have primarily been job losses and concerns over supply chains.

## S&P/TSX Overview



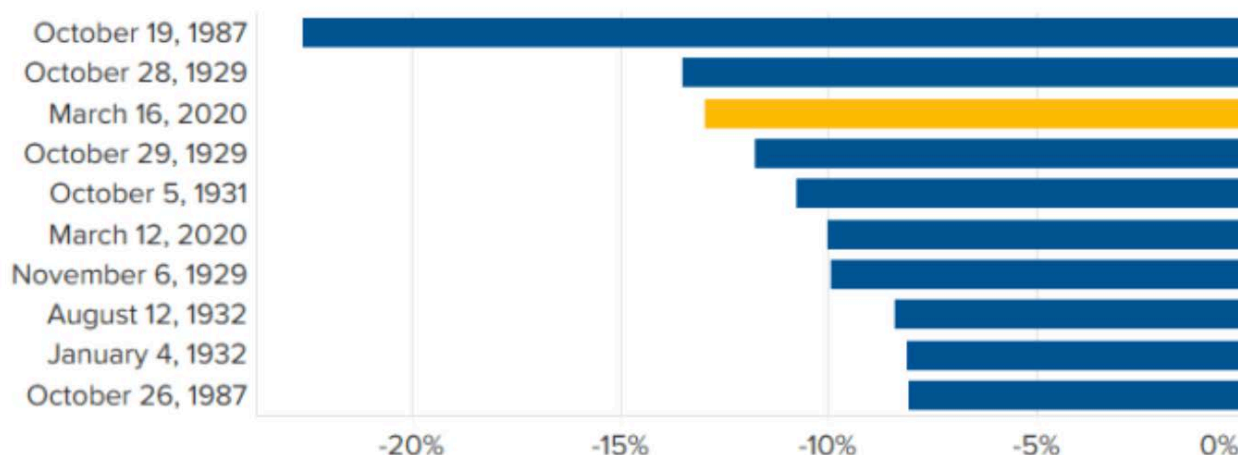
Prev. Close	12,685.97	Volume	453,377,950	Day's Range	12,630.58 - 12,962.96
Open	12,942.91	Average Volume (3m)	317,800,268	52 wk Range	11,172.73 - 17,970.51
1-Year Change	- 21.48%				

In our opinion, the market was already overpriced. Last year, the bond yield curve inverted (i.e. short-term money cost more than long-term money), which has been a very accurate leading indicator for market crashes in the past. This, coupled with the tariff situation between the US and China, would have led one to believe the markets would be going down. Instead, they rallied. It was a little baffling. The COVID-19 issue seems to have been the straw that broke the camel's back and sent markets spiralling. In fact, two of the top ten largest single-day market drops now belong to the Coronavirus impact.



# Biggest Dow losses of all time

Dow Jones Industrial Average's 10 largest one-day percentage drops



SOURCE: FactSet. Data as of market close on 3/16/2020.



We are not big advocates or advisors of the stock market; however, we do believe that with any crash like this, there will be buying opportunities. Particularly, we have our eye on bank stocks like Bank of Montreal (BMO) and Scotiabank (BNS), which at current prices are paying around a 7% dividend yield and are surely going to rebound after this.

Quantitative easing has begun in both Canada and the US as well, with billions being injected into the financial markets by governments. This is done when interest rates dropping may not be enough to support markets. You can find more information on this here: <https://www.vox.com/2020/3/23/21190712/federal-reserve-unlimited-quantitative-easing-coronavirus>.



## FAQ

### Q: Should I be buying stocks right now?

A: Again, we are not stock market advocates or advisors; however, we think that this is likely a good time to be looking for a deal. There will be money made by many in the stock market in the coming months. Make sure you do your research on an optimal time to buy!

### Q: How quick will the recovery be?

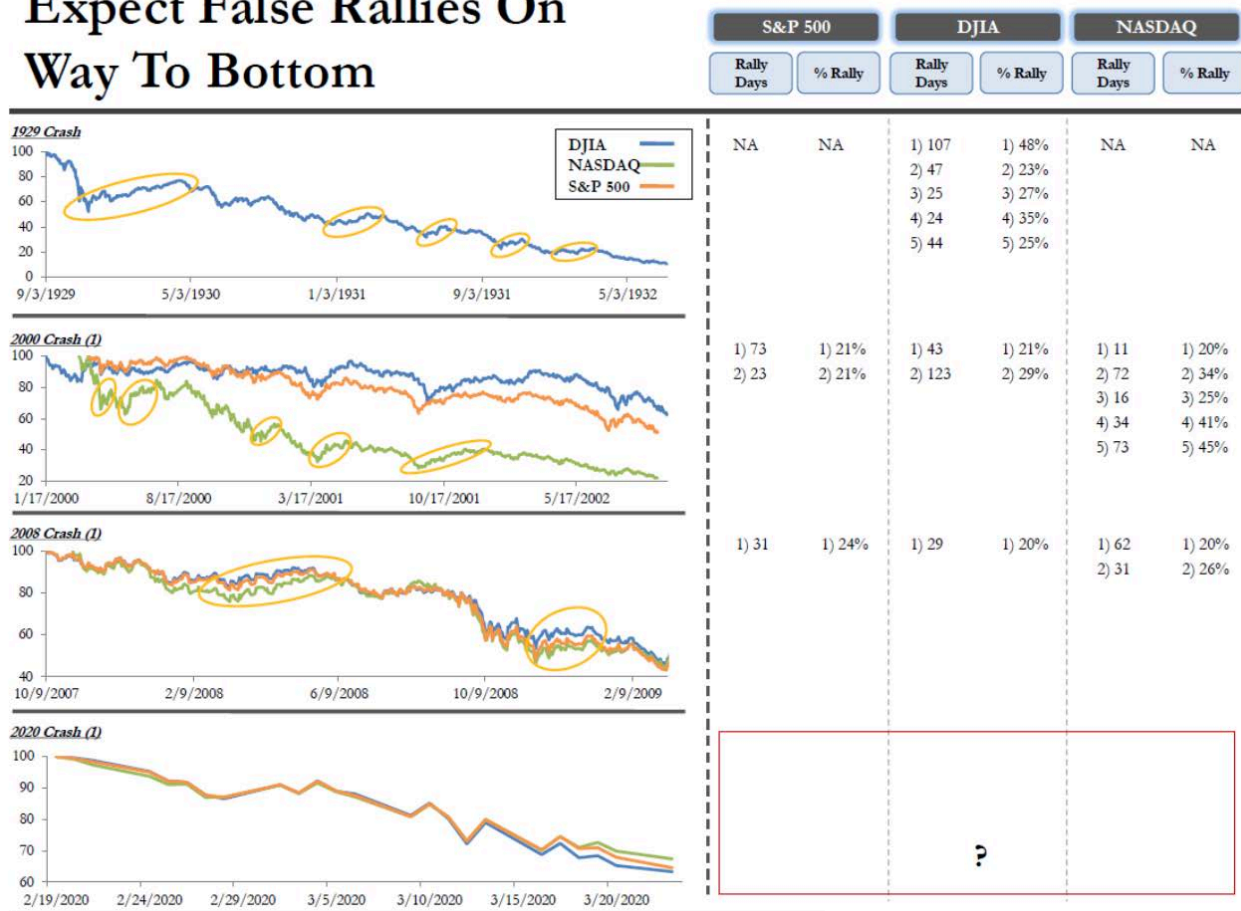
A: No one can say for certain; however, we think most are expecting more of a "V" shaped recovery than a long, drawn out recovery.

### Q: Are we through the worst of it yet?

A: Unfortunately, probably not. If the past is any indication, there will likely be some false rallies.

Email [Info@GreenMortgageTeam.ca](mailto:Info@GreenMortgageTeam.ca) for a full report from Qatalyst. Below is a graph showing previous recessions and false rallies on the way down:

## Expect False Rallies On Way To Bottom



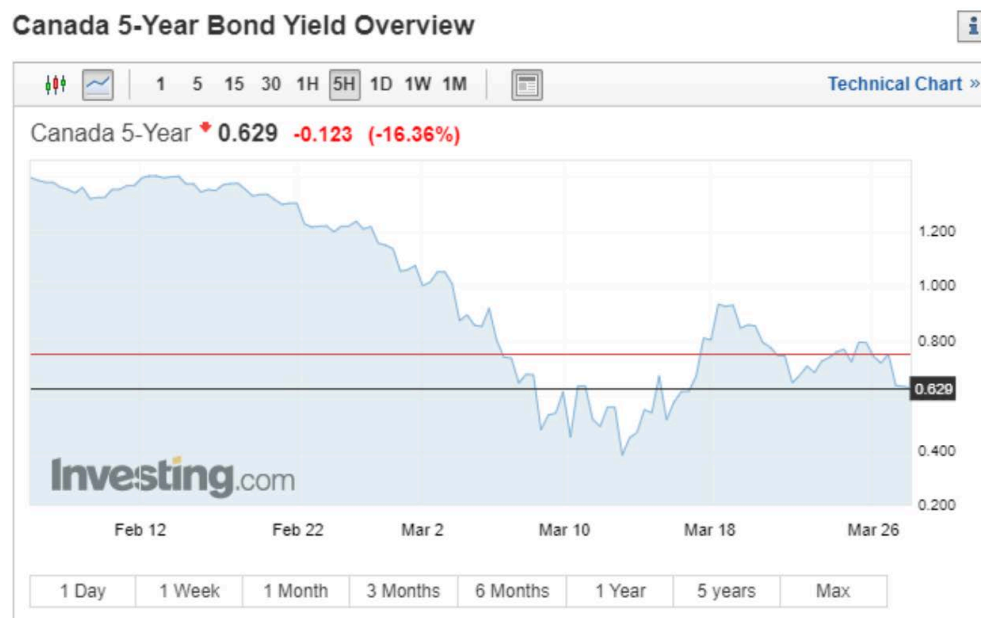
# Impact on Mortgages

The past few weeks have been a wild ride. Mortgage rates fell considerably at the beginning of the plunge, then they had a very quick rebound. We saw mortgage rates initially fall by approximately 0.5% across the board, then quickly rebound and increase by a similar amount on the fixed rate side. It is important to understand the mechanics of how interest rates are determined to better understand what exactly is going on.

## Fixed Rates

Fixed rates are correlated with bond yields, which have fallen considerably. There are a number of other factors involved as well:

Canadian bond yields	Drop of 0.7%, from 1.3% to 0.6%
Spread over bond yields	Increase from about 1.6% to 2.3%
Costs of securitizing loans	Slight increase



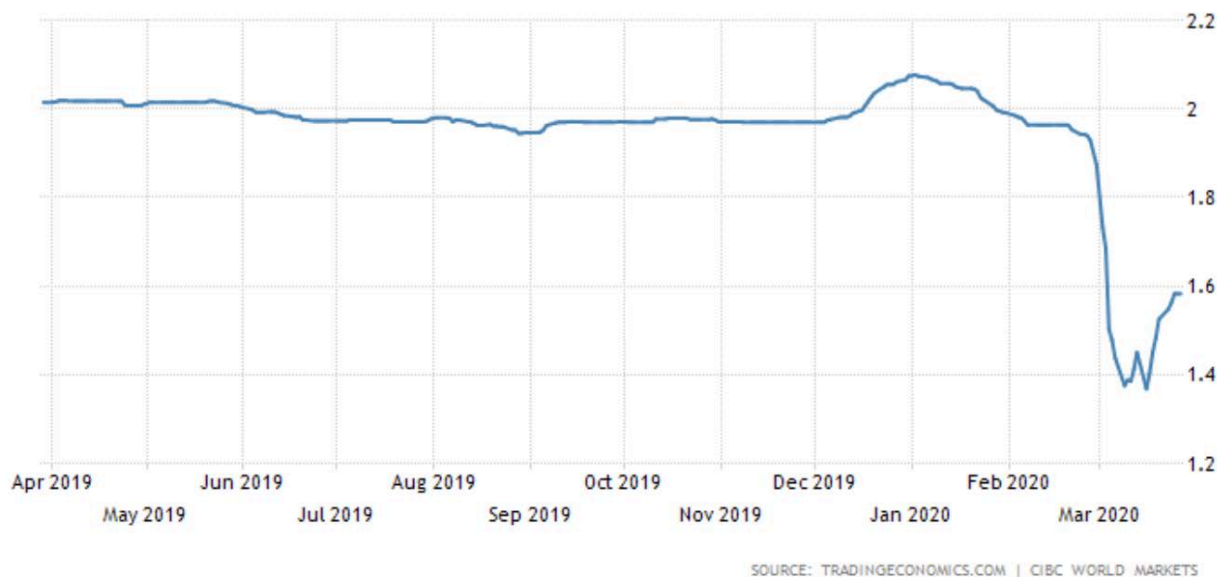
*5 year bond yields in Canada have fallen 0.7% in just 4 weeks*

Bond yields have fallen considerably, which normally would have resulted in a drop in interest rates. In this situation, it did, but only for a short period of time. Fixed rate mortgages were easily found at 2.34% for insured mortgages with many lenders. However, quickly after the drop, rates skyrocketed back up as the cost of funds (the spread) increased significantly as the risk of providing mortgages to people who may be losing their jobs became a real concern. Taking everything into consideration: yes, mortgage rates were going down, for a short window of opportunity.

# Variable Rates

Variable rates also have a few factors involved when determining the net rate to a customer.

Prime Rate (set by the banks)	Drop from 3.95% to 2.45%
CDOR (impacts discounts off prime)	Decrease, then increases
Spreads over CDOR	Increases
Discount off Prime	Decrease from Prime -1.0% to Prime +0.0%
Cost of securitizing funds	Slight increase



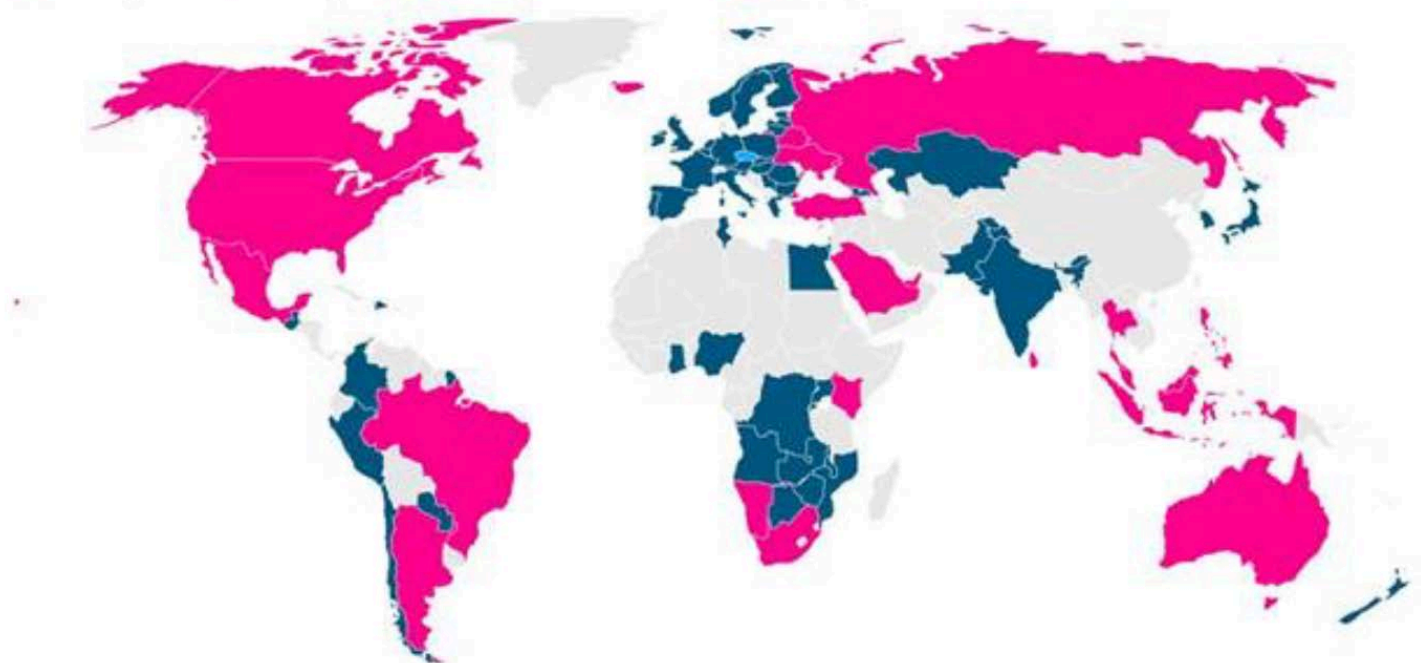
*CDOR Rates fell and then rose again rapidly*

The Bank of Canada has quickly dropped the overnight lending rate by 1.5% in the month of March and the banks have responded by offering the same discounts to the Prime Rate. Canada is not the only country to have decreased policy rates, as many countries have already done so this year. The fact that the banks passed on the entire savings on their Prime Rates was surprising, as the past has taught us that the banks do not always pass on the savings. During the subprime crisis and other times such as the oil price declines of 2015, banks did not always follow the government in step. Don't worry though, they found another way to maintain profitability!





■ Policy rate unchanged ■ Policy rate raised ■ Policy rate cut



Source: Bloomberg

Note: Map shows rate decisions since the start of the year

The biggest change we saw was in the variable rate discounting, with insured mortgages offering Prime -1% and subsequently shrinking considerably. We had one bank advise us on the afternoon of Friday, March 13th that their variable rate would be going from Prime -0.65% to just Prime. It was a massive shock at the time, but also an indication that there was and is likely a lot of downward pressure on the Prime Rates. To ensure new variable mortgages still have a profitable spread, the banks wanted to get ahead of the curve and get rid of their discounts.

We see a lot of parallels between the US subprime crisis of 2008 and today's crisis. In 2008, variable discounts disappeared quickly and went to Prime +0.8%. The advice at the time was to go variable, ride the wave down, then consider locking into a fixed rate later on, or to re-negotiate the variable into a discounted variable once the discounts return. Our advice to our clients today is for the most part, the same as back in 2008/2009.

We took this opportunity to reach out to our clients and advise that there may be a very small window of opportunity to get a discounted variable rate. Within two days almost all lenders went to just Prime on variable rates. We were able to secure some of our clients into discounted variable rates that will now be below 2%.

## Availability Of Funds

Mortgages are still flowing. We have not seen major changes with bank lending criteria at this time with “A” lenders. Surprisingly, there seems to be some apathy shown to buyers who have are firm on a purchase and have been laid off. Situations like this will always be reviewed on a case-by-case basis; however, some banks have told us that if the issue seems to stem from a COVID-19 related lay-off with an expected return to work once things return to normal, they will still allow the bank to fund the mortgage and not pull the loan. This is very encouraging as it is something that is outside of our control and our borrowers’ control too.

Where we have seen some changes is primarily with private lending. Many private lenders have really scaled back. Private lenders that used to finance 75% to 80% of the value of a property are now financing only 65% to 70%. One private lender I spoke with is only financing up to 60% on owner-occupied properties only. That is quite the cut-back, but it is likely because many investors may be wanting to do redemptions and pull funds out. If you have invested in a MIC (Mortgage Investment Corporation), you may find that redemptions will be frozen for a period of time. That said, there are still private lenders that will go to 80% or even 85% – however, expect to pay handsomely.

In “B” lending, we have seen some insubstantial reductions, such as reducing the loan-to-value by approximately 5% across the board.

Commercial lending, on the other hand, is likely to see a pull-back. Commercial bankers have moved their efforts to helping existing customers with payment deferrals, loans, etc., and are less focused on loans that are only in the application stage. We expect commercial banking to get even slower than it already is, and implement tighter funding requirements – especially for retail.

Overall, no big changes in the marketplace for residential money as the government has injected billions into the markets to increase liquidity, but commercial may tighten up substantially for a short period of time.



## FAQ

### **Q: Should I break my mortgage to refinance?**

A: Maybe. If you are in a variable rate, we suggest riding it out right now. If you have a fixed rate mortgage, it may make sense to break the mortgage. IRD (Interest Rate Differential) penalties for fixed rate mortgages can often be quite expensive, so often the cost VS savings is not completely in your favour. There are many circumstances where the savings VS the penalty can be in your favour. For instance, we have a client who is likely to save over \$30,000 in interest and the penalty is only \$10,000. If you would like us to run an analysis on your specific mortgage, reach out to us at [Info@GreenMortgageTeam.ca](mailto:Info@GreenMortgageTeam.ca) or 604-229-5515 and we will take a look at the numbers and determine what makes the most sense for your mortgage.

### **Q: Should I go variable or fixed on my mortgage?**

A: The variable discounts have shrunk considerably, but if your stomach can handle it, in most cases we are still recommending a variable rate mortgage.

### **Q: I have a renewal coming up, what should I do?**

A: We can hold interest rates for 120 days, so if your renewal is coming up soon, we should definitely talk. Even if your renewal date is outside of 120 days, it may make sense to have a rate hold in the event rates continue to climb. At some point, the cost of breaking your current mortgage before renewal could be smaller than the potential savings of the rate you have held compared to market rates if rates keep climbing.

### **Q: I lost my job and need money. Will the bank finance me?**

A: In this situation, it may be hard to get a bank to provide financing. Another solution could be a more expensive private loan to get your finances back in order, and then refinance and pay out the private loan once you are back to work. We expect we will be doing a lot of small private loans over the next few months.

### **Q: What is the current turnaround for financing?**

A: Right now, we are seeing some lenders take as long as two weeks for purchases and over three weeks for refinances, although some lenders are much quicker. Between the much higher volume of applications along with a skeleton staff for many lenders, it's a perfect storm to cause delays.

### **Q: I want to refinance. Should I do it now or should I wait?**

A: Appraisal values are already falling. We will explain in the next section about appraisals. If you are trying to max out on a refinance, best to pull the trigger now instead of waiting.

**Q: Do I need to worry about banks pulling away my HELOC (Home Equity Line of Credit)?**

A: Probably not. HELOC’s are registered in a way where they are technically a “demand” loan. They were not pulled in the subprime crisis of 2008 and it would be unlikely that they would be pulled now. On the commercial side however, things may get hairier.

**Q: Will rates go up or go down?**

A: Nobody really knows. We expect rates to slightly increase for fixed rates in the next few weeks, stabilize, and then a few months later the rates will likely fall slightly as bond yields slowly increase, but more importantly the spreads decrease quickly as liquidity gets back to normal. If you are thinking of locking in your mortgage, our guesstimate is two to six months will be the time to consider locking in.





# Impact on Real Estate

Things are getting really interesting on the real estate side. In Vancouver, the market recovery has been moving in the right direction. Sales data finally turned the corner in July 2019, and since then every month the sales numbers were going up. Prices generally lag behind sales, but there was an expectation that in mid to late Spring 2020 prices would be going up, not flat or down. Many economists were predicting 3-6% increases in home prices in 2020.

Unfortunately, that positive news came to an abrupt end. Quickly we came face to face with situations such as:

- Sellers not wanting people to enter their home;
- Real estate boards cancelling open houses; and
- People worried about their jobs, putting home purchases on hold.

Overall, we are expecting a slowdown in the market, but how much exactly remains unknown. Most economists we are speaking with are expecting a quick recovery. With interest rates as low as they are, it will definitely motivate people to want to buy a home. We expect both supply and demand to decrease at the same time. We would not be surprised to see about a 10% to 15% decrease in home prices over a 3-month period, only to rebound within 2-3 months of the low point.



## Appraisals

Appraisals have drastically changed. Appraisers and lenders have agreed to allow appraisers to do external inspections. What does that look like? Property owners are being asked to open all of the blinds and windows, allowing appraisers to take interior photos from the exterior. They are also asking for additional photos of the interior from the occupants to support their report for the bank. For the time being, appraisers can still generate a report that is acceptable to the lenders, despite the situation.

Appraisal values are also getting affected. We had a property get appraised for \$70,000 less just three weeks after the initial report, and it's not the only example. Appraisers take 3-6 recent comparable sales of similar properties that have sold to determine the value of the property. If the only sales that are occurring right now are "fire-sales" by motivated sellers and opportunistic buyers, then the appraisal values will drop – and that is what we are seeing right now. As mentioned in the in the FAQ section on the next page, if you are considering refinancing, we recommend doing this now, not later. If you wait, the value might not be there to support the refinance.

## Viewing Homes

Expect more 3D virtual tours of homes to be available on listings, giving potential buyers a better idea of what the property looks like without needing to view it in person. We expect sellers will be less keen on having tons of "tire-kickers" coming through their homes, which means more realtors will be asking for pre-approval confirmation before allowing prospective buyers through their sellers' homes. We would not be surprised to see more offers coming in before viewing, with a "subject to viewing" clause.

## Lawyers

A big concern is that the law society and banking regulations do not allow for remote signing, meaning mortgage and title documents must still be signed in person in front of a lawyer or notary. There are big concerns about how many lawyers will still remain open and how they plan on dealing with the epidemic. At the time of this writing, real estate and banking services are being viewed as "essential services" and remain open for business; however, this could change quickly. If you are closing on a purchase, we recommend you get in touch with your notary or lawyer as soon as possible to make sure you are in the system and you are not turned away when you go to close.



## FAQ

**Q: With everything that is going on right now, is now a good time to buy?**

A: Anytime is the right time to buy, for the right price. Right now, there are deals to be had. If you find the right motivated seller who does not have the luxury of time to wait until COVID-19 has passed, then you may find yourself in a position to be able to negotiate heavily on the price.

**Q: What will happen to home prices?**

A: As we mentioned earlier, we would expect a short term dip of up to 10% or even 15%, with a very quick rebound. The number of sales will be much lower.

**Q: Should I wait until the COVID-19 situation is over or should I start the process now?**

A: We highly recommended that you get pre-approved now, especially since there may be some potential rate increases coming down the pipeline soon. Also, if you are patient, there will be some really good deals to be had in the next few months. That being said, there is no need to rush into it. Take your time.

**Q: I have a pre-sale that I have to close on later in the year. Should I be concerned?**

A: Probably not; however, you should definitely make sure your finances are in order to close on it. Better to get organized well in advance. We have had a large number of buyers who anticipated being able to assign their pre-sale and when COVID-19 hit, they did not have a plan B prepared and are in quite a bind now.



# Banking Aid Available

There are a number of banking solutions available to help you get through these times.

## Mortgage Deferrals

Shortly after the the COVID-19 pandemic arose, the big banks came forward proposing that they would be offering up to a 6-month mortgage payment deferral program. It is important to understand that the banks are not “forgiving” this debt. The total amount of the principal and interest portion of your payments will be added to the mortgage balance you owe, which will increase the length of time it will take for you to pay off your mortgage. **If you do not need a payment deferral, it is not advised to take it.**



Before you consider taking a payment deferral, most lenders have a “Skip a Payment” option. This option allows you to skip one of your mortgage payments, once per year. This is the fastest way to get relief on your next mortgage payment. If this is an option for you, we recommend that you to do this first. Check your online banking system for this option.

The next step is to contact your bank about skipping your payments. Note that call volume is extremely high and you should expect to be on hold for quite a while. Many lenders also have an email address where you can reach out to them.



Note that most private lenders will **not** accommodate payment deferrals, and we are hearing that some banks will require you to demonstrate financial hardship in some way. We have also heard varying stories about whether rental property mortgages will qualify for payment deferral. Initially, they were quite tight on this, but they seem to be gradually relaxing their stance.

Almost every lender will have more information on their website about what they are doing and how you can contact them. Here is a list of phone numbers for most major lenders:

B2B 1 800 263 8349  
BMO 1-877-895-3278  
Bridgewater 1-866-243-4301  
CIBC 1-800-465-2422  
CMLS 1-888-995-2657  
Optimum 1-866-441-3775  
Equitable 1-888-334-3313  
First National 1-888-488-0794  
Haventree 1-855-272-0051  
Home Trust 1-855-270-3630  
HSBC 1-888-310-4722  
ICICI 1-888-424-2422  
Manulife 1-877-765-2265  
MCAP 1-800-265-2624  
Merix 1-877-637-4911  
Marathon 1-855-503-6060  
RBC 1-866-809-5800  
RFA 1-877-416-7873  
RMG 1-866-809-5800  
Scotia 1-800-472-6842  
Street Capital 1-866-683-8090  
TD 1-866-222-3456

## Other Deferrals

Many banks are also offering potential deferrals or interest only payments on credit cards, lines of credit, business loans and more. Visit your banks' website to learn more about these options.

## Financing

There are a number of financing options available to you.

### Mortgage Refinance

You may be able to refinance to pull out equity and/or pay out other debts you have. Our team can help you with a refinance.

### Second Mortgages

If you have lost your job and do not qualify with your bank, you may qualify for a second mortgage with a private lender. The rates will not be cheap; however, you want to make sure you are not damaging your credit during these times. Obtain a second mortgage to cover your payments for six months (you can get a private loan to capitalize the payments, so you do not have to make the payments out of pocket). Once you are back to work, refinance your first mortgage to pay out the second mortgage. We have private lenders that can help with this.

### Personal Loans

There are some incentives from banks and government to provide personal loans during this time. We recommend that you speak to your bank about this.

### Business Loans

Commercial banking is also here to help you and offers a variety of options. One of the most common ways we have seen lately has been BDC loans (Business Development Bank of Canada). They can provide up to \$100,000 in funding through their online application. Turnarounds are normally much faster (5-10 days), but will be increased due to a massive influx of requests. You can apply here: <https://www.bdc.ca/en/financing/pages/default.aspx>

## FAQ

**Q: My mortgage payment is in two days. Will I be able to defer it?**

A: It takes a few days to process a payment deferral, so it is advised that you reach out to your bank as quickly as possible. If you have only a few days before your payment, it is probably too late to defer this payment.

**Q: My lender is not answering their phone and I need to make a deferral. What should I do?**

A: Check their website to see if they have an email for you to communicate with them. This is the most efficient way to reach them in situations like this. If you cannot find their information on their website, contact us.

**Q: How long will I be able to defer payments for?**

A: Some lenders are offering up to six months, while other lenders are taking a "month by month" approach.

**Q: Will deferring my payments affect my credit?**

A: No, if you have a deferral arrangement, your credit will not be affected. Make sure you arrange for the deferral. If you simply miss your payment without communicating with the lender, then it **will** affect your credit.



# Government Aid and Information

The government has been swift and decisive during this time. Considering what has happened, they are taking a lot of action. Below are some resources for you to check for more information, as the situation is very fluid with constant changes being made:

## COVID Health Updates

Government of Canada

<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>

Government of British Columbia

<http://www.bccdc.ca/health-info/diseases-conditions/covid-19>

## Government Economic Response

Government of Canada

<https://www.canada.ca/en/departement-finance/economic-response-plan.html>

Government of British Columbia

<https://news.gov.bc.ca/releases/2020PREM0013-000545>

## Business Resources

Government of Canada

[https://www.canada.ca/en/services/business/maintaingrowimprovebusiness/resources-for-canadian-businesses.html#\\_2\\_Support\\_for\\_1](https://www.canada.ca/en/services/business/maintaingrowimprovebusiness/resources-for-canadian-businesses.html#_2_Support_for_1)

Canadian Federation of Independent Business (CFIB)

<https://www.cfib-fcei.ca/en/small-business-resources-dealing-covid-19>

## Tenant and Landlord Support

Government of British Columbia

<https://news.gov.bc.ca/releases/2020MAH0048-000561>

Petition to support landlords during COVID-19

[https://www.change.org/p/canadian-federal-government-covid-19-landlord-support?recruiter=1064443636&recruited\\_by\\_id=46c9aba0-6f75-11ea-8dc0-eb98fd370ff8&utm\\_source=share\\_petition&utm\\_medium=copylink&utm\\_campaign=petition\\_dashboard](https://www.change.org/p/canadian-federal-government-covid-19-landlord-support?recruiter=1064443636&recruited_by_id=46c9aba0-6f75-11ea-8dc0-eb98fd370ff8&utm_source=share_petition&utm_medium=copylink&utm_campaign=petition_dashboard)



## FAQ

**Q: I just got laid off, what are my options?**

A: Along with Employment Insurance (EI), these are the options available to you:

[https://www.canada.ca/en/departement-finance/economic-response-plan/covid19-individuals.html#new\\_canada\\_emergency\\_response\\_benefit](https://www.canada.ca/en/departement-finance/economic-response-plan/covid19-individuals.html#new_canada_emergency_response_benefit)

[https://www.canada.ca/en/departement-finance/economic-response-plan/covid19-individuals.html#apply\\_employment\\_insurance](https://www.canada.ca/en/departement-finance/economic-response-plan/covid19-individuals.html#apply_employment_insurance)

**Q: I am an employer and I am not sure if I can afford to retain my staff. What do I do?**

A: On March 27th, the government announced that they will be introducing a new wage subsidy for up to 75% for employees that are retained or re-hired. More information:

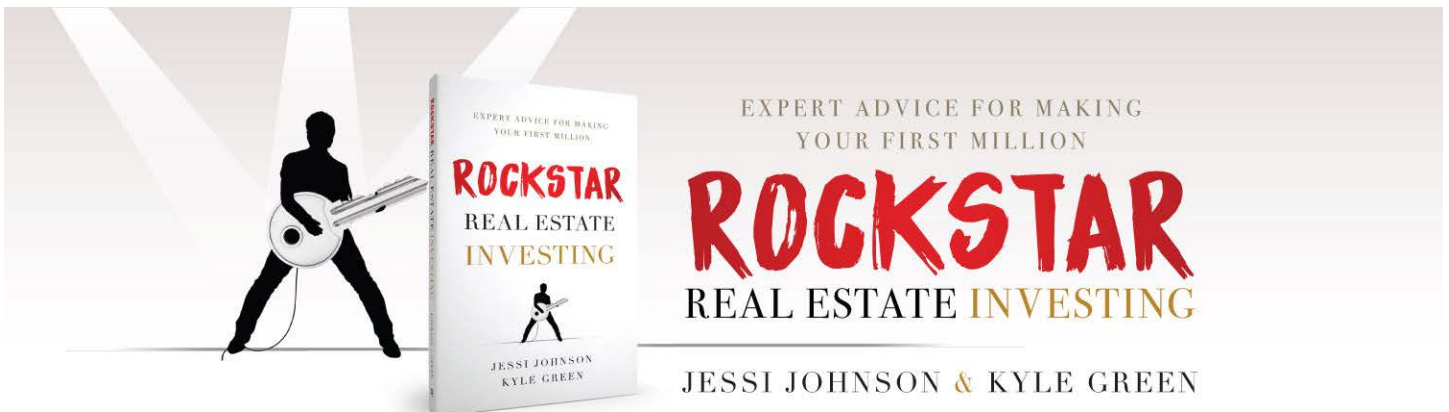
<https://www.canada.ca/en/departement-finance/economic-response-plan/covid19-businesses.html>

**Q: I am an employer and I am worried about cashflow, what should I do?**

A: There are a number of options, but most recently the New Canada Emergency Business Account was introduced for loans up to \$40,000, interest free, with \$10,000 in loan forgiveness if the loan is repaid by December 31<sup>st</sup>, 2022. More details on this program will be available soon.

**Q: I am bored, and want to go outside, what should I do?**

A: Get better board games and STAY INSIDE! Better yet, order a copy of Kyle Green's best-selling book, [Rockstar Real Estate Investing, Expert Advice for Making Your First Million.](#)



# Personal And Business Finance Action Steps

During times like these, it is important to do what is needed to escape unscathed. Whatever you do, try to maintain a good credit score by making sure you are making your payments on time, not going over-limit on credit limits, and organizing any payment deferrals well in advance of when you need it. If you can maintain a good credit score, it will be far easier to get a debt consolidation loan once COVID-19 has passed.

## Cut Non-Essential Expenses

During tough times, cuts must be made both on a personal level and on a business level. We must look through our expenses to decide what can be cut. You may be surprised to see that there are a bunch of expenses that you are not using anymore that can be cut.

**Do not wait too long to make these cuts.** Cuts must be made swiftly and ruthlessly. Speak to your property manager, your banker, and look through your last three months of credit card and bank account statements to see what you can cut.



Below is a great summary from the author of Profit First, Mike Michalowicz:

# THE RECESSION RESPONSE

*The Small Business Economic Crisis Financial Management Plan*

[RECESSIONRESPONSE.COM](http://RECESSIONRESPONSE.COM)

## CASH FLOW

### REDUCE CASH OUTFLOW

- ✓ Cancel no/low benefit expenses (e.g. app subscriptions, entertainment)
- ✓ Business owners cancel no/low benefit personal expenses (reduces personal income need)
- ✓ Renegotiate terms with required recurring and one time expenses (lease, capital equipment)
- ✓ Seek new terms/extensions from vendors/suppliers

### INCREASE CASH INFLOW

- ✓ Proactively address borrower/lender matrix to ensure continued cash flow
- ✓ Introduce new payment options (0% financing, credit card, ACH, cash discount, etc.)
- ✓ Use the "what can you afford?" strategy with at-risk-for-defaulting clients
- ✓ Don't change your Profit First percentages (yet)

## DEBT MANAGEMENT

### DEBT CONTROL

- ✓ Don't take on new debt to maintain "business as usual"
- ✓ Use extreme caution with debt leveraging (use of debt for high probability returns)
- ✓ Use extreme caution with debt bridging (use of debt to cover short term cash flow dips)
- ✓ Renegotiate debt for better terms (interest, installment frequency, length of loan)

### DEBT PLANNING

- ✓ Consolidate and refinance debt
- ✓ Maintain excellent personal financial status to keep high credit rating if debt needed
- ✓ Avoid credit card debt (avg. APR 17.3%) (0% starts can go to 29%)

## STRATEGIC PLANNING

### MAINTENANCE

- ✓ Schedule regular (weekly/bi-weekly) financial debrief with financial/profit advisor
- ✓ Evaluate offering mix, focus on high margin products/services (reduce/remove low margin)
- ✓ Evaluate client mix, focus on historically financially well paying clients
- ✓ Enhance communication rhythm with clients (more frequent, shorter communication)

### GROWTH

- ✓ Opportunity to focus recession resistant clients/opportunities (staples, food, vice, funeral)
- ✓ Market to the Transitioning Ten Percent clients leaving large competitors
- ✓ Enact "bold" moves - acquiring unprepared competitors, amplify marketing, raising prices

## ACCOUNTING

### PROACTIVE

- ✓ Set up new GL Account(s) for unique circumstances (eases reimbursements and recasting)
- ✓ Evaluate inventory turn. Tighten turn on moving product, eliminate non-turning products
- ✓ Review accounting system automated invoicing collection sequence (verbiage, frequency)

### FUTURE PLANNING

- ✓ Conduct comparative analysis of prior years, months (distinguish cause and effect)
- ✓ Evaluate client history to proactively determine where you can make terms concessions

## TAX

### PROACTIVE

- ✓ Treat tax estimates as due on April 15, June 15, Sept 15, Jan 15 (even if extension occurs)
- ✓ Start or maintain a bank account for TAXES

## ADDITIONAL RESOURCES



**Fix This Next**  
[fixthisnext.com](http://fixthisnext.com)



**Profit First**  
[profitfirstbook.com](http://profitfirstbook.com)



**Clockwork**  
[clockwork.life](http://clockwork.life)



**The Pumpkin Plan**  
[pumpkinplan.com](http://pumpkinplan.com)

Get Professional Support:

[fixthisnext.com](http://fixthisnext.com)  
[profitfirstprofessionals.com](http://profitfirstprofessionals.com)  
[runlikeclockwork.com](http://runlikeclockwork.com)  
[pumpkinplanyourbiz.com](http://pumpkinplanyourbiz.com)

[mikemichalowicz.com](http://mikemichalowicz.com)

## Finding Opportunities

We believe that in every challenge, there is an opportunity. An opportunity to adapt better to the change than your competitors, and there is no time like the present. Our astute real estate investors will no doubt be bringing us deals where they found that “motivated seller” and knocked it out of the park on an offer. We will see amazing success stories about investors who will make 50%+ returns investing in the stock market. It is not all doom and gloom. Start to look at the opportunities hidden in the dark cloud that is hanging over all of our heads.

## FAQ

### **Q: What is a non-essential expense?**

A: From a personal finance side, something that is not absolutely necessary to living a reasonable life. Food, shelter, etc. are considered essential. Entertainment is non-essential, although I would guess that 99% of our readers would view their \$10/month Netflix subscription as an “essential” expense right now. As well as wine — wine is essential.

From a business perspective, a non-essential expense is anything that is not necessary to operating your business or is not essential to maintain revenue coming in. You will find many companies cutting costs in areas like software that increases efficiency, marketing budgets, employees not pulling their weight, hiring services, etc.

### **Q: How long should I expect this to last?**

A: Nobody really knows, but we expect 3-6 months before a full “economic” recovery. If you don’t have six months of full personal and business expenses set aside, you should either be finding more money via loans or cutting expenses, or both.

### **Q: What is an example of an opportunity?**

A: There are a number of things to consider. First, there are a number of jobs that can be done from home. In today’s world, there are more and more people working in the “Gig Economy”, such as on Fiver, 99Designs, etc. There are also business opportunities in digital marketing, creating video and online content, etc., especially taking into consideration the recent increase in Facebook, Instagram and other social media platform users. Considering this increase in viewership, it is the one marketing budget item that we have decided to not cut at this time.

### **Q: My wife and I can’t agree on which expenses are essential and which are not. Can you help us?**

A: If the disagreement is about whether wine is essential, the answer is “yes”. That is all.



# Summary

Stay safe, and please take it easy. A lot of people are on edge right now. There is support out there for you. Things will recover, and most likely, they will do so quickly. In the meantime, we need to take an aggressive approach to #FlattenTheCurve of the virus, which should allow us to break through it faster.

Call your friends and family — video calling is even better.

Play with your kids and your fur babies. These moments will be remembered by them.

If you are into sports, get your fix on Youtube. Watch compilations of your favourite athletes or teams, or whatever you are interested in.

Pick up a book.

Most importantly: stay home and stay safe.

If we can be of any assistance, please do not hesitate to contact us.



For more information, contact us at 604-229-5515 or [Info@GreenMortgageTeam.ca](mailto:Info@GreenMortgageTeam.ca).