

## RENT REDUCTION AGREEMENT

**NOTE:** This Sample Rent Reduction Agreement is provided to assist meeting the CECRA program requirements. It is your responsibility to ensure that this document is appropriate in your circumstances and meets the legal requirements of your jurisdiction, and that you have obtained any necessary legal advice.

Dated the \_\_\_\_ day of \_\_\_\_\_, 2020.

**WHEREAS** \_\_\_\_\_, as lessor, (the “**Landlord**”) has entered into a lease dated \_\_\_\_\_ (the “**Lease**”) with \_\_\_\_\_, as lessee (the “**Tenant**”).

**AND WHEREAS** the Landlord (or the applicable head landlord) intends to apply or has applied to the Canada Emergency Commercial Rent Assistance program (“**CECRA**”).

**AND WHEREAS** the Landlord and the Tenant wish to enter into this Rent Reduction Agreement to amend the Lease in accordance with CECRA program requirements.

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Landlord and Tenant agree as follows:

1. This Rent Reduction Agreement is conditional upon final approval of the application to CECRA made by the Landlord (or the applicable head landlord) (the “**Application**”). Upon final approval of the Application, this Rent Reduction Agreement shall automatically become binding and effective. For greater certainty, this Rent Reduction Agreement shall have no force and effect unless and until the date on which the Application to CECRA has received final approval (the “**Effective Date**”).
2. The term “Lease”<sup>1</sup> as defined above and used herein means that agreement, regardless of how the parties may have described it (and may include a sub-lease), and any reference to the term “rent” when used in any context in this Rent Reduction Agreement means the corresponding payments by the Tenant to the Landlord for the use and occupancy of the premises under that agreement.
3. This Rent Reduction Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

**Section 4(a) applies where this Rent Reduction Agreement is made (1) between a landlord and a tenant which is an Impacted Tenant,<sup>2</sup> and (2) between a sub-landlord and sub-tenant which is an Impacted Tenant**

4. (a) The Landlord hereby grants forgiveness of \_\_\_\_% **[at least 75%]** of the Tenant’s total aggregate Adjusted Rent<sup>3</sup> otherwise payable to the Landlord by the Tenant under the Lease in respect of the months (the “**Target Months**”) of April, May and June, 2020 (the “**Contract Rent for the Target Months**”), and the Contract Rent for the Target Months is hereby reduced accordingly. The Landlord and Tenant agree and acknowledge that the Contract Rent for the Target Months on a monthly basis and the Tenant’s Reduced Rent are as set forth in the table below:

	Monthly Contract Rent for the Target Months	Monthly Tenant’s Reduced Rent
April, 2020	\$	\$

<sup>1</sup> Note that in this form, the concept of lease and all related concepts are used broadly to include the concept of licence and all related concepts. Accordingly, the word “lease” includes “licence”, “sub-lease” includes “sub-licence”, “tenant” includes “licensee”, “sub-tenant” includes “sub-licensee”, “landlord” includes “licensor”, “sub-landlord” includes “sub-licensor”, and so on.

<sup>2</sup> As such term is defined under CECRA.

<sup>3</sup> Adjusted Rent means the total aggregate gross rent payable pursuant to the Lease in respect of the Target Months by the Tenant to the Landlord, without considering any rent deferral or reduction agreement, minus a *pro rata* portion of (i) insurance proceeds available to the Tenant in respect of any business interruption or similar insurance coverage, if any, and (ii) non-repayable proceeds of any federal or provincial government programs (other than CECRA) targeted at commercial rent assistance instituted in response to the COVID-19 Emergency, if any, received or receivable by the Tenant in respect of the Target Months.

	Monthly Contract Rent for the Target Months	Monthly Tenant's Reduced Rent
May, 2020	\$	\$
June, 2020	\$	\$

**Section 4(b) applies where this Rent Reduction Agreement is made between a landlord and a tenant, where that tenant is not an Impacted Tenant and has granted a sub-lease to a sub-tenant which is an Impacted Tenant**

(b) Notwithstanding paragraph (a) above, if this Rent Reduction Agreement is entered into between a sub-landlord (as the "Tenant" party) which is not an Impacted Tenant and its landlord (as the "Landlord" party), then Section 4(a) shall not apply, and this Section 4(b) shall apply instead. The Landlord hereby grants forgiveness of a portion of the rent payable by the Tenant to the Landlord under the Lease in respect of the months (the "Target Months") of April, May and June, 2020 (the "Contract Rent for the Target Months") in an amount which is equal to \_\_\_\_% **[at least 75%]** of the total aggregate gross rent, including any deferred gross rent, otherwise payable to the Tenant by the Tenant's sub-tenants<sup>4</sup> in respect of the Target Months, and the Contract Rent for the Target Months is hereby reduced accordingly. The Landlord and Tenant agree and acknowledge that the Contract Rent for the Target Months on a monthly basis and the Tenant's Reduced Rent are as set forth in the table below:

	Monthly Contract Rent for the Target Months	Monthly Tenant's Reduced Rent
April, 2020	\$	\$
May, 2020	\$	\$
June, 2020	\$	\$

5. The Tenant remains liable for and, subject to Section 6 of this Rent Reduction Agreement, shall pay all rent that has not been reduced and forgiven (the "Tenant's Reduced Rent") in accordance with the requirements of the Lease.
6. If the Tenant has already paid rent in excess of the amount of the Tenant's Reduced Rent for the Target Months, then the Landlord and Tenant agree as follows at the Tenant's choice (provided that option A below shall not be available where the Lease is a sub-lease):
  - A.  the Landlord will grant the Tenant a reimbursement of the excess amount from the proceeds of the CECRA forgivable loan;
  - OR**
  - B.  the Landlord will grant the Tenant a credit of the excess amount to be applied against rent next coming due.
7. If the Tenant has not paid all or any part of the Tenant's Reduced Rent for the Target Months accruing due prior to the Effective Date, the Tenant will pay such unpaid amount to the Landlord within thirty (30) days after the Effective Date or such later date as may be agreed by the Landlord and the Tenant.
8. If the Landlord and Tenant have entered into a prior binding agreement for the reduction of any amount of the Contract Rent for the Target Months, such prior agreement is hereby confirmed and restated, or amended, as applicable, so that the reduction contemplated therein is made upon and subject to the terms of this Rent Reduction Agreement, with any such reduction being included in the amount of the reduction and forgiveness

<sup>4</sup> Provided such sub-tenants are Impacted Tenants and have entered into rent reduction agreements compliant with CECRA requirements.

provided for in Section 4 of this Rent Reduction Agreement. In the event of any conflict between the terms of any such prior agreement and this Rent Reduction Agreement, the latter shall prevail.

9. Subject only to Section 11, the Landlord acknowledges that the rent that is forgiven and reduced by this Rent Reduction Agreement will never be recoverable by the Landlord, and accordingly the Landlord shall not attempt to use any means or mechanisms whatsoever, direct or indirect, to recover such reduced and forgiven amounts. For example, but without limiting the generality of the foregoing, if the Landlord is entitled or obligated under the Lease to perform a rent reconciliation in respect of the year 2020 and such reconciliation results in a credit to the Landlord, the portion of such credit attributable to the Target Months shall also be reduced in proportion to the applicable reduction and forgiveness provided for in Section 4 of this Rent Reduction Agreement.
10. During the period from the commencement of the Target Months until the date on which the Tenant is no longer receiving any rent reduction or forgiveness or rent credit under this Rent Reduction Agreement (the “**Suspension Period**”), the Landlord shall not serve the Tenant with any default notice or seek to effect or proceed with an eviction, where the basis for such default notice or eviction is a Lease default in which the Tenant has been prevented from performing the obligation(s) in default because of the COVID-19 Emergency (other than a failure to pay the Tenant’s Reduced Rent). Any such proceeding initiated by the Landlord after the commencement of the Target Months and prior to the Effective Date is hereby suspended and stayed for the duration of the Suspension Period.
11. (a) The Tenant confirms that, to the best of its knowledge, all information and declarations provided in any Tenant’s Attestation required by CECRA are true and correct and acknowledges that any false or misleading information in the Tenant’s Attestation (including the Integrity Declaration) may result in a determination by the CECRA administrator that the Tenant is not eligible to receive financial or other benefits through CECRA. If this occurs, then, notwithstanding anything to the contrary contained in this Rent Reduction Agreement, the Contract Rent for the Target Months less any amounts already paid by the Tenant, shall be due and owing to the Landlord no later than thirty (30) days from the date of notice by the Landlord of the Tenant’s ineligibility. Non-payment of such amounts shall constitute arrears of rent under the Lease.  
  
(b) Where the Tenant has granted a sub-lease to an Impacted Tenant, then this Section 11(b) shall apply. If the Landlord notifies the Tenant that any information or declarations provided in a sub-tenant’s Attestation required by CECRA are false or misleading, then the Tenant will make commercially reasonable efforts to recover rent amounts previously forgiven under the applicable sub-tenant’s rent reduction agreement and remit the same to the Landlord.
12. This Rent Reduction Agreement shall be governed by the laws of the province or territory in which the Lease premises are located and the laws of Canada applicable therein. In the event of a dispute, the parties agree that the courts of such province or territory shall exclusively hear any dispute related to the validity, interpretation or performance of this Rent Reduction Agreement and agree to be bound by a judgment of that court.
13. This Rent Reduction Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart of this Rent Reduction Agreement by facsimile or by an electronic mail or portal (including any electronic signature covered by applicable provincial or territorial law, e.g., [www.docuSign.com](http://www.docuSign.com)) or other electronic transmission method shall be equally as effective as delivery of an original executed counterpart of this Rent Reduction Agreement.
14. It is the express wish of the parties hereto that this Rent Reduction Agreement shall be drafted in English. *Les parties ont exigé que la présente entente de réduction de loyer soit rédigée en langue anglaise.*

*[The remainder of this page has been intentionally left blank. Signature page follows.]*

IN WITNESS WHEREOF the undersigned have executed this Rent Reduction Agreement on the date first written above.

Use this signature block if Landlord is an individual.	<b>[LANDLORD NAME]</b> By: _____
Use this signature block if Landlord is an entity other than an individual.	<b>[LANDLORD NAME]</b> By: _____ Title: Authorized Signatory Name:
	By: _____ Title: Authorized Signatory Name: <i>I/We have the authority to bind the Landlord</i>
The signature of a witness is required if the Landlord is an individual. Optional otherwise.	WITNESS: By: _____ Name: _____

Use this signature block if Tenant is an individual.	<b>[TENANT NAME]</b> By: _____
Use this signature block if Tenant is an entity other than an individual.	<b>[TENANT NAME]</b> By: _____ Title: Authorized Signatory Name:
	By: _____ Title: Authorized Signatory Name: <i>I/We have the authority to bind the Tenant.</i>
The signature of a witness is required if the Tenant is an individual. Optional otherwise.	WITNESS: By: _____ Name: _____