

## RENT REDUCTION AGREEMENT

**WHEREAS** Canada Mortgage and Housing Corporation, as lessor, (the “**Landlord**”) has entered into a lease dated \_\_\_\_\_ (the “**Lease**”) with \_\_\_\_\_, as lessee (the “**Tenant**”) in relation to the Lease Premises.

**AND WHEREAS** the Landlord intends to extend a rent reduction to the Tenant through the CMHC Granville Island Covid-19 Rent Relief Program (“**Program**”).

**AND WHEREAS** the Landlord and the Tenant wish to enter into this Rent Reduction Agreement to amend the Lease in accordance with 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 Tenant’s application to the Program made by the Tenant (the “**Application**”), whereupon 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 the Program has received final approval (the “**Effective Date**”). Final approval of the Application is considered to occur upon the definitive application of credits toward rent to the Tenant Account under the Program and final determination of eligibility by CMHC following the end of the Program.
2. The term “Lease” 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 Leased Premises under the Lease.
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.
4. The Landlord hereby grants forgiveness of a percentage of the Tenant’s total gross rent, the determination of which will be based on eligibility criteria outlined below, otherwise payable to the Landlord under the Lease, before applicable sales taxes, in respect of the months (the “**Target Months**”) which include up to a maximum period of April 1<sup>st</sup> 2020 to March 31<sup>st</sup> 2021 inclusive (the “**Contract Rent for the Target Months**”), and the Tenant shall pay the gross rent so reduced for the Target Months (the “**Tenant’s Reduced Rent**”), plus applicable sales taxes. However, if applicable, the Tenant shall nonetheless also pay, as rent, plus applicable sales taxes, an amount equal to a *pro rata* portion of business interruption insurance proceeds and/or non-repayable proceeds of federal or provincial government programs targeted at commercial rent assistance instituted in response to the COVID-19 emergency received or receivable, if any, by the Tenant in respect of the Lease for the Target Months. The Landlord and Tenant agree and acknowledge that the Contract Rent for the Target Months and the Tenant’s Reduced Rent are as set forth in the table below, subject to annual reconciliation of Additional Rent fees as outlined in the Lease:

Monthly Rent Reduction Categories:

1. Category 1 – Gross Rent Reduction of 100% (for registered non-profit organizations)

Eligibility criteria:

- a) Must hold a current Lease with CMHC as Landlord and be a registered Non-Profit organization (must be registered as of March 31<sup>st</sup> 2020 or earlier) whereby no other for-profit business is conducted by the Tenant (or any affiliate) at the Leased Premises; and
- b) Must have experienced between 30%-100% loss in annual gross revenues for the period of April 1<sup>st</sup> 2020 – March 31<sup>st</sup> 2021 compared to pre-COVID-19 emergency gross revenues for the period from April 1<sup>st</sup> 2019 – March 31<sup>st</sup> 2020\*. Eligibility will initially be determined based on actual and projected future monthly gross revenues submitted at the time of the Application.\*\*

2. Category 2 – Gross Rent Reduction of 75% (for all other tenants)

Eligibility criteria:

- a) Must hold a current Lease with CMHC as Landlord; and
- b) Must have experienced between 30%-100% loss in annual gross revenues for the period of April 1<sup>st</sup> 2020 – March 31<sup>st</sup> 2021 compared to pre-COVID-19 emergency gross revenues for the period from April 1<sup>st</sup> 2019 – March 31<sup>st</sup> 2020\*. Eligibility will initially be determined based on actual and projected future monthly gross revenues submitted at the time of the Application.\*\*

\*Tenants who have less than a 30% annual gross revenue loss for the Target Months (period from April 1<sup>st</sup> 2020 – March 31<sup>st</sup> 2021) compared actual gross revenues from April 1<sup>st</sup> 2019 – March 31<sup>st</sup> 2020 will not be eligible for the Program and the difference between the Tenant’s Reduced Rent and the Contract Rent for the Target Months will become payable to CMHC by September 30<sup>th</sup>, 2021.

\*\*Eligibility in accordance with the revenue loss thresholds will be reconciled by CMHC following the end of the Program based on actual annual gross revenues for the Target Months (period from April 1<sup>st</sup> 2020 – March 31<sup>st</sup> 2021). In the event of the final determination of ineligibility, the Tenant will be required to pay the difference between the Tenant’s Reduced Rent and the Contract Rent for the Target Months to CMHC by no later than September 30<sup>th</sup>, 2021. Where the Tenant is a new business which commenced operations after April 1<sup>st</sup>, 2019, impacts to annual gross revenues will be evaluated based on average projected annual gross revenues for April 1<sup>st</sup> 2020 – March 31<sup>st</sup> 2021, review and acceptance of which will be at the sole and unfettered discretion of CMHC.

	Monthly Contract Rent for the Target Months (before applicable sales taxes)	Monthly Tenant’s Reduced Rent (before applicable sales taxes)
<b>Monthly Gross Rent (GRANVILLE ISLAND USE ONLY)</b>	\$	\$
<b>Monthly Rent Reduction Categories</b>	<input type="checkbox"/> Category 1 – Gross Rent Reduction of 100% (for registered non-profit organizations) <input type="checkbox"/> Category 2 – Gross Rent Reduction of 75% (for all other tenants)	

- 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, Tenant’s Reduced Rent, plus applicable sales taxes, 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 will grant the Tenant a credit of the excess amount (plus applicable sales taxes) to be applied against future rent.
- 7. If the Tenant has not paid all or any part of the Tenant’s Reduced Rent for the Target Months in accordance with payment terms outlined by CMHC, details of which will be detailed in an approval letter, 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 approved by the Landlord, upon written request by the Tenant to the Landlord within the same thirty (30) day window. The terms of the extended deadline must be accepted by the Tenant within thirty (30) days after the Effective Date. Failure to pay any outstanding balance of the Tenant’s Reduced Rent for the Target Months by the deadline provided by the Landlord will be deemed a default under the Lease and the Rent Reduction Agreement, and the Landlord reserves the right to exercise its rights and remedies as set out in the Lease.

8. If the Landlord and Tenant have entered into a prior binding agreement for the reduction of any amount of the gross 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 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 to the provisions herein, 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.
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**"), and subject to the Landlord's rights and remedies under Section 7, the Landlord shall not serve the Tenant with any default notice or seek to effect or proceed with an eviction as long as the Tenant respects the terms and conditions set out in the Lease (including Rules & Regulations and any requirements outlined by Municipal, Provincial, Federal or other governing bodies), Rent Reduction Agreement and Tenant's Attestation.
11. The Tenant confirms that, to the best of its knowledge, all information and declarations provided in any Tenant's Attestation required by the Program are true and correct and acknowledges that any false or misleading information in the Tenant's Attestation, including failing to make commercially reasonable efforts to operate and maximize its gross revenue earning potential during the Target Months, may result in a determination by the Landlord, at its sole discretion, that the Tenant is not eligible to receive financial or other benefits through the Program. If this occurs, then, notwithstanding anything to the contrary contained in this Rent Reduction Agreement, the full gross rent for the Target Months less any amounts already paid by the Tenant, shall be due and owing to the Landlord no later than sixty (60) 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.
12. The Tenant shall provide the Landlord, on the 7<sup>th</sup> day of each month, monthly reporting of gross revenues to ensure ongoing eligibility with the Program.
13. Within thirty (30) days of the end of the Program, currently confirmed as March 31<sup>st</sup> 2021, the Tenant shall furnish CMHC all reasonable details of the gross revenues for the Target Months. If within such thirty (30) day period the Tenant has not provided CMHC with the necessary information, CMHC can attribute an annual gross revenue for the Target Months based on a method chosen by CMHC acting reasonably and may result in the Tenant's ineligibility in the Program.
14. Upon written notice to the Tenant, which may include electronic transmission by way of e-mail, CMHC shall also have the right to audit the Tenant's books and records in relation to its gross revenues for the purposes of ensuring eligibility with the Program for the Target Months.
15. The Tenant shall immediately notify CMHC of any business interruption insurance proceeds and/or non-repayable proceeds of federal or provincial government programs targeted at assistance instituted in response to the COVID-19 emergency received or receivable by the Tenant for the Target Months.
16. This Rent Reduction Agreement shall be governed by the laws of the province or territory in which the Leased Premises are located and the laws of Canada applicable therein. In the event of a dispute, the parties agree that the courts of British Columbia 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.
17. 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 contactless in-person delivery, mail or electronic mail or portal (including any electronic signature covered by applicable provincial or territorial law, e.g., OneSpan) or other electronic transmission method shall be equally as effective as delivery of an original executed counterpart of this Rent Reduction Agreement.

(a) Electronic Delivery: [covidrentrelief@granvilleisland.com](mailto:covidrentrelief@granvilleisland.com)

(b) Contactless delivery or Mail Delivery:

Granville Island Administration Office Drop Box

Attn: Rent Relief Program Administrator

Granville Island Administration Office

2<sup>nd</sup> Floor 1661 Duranleau Street, Vancouver BC V6H 3S3

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

EXAMPLE ONLY

IN WITNESS WHEREOF the undersigned have executed this Rent Reduction Agreement.

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

Use this signature block if Landlord is an entity other than an individual.	<b>CANADA MORTGAGE AND HOUSING CORPORATION</b>
	By: _____ Acting General Manager - Granville Island Sabrina Lakos

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

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>/We have the authority to bind the Tenant.</i>
	<b>GRANVILLE ISLAND USE ONLY</b> Tenant Name on Lease Agreement:
	Name: _____