

The Canada Mortgage and Housing Corporation (**CMHC**) recently published the [eligibility requirements](#) of the Canada Emergency Commercial Rent Assistance (**CECRA**) program for small businesses. The **CMHC** manages this assistance program for the Government of Canada.

You are a commercial tenant

If you are a business or non-profit/charitable organization renting space for restaurant or retail use, offices, industrial facilities, etc., the first thing to do is to determine whether you meet the following requirements, in order to be eligible as an “**impacted small business tenant**” pursuant to the program:

- You do not generate more than **\$20 million** in gross annual revenues, calculated on a consolidated basis (at the ultimate parent level).
- Your gross monthly rent amounts to **\$50,000** or less, per location (pursuant to a valid and enforceable lease agreement).
- You have temporarily ceased your operations (i.e. are generating **no revenues**) or have experienced at least a **70%** decline in pre-COVID-19 revenues. In order to measure revenue loss, you can compare revenues in April, May and June of 2020 to that of the same months of 2019. You can also use an average of revenues earned in January and February of 2020.

If you meet these requirements, you may advise your landlord that you are eligible to the **CECRA** and you wish to reach an agreement with your landlord in connection with the program, if the landlord also qualifies.

You are a landlord

Determine whether you meet the following requirements:

- You are the **owner** of the property in which the premises leased by the “impacted small business tenant” (see “commercial tenant”) are located.
- You have declared **rental income on your tax return** (personal or corporate) for tax years 2018 or 2019, or both.
- You have a **mortgage** loan secured by a commercial rental property occupied by one or more small business tenants. The **CMHC** is working on an alternative mechanism for property owners who do not have a mortgage.
- You have entered into (or will enter into) a **rent reduction agreement** that will reduce the impacted small business tenant’s rent by **at least 75%**, for the period of **April (retroactive), May, and June 2020**, and this agreement includes a moratorium on eviction for the afore-mentioned period.

Given that other details will be provided by the CMHC – namely, the particulars of the CECRA that will implemented for landlords who do not have a mortgage – it is advisable to subscribe to the CMHC’s updates on their website.

Source: Canada Mortgage and Housing Corporation.

Our professionals at your side

Whether you are a tenant or a landlord, we can assist you in drafting and negotiating these rent reduction agreements. We can also adapt the rent reduction or rent deferral agreements that you may have already entered into. In addition, we can conduct land registry searches, to confirm that the landlord is indeed the registered owner and to verify if there is a mortgage on the property.

Reach out to us if you would like more information or if we can be of assistance.



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