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If you require specific legal advice on any issue, please consult a lawyer.

## TEMPLATE LETTER TO LANDLORD REQUESTING RENT RELIEF AS A RESULT OF COVID-19 RELATED IMPACT TO BUSINESS

### SCENARIO 1 – FRANCHISEE LEASES DIRECTLY FROM LANDLORD

Key considerations for a Franchisee communicating to a Landlord:

1. Start with a phone call and follow up with an email or letter.
  - Keep it personal by making the effort to connect by phone before sending them written communication.
2. Remember that the relationship with the Landlord will continue after the current pandemic ends.
  - Be professional but make it personal.
3. Keep in mind that the Landlord is another business that may have their own challenges right now.
  - This is a time to recognize that almost all businesses are experiencing significant disruption and challenges right now.
4. Stick to the facts and tell your story about how the pandemic has impacted your business and what it means to you.
  - Don't set out a legal position or take an adversarial approach.
5. If your business closed as a result of the COVID-19 pandemic and related governmental orders or directives, inform the Landlord of when the business closed.
6. If your business continues to operate, but has experienced a significant decline in revenues, tell the Landlord when the decline started and how much your sales have gone down.
7. The objective is to make sure the Landlord understands the full impact on your business.
8. Consider telling the Landlord about the other hard decisions you'd had to make.
  - Have you laid off employees?
  - Have you been unable to take any money out of the business for yourself?
9. Don't tell the Landlord you won't pay the rent. Explain that under the current circumstances you don't see how you'll be in a position to pay rent on the next date for payment.
10. Ask the Landlord for rent relief. Options could include asking for:
  - No rent to be payable during the period your business is closed
  - Partial abatement of rent – no base rent, but some/all TMI

- Rent deferral, with favourable repayment terms – e.g., deferred rent amortized and payable over the remaining term of the lease commencing in 2021
11. Make a proposal to the landlord. In exchange for rent relief now, could you create a "win win" by offering to extend your term?
  12. Be prepared for the Landlord to deny your request for rent relief. The Landlord may still demand rent in full, or may demand payment of TMI, or may offer a deferral only.

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## **SCENARIO 1: SAMPLE LETTER TO LANDLORD FROM FRANCHISEE**

**Note: Include Company Letter Head if possible. Make the Letter personal as appropriate**

**[Date]**

**[Landlord/Company Address]**

Dear **[Landlord/Company Name]**,

Further to our phone call earlier, I am writing to you out of concern for the future of my business. The COVID-19 global pandemic and the recent government order closing non-essential businesses has devastated my business.

My business closed on **[Date]** as a result of the government order closing all non-essential businesses. I have had no revenue since the date of the closure and my sales for the balance of the month were significantly lower than before the COVID-19 pandemic began to affect the economy.

I have done everything I can to assist my employees but have been forced to layoff the majority of my staff. My business has come to a standstill and depending on how long the current situation continues, it is possible that the situation may get worse.

Currently, I am doing everything I can to survive in the hopes that I will be able to reopen and benefit from a rebounding economy. The potential loss of my business would be devastating not only to myself, but also to my family. **[NTD: If the franchisee lost perishable inventory as a result of any closure order, mention it here]**

I am asking for your support in terms of rent relief starting April 1st and continuing until this situation is resolved and business returns to normal. I understand this is a significant ask and appreciate that you have obligations yourself. However, these are unprecedented times. **[NTD: Tailor this paragraph to outline the specific rent relief sought (Rent abatement? For how long? Extend term of lease to compensate for rent free period?)]**

I appreciate your consideration and understanding. Please contact me directly anytime and I look forward to your response.

Sincerely,

**[Name and Contact information]**

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## **SCENARIO 2 – FRANCHISOR LEASES FROM LANDLORD AND SUBLEASES TO FRANCHISEE**

1. Start with a phone call and follow up with an email or letter.
  - Keep it personal by making the effort to connect by phone before sending them written communication.
2. Remember that the relationship with the Landlord will continue long after the current pandemic ends and that you likely want to hold onto the location, even if the Franchisee fails as a result of financial losses from the disruption and business closure during the pandemic.
3. Keep in mind that the Landlord is another business that may have their own challenges right now.
  - This is a time to recognize that almost all businesses are experiencing significant disruption and challenges right now.
4. Keep in mind that the Landlord may think that because they have the Franchisor's covenant on the Lease, that it's not their problem if your Franchisee can't pay rent to you under the Sublease.
5. Stick to the facts and tell your story about how the pandemic has impacted your Franchisee's business, but also how it has impacted the franchisor's business.
  - Don't set out a legal position
6. If your Franchisee's business closed as a result of the COVID-19 pandemic and related Governmental orders or directives, inform the Landlord of when the business closed.
7. If your Franchisee's business continues to operate, but has experienced a significant decline in revenues, tell the Landlord when the decline started and how much the Franchisee's sales have gone down.
8. The objective is to make sure the Landlord understands the full impact on both your Franchisee and the Franchisor.
9. Tell the Landlord what the Franchisor is doing to support its Franchisees.  
(e.g., have you reduced/eliminated royalties or advertising fees at this time?)
  - Remind the Landlord how many Franchisees you are supporting in the same challenging environment
10. If the Franchisor is itself a "small business" then inform the Landlord so they understand.

- Don't be afraid to tell the Landlord that you won't be able to pay if your Franchisees aren't able to pay.
11. Consider telling the Landlord about the other hard decisions you and your Franchisee have had to make.
    - Have you laid off employees?
    - Have you been unable to take any money out of the business for yourself?
  12. Don't tell the Landlord you won't pay the rent. Explain that under the current circumstances you don't see how you'll be in a position to pay rent on the next date for payment
  13. Ask the Landlord for rent relief. Options could include asking for:
    - No rent to be payable during the period your business is closed
    - Partial abatement of rent – no base rent, but some/all TMI
    - Rent deferral, with favourable repayment terms – e.g., deferred rent amortized and payable over the remaining term of the lease commencing in 2021
  14. Make a proposal to the landlord. In exchange for rent relief now, could you create a "win win" by offering to extend your term?
  15. Be prepared for the Landlord to deny your request for rent relief. The landlord may still demand rent in full, or may demand payment of TMI, or may offer a deferral only.

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## **SCENARIO 2 – SAMPLE LETTER TO LANDLORD FROM FRANCHISOR**

**Note: Include Company or personal Letter Head if possible. Make the Letter personal as appropriate**

**[Date]**

**[Landlord/Company Address]**

Dear **[Landlord/Company Name]**,

Further to our phone call earlier, I am writing to you out of concern for our Franchisee operating at your premises.

The COVID-19 global pandemic and the significant Governmental and Public Health measures now in force, including the recent directives closing non-essential businesses, is having a devastating impact on small businesses like our Franchisees.

Our Franchisee's location at your premises closed on **[Date]** as a result of Government order following the declaration of a State of Emergency. Our Franchisee has had no revenue since the date of closure and their sales for the balance of the month were significantly lower than before the COVID-19 pandemic began to affect the economy.

For the past few weeks, we have been working to support all our Franchisees, especially those that continued to operate as the COVID-19 pandemic spread.

First and foremost, we have been concerned about the health and safety of our Franchisees, the customers we serve, and their families. We have been providing information, resources and best practices to help our Franchisees understand and comply with the guidance provided by Governmental and Public Health authorities related to the COVID-19 pandemic.

As a result of the closure of non-essential businesses, our Franchisee's business has ceased entirely. Depending on how long the current situation continues, it is possible that many of our Franchisees will be financially devastated and unable to carry on. As you are aware our Franchisees rely on the income from their businesses to support their families. **[NTD: If the franchisees have lost perishable inventory as a result of any closure order, mention it here]**

We have received numerous letters and calls from our Franchisees and it is clear that they will be unable to pay their rent on April 1<sup>st</sup>. In short, they are frightened that the COVID-19 pandemic will result in the loss of their livelihood.

We are also a small business and under significant financial duress as a result of the COVID-19 pandemic. The extent to which our entire system has been impacted cannot be overstated. We are doing all we can to support our Franchisees, but have limited financial resources and will be overwhelmed without support from landlords like you. We will be unable to pay rent if our Franchisees don't pay their rent to us. **[NTD: If the franchisor has provided financial relief to its franchisees by deferring or waiving royalties or advertising contributions, mention it here]**

On behalf of our Franchisees, we are asking for your support in terms of rent relief starting April 1st and continuing until this situation is resolved and business returns to normal. I understand this is a significant ask and appreciate that you have obligations yourself. However, these are unprecedented times. **[NTD: Tailor this paragraph to outline the specific rent relief sought (Rent abatement? For how long? Extend term of lease to compensate for rent free period?)]**

We appreciate your consideration and understanding. Please contact us directly anytime and we look forward to your response.

Sincerely,

**[Name and Contact information]**

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