



**Cohen Highley**<sup>LLP</sup>  
L A W Y E R S

## **You've Addressed COVID-related Employee and Resident Health Issues. Now?**

### **It's Time to Address the Financial Health of Your Operation**

For the past several days, Landlords have properly been focused on issues of health and safety for building residents, employees, contractors and visitors. With April 1 quickly approaching, and in light of the overwhelming social and financial disruption as a consequence of COVID-19, landlords can expect rent defaults to occur. Most of those defaults will be genuinely tied to tenants' loss of income due lay off, loss of business, loss of employment, or self-isolation. In such cases the vast majority of landlords recognize that threats of eviction and demands for payment are a waste of time and an unnecessary burden on residents who are already in crisis mode.

There are other tenants who will seek to exploit the COVID-19 crisis and use it as an opportunity to avoid paying rent altogether. Already on social media we are seeing trolls encouraging tenants to withhold rent and assuring them that there will be no adverse consequences for doing so. In reality there will be adverse consequences, but the organizers of such initiatives could care less about tenants, they have a much bigger social agenda. If heat, hydro, water, cleaning services, building services (pest control, maintenance and repair) and security are all to be provided to tenants, it is critical that rent is paid.

The strategy to address financial hardship being deployed by some institutional lenders, by municipal governments, by provincial and federal governments, and some other creditors is to defer deadlines for payments where defaults are tied to COVID-19. Many landlords plan to act consistently with other major creditors

in addressing rent defaults by deferring collection of some or all of the rent due where the default is COVID-related.

Implementation of a rent deferral strategy should be relatively easy to administer. Instead of automatically issuing N4s (Notices of Termination) where rent is unpaid, landlords may issue 'friendly reminders' with content that lets tenants know that if the default is COVID-related, the tenant may contact the landlord to discuss the situation and make repayment arrangements. Most tenants who are acting in good faith will reach back out to the landlord to discuss same. Note the contact information provided should be by telephone, email or, if necessary, in person; however, if staff are to meet in person with a tenant then a recommended series of questions should be asked before the person is permitted into the office and while in the office, "social distancing" should be observed. A list of cautionary questions is available at this link: [Cautionary Questions](#)

Any discussion with defaulting residents should include providing them with information about available governmental financial assistance programs and, if necessary, assisting them to determine eligibility and access to such programs. The repayment agreement can be structured based on individual circumstances and this is where the skill and resourcefulness of you and your staff will come into play. In our view it is critical that the tenant have assurance in the security of maintaining their housing through the immediate and longer term crisis, while also have a clear understanding that rent must be paid. Once the terms of a repayment agreement are scoped out, they should be put in writing. A template for a sample rent arrears repayment agreement is available at the following link: [Rental Arrears Repayment Agreement](#)

You or your staff will often be able to determine whether a COVID-related default is genuine, either because the tenant fails to respond to the friendly reminder regardless of follow up, or the tenant is a chronic defaulter, or the tenant makes it clear that they will not cooperate and just refuse to pay anything. In those cases an N4 should issue if only to give you leverage to "stop the bleeding" once Landlord and Tenant Board proceedings are back up and running.

Best of luck to all of you in navigating these difficult times. As always, we are here to help if you need us.

If you have any questions, please do not hesitate to contact Joe Hoffer at [hoffer@cohenhighley.com](mailto:hoffer@cohenhighley.com) or 519-672-9330.

Yours Truly,



Joe Hoffer, Partner ([Profile](#))

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**Coronavirus/Covid-19 Advisory:** Due to the Covid-19 pandemic, we are in the process of moving most of our staff to remote access and have requested that meetings either be postponed or moved online where possible. Though our offices are still open, we are asking all of our clients and trade partners to consider these alternatives to physically attending at the offices. If in-person attendance is necessary, we ask that you refrain from attending if you are unwell or have recently travelled outside of Canada. If you have recently travelled internationally, we ask that you follow Government Public Health guidelines, found here: <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html>