Q&A
Rent Concerns During the Pandemic

LEASE AGREEMENT QUESTIONS

Seasonal Agreements
My landlord at a ski resort is granting a three-month rent abatement. Cams will still need to be paid. Do I need to get something in writing or amendment to my lease that is in place?
Having something in writing is always preferable, and having an amendment to the lease that both parties sign is the best course of action. If you discussed the three months abatement over the phone, it is advised that you follow up with an email to restate the terms of your agreement in writing.

Documentation
Our landlord is suggesting a lease amendment to commemorate two months of rent delay, but included in the amendment is a responsibility that we must show that we’ve applied for all aid and grants available and show them how much we’ve received. Is there a recommendation of what we should or shouldn’t share with our landlords?
We do not foresee a situation where offering your landlord this information would lead to consequences. If you are working on a deal with them, you should be prepared to offer full disclosure.

Do you have any templates for how to modify a lease that we can use to execute with our landlord?
It is difficult to offer a universal template, because every lease agreement varies. If you would like help formulating language for that purpose, we can refer you to an attorney in our legal resource center.

Landlord Disputes
I have talked to my landlord, I actually wanted to sell my restaurant and I did get an offer, the landlord seems not to want to work with the buyer at all, offering no help at the beginning of his lease, so the sale may not go through, and I believe he express interest on just evicting me and keeping the equipment to himself. What would you recommend to do?
Without knowing all the details here, it is difficult to weigh in on the situation. If you would like to be referred to an attorney we can suggest one to you through our legal resource center.

What are our remedies on rent since our landlord will not respond to us? What about the loans available to us?
We encourage you to continue your efforts to work on a mutual plan with your landlord. Landlords are busy right now too, it may be that they just haven’t had the opportunity to get back to you.

If you would like to apply for loans to cover your rent obligations, you may want to consider EIDL loans through SBA. These funds are allowed to be used towards rent payments. Furthermore, if you are approved for PPP funding, up to 25% of those funds can be used towards rent obligations. As always, we encourage you to work with your banker or a trusted lender in order to understand the options available to you.
LOAN QUESTIONS

Eligibility
Do we need to close in order to receive a loan? We are trying to stay open.
No, you can remain open for takeout, delivery, or drive-through services and still qualify for a loan.

Could you please summarize the various types of loans that exclude each other. It is scary to try to apply for one without full understanding of the consequences of how they disqualify each other. It is also making me wait longer and longer to make a decision.
There is nothing in the statute that says that you can’t use both the PPP and EIDL loans at the same time. If you qualify for both loan programs, you cannot use them towards the same purpose – aka no double dipping. Example: You may use PPP for payroll purposes, and EIDL loans for rent and accounts payable with no overlap.

If your balance sheet is showing increased liabilities as a result of this time how will that affect one’s chances for an SBA EIDL loan?
The SBA has stated they will be looking at credit scores when considering EIDL loans. There is no guidance for what a minimum score will look like, and the thresholds may vary by lender. As with any other loan, we suggest you shop around to find a lender that will work with your finances.

Loan Repayment
Are they still looking to treat these SBA loans as a grant if you hire back to the same employment levels?
The Payroll Protection Program loans are up to 100% forgivable if used towards the purposes outlined in the statute. Although not technically SBA loans, this program is administered by the SBA. The Economic Injury Disaster Loans through SBA will not be forgiven unless refinanced into a PPP program loan. Otherwise they will be 30 year loans with no more than 4% interest rates.

Use of Loans
Under the CARE Act and the SBA Loan, would CAM be included in the rent relief section, making it forgivable also?
Yes. Those funds can be used towards any obligation found in your lease agreement, including CAM.

If we are fully closed through the pandemic with all employees furloughed, and we’ve applied for and get a forgivable loan package through the CARES act, how can we access capital in order to cover reopening costs? The loan package we’ve applied for would cover people’s salaries but what about reopening costs?
If you are anticipating participating in the forgivable loan program through the PPP, you may want to consider also applying for funds EIDL loans through the SBA. Individuals are permitted to receive funds from both the PPP and EIDL loans so long as the funds are not used for the same purpose. In order for
the PPP loans to be forgiven, no more than 25% of the funds may be used for purposes other than payroll.

I would think that the landlord could get assistance from SBA similar to the tenant? They use the money to pay the mortgage versus us paying the rent.
Eligible individuals, including landlords, can apply for SBA loans and other forms of assistance. But whether or not the landlord applies for and receives a loan does not change your obligations under the lease.

I have 2 companies. One owns the real estate and leases to the business that operates. What can I do on behalf of the 2 companies?
You may apply for loans under both companies, so long as there are separate EIN’s. Best practices upon receiving the loans would be to hold the money in separate bank accounts and use the funds for different purposes.

Bankruptcy
This question is for an owner that is on the call that is thinking about filing for bankruptcy. Is there any advantage to doing this versus just closing the doors and giving all your equipment to the landlord because you cannot pay rent or find someone to take over the lease?
This is a complicated question that we do not have enough information to address. You should consult a bankruptcy attorney to review your entire financial situation and help you make a decision. There are Chapter 7, 11 and 13 bankruptcies. Chapter 11 and 13 bankruptcies allow for a plan of reorganization – Chapter 11 for business and Chapter 13 for individuals. Chapter 7 does not allow for a plan of reorganization and is more of a liquidation. There may be impacts on your personal credit if you have signed a guaranty agreement. Some factors a bankruptcy attorney would want you to consider are:

- if you have creditors other than the landlord;
- if you signed a personal guaranty;
- if you want to stay in business;
- if you have an assets;
- if your landlord is willing to work with you.

MISCELLANEOUS QUESTIONS

Hotels and Lodging
Hotel has a guest staying long-term, such as 2 weeks or more. If the guest is not able to pay his room payment, should the hotel be able to evict the guest?
Probably. The moratorium on evictions only applies to residential properties. If a guest of a hotel is not paying for the use of the hotel room, the hotel has the ability to enforce their policies and ask that person to leave.

Online Resources
What is the CRA website?
Do you have any links to sites to look for Grants?
We have a number of business resources listed on our website here
https://www.corestaurant.org/resources/coronavirus-resources. We will be updating these resources as
we receive new developments on grant programs and other forms of relief.

ALCOHOL DELIVERY QUESTIONS

Is there a requirement to what constitutes a "food order" that accompanies an alcohol order? Side of Ranch?
The Department is interpreting the food rules very liberally. We have heard some businesses offering
bags of chips or a side of french fries as the food order, and it is permitted. But, we would caution you
against going too far with the liberal interpretation and the spirit of the leeway being given.