



Canada Emergency Business Account Program ("CEBA Program") Loan Agreement

By submitting a loan application under the CEBA Program through HSBC Bank Canada ("HSBC"), and by clicking 'submit' (or similar) on the application site to indicate its agreement, the applying organization (referred to as the "Borrower"):

- agrees that these terms and conditions will apply to the loan, if approved and advanced
- confirms the attestations provided through the application process
- confirms its understanding that these terms and conditions are binding on it as a result of submitting its application, without an original signature from the Borrower.

The CEBA Program is instituted and administered at the request of the federal government, Her Majesty in Right of Canada and its agencies, including Export Development Canada (collectively, the "Government of Canada").

Your application is subject to review and approval by HSBC and to the continuing availability of the CEBA Program; your application may also be subject to review and approval by the Government of Canada.

1.0 Principal Amount of Loan

\$40,000 (CAD), available in a single advance.

2.0 Deposit of Loan Proceeds

If fully approved, your loan will be deposited in full to the account indicated on your application or as otherwise approved by HSBC. HSBC is not able to advance your loan until all requirements of the CEBA Program and any approval required by the Government of Canada have been met.

3.0 Interest and Repayment

3.1 The loan is interest-free (0% per annum) until and including **December 31, 2022**.

3.2 Repayment Incentive: If you repay 75% of the outstanding principal (e.g., \$30,000) by December 31, 2022, then 25% of the principal (e.g., the remaining \$10,000) will be forgiven. (No further advances will be permitted, and the loan will be irrevocably cancelled once repayment is made.)

3.3 If the loan has not been fully re-paid by its maturity date, December 31, 2022, the outstanding amount of your loan will be automatically extended (unless you advise us otherwise) starting on January 1, 2023 for an additional 3-year term maturing on **December 31, 2025**.

3.4 Commencing **January 1, 2023**, interest on the outstanding amount of the loan will be payable at the rate of 5% per annum, payable monthly or as otherwise advised by HSBC.

3.5 You may repay the principal starting on **January 1, 2021 and up until December 31, 2025** without penalty.

3.6 **The full amount of your loan (including principal and interest) is due and payable on December 31, 2025.** Prior to that date, there is no requirement to repay principal amounts as long as no default has occurred; interest will however be payable as described above until payment in full.

3.7 **Any repayments that you make cannot be re-borrowed. This includes repayments made at any time, including repayments made prior to December 31, 2022.**

4.0 Fees

No other fees are payable to HSBC in connection with the loan.¹

5.0 Purpose and Use of the Loan

- 5.1** Unless otherwise advised or waived by the Bank, the loan may only be used to fund non-deferrable operating expenses (payroll, rent, utilities, insurance, property tax and regularly scheduled debt service payments) and may not be used to fund payments or expenses such as prepayment or refinancing of existing indebtedness (including other indebtedness to HSBC), payment of dividends, distributions and increases in management compensation.
- 5.2** The loan may not be used for any illegal or illicit purpose, and the Borrower must not repay the loan using funds derived from any illegal or illicit activity.
- 5.3** HSBC acknowledges that the Borrower's use of the Loan is not considered to violate restrictions in other agreements with HSBC that may restrict the Borrower from incurring additional indebtedness.

6.0 Confirmation of Acknowledgments and Attestations

By applying for the loan, the Borrower confirms and certifies to HSBC that the information given in the application and through the application process is correct and complete, and the acknowledgements and attestations provided in the application are accurate and binding on the Borrower. For ease of reference, the acknowledgments and attestations provided in the application are included on Schedule "A" of this Agreement. The Borrower acknowledges that HSBC and the Government of Canada will rely upon the accuracy of these attestations in making loans and advances pursuant to the CEBA Program.

7.0 Representations and Warranties

The Borrower represents and warrants that:

- (a) It is a legal entity or business duly registered or qualified to carry on business in Canada, and duly authorized to apply for and receive the loan and enter into this Agreement.
- (b) It is in compliance with all applicable laws, including laws relating to financial crimes (including anti-money laundering and anti-bribery and corruption laws) and sanctions measures.
- (c) It is not engaged in any illegal activity, including any activity to evade or violate sanctions laws.

8.0 General Covenants

The Borrower agrees that while the loan is outstanding:

- (a) It will not merge, amalgamate, change its ownership structure or cease operations without notifying HSBC
- (b) It will maintain insurance reasonably appropriate for its business
- (c) It will comply in all material respects with all present and future applicable laws, including environmental laws
- (d) It will not apply for support under the CEBA Program at more than one financial institution
- (e) It will notify HSBC immediately if it becomes aware that any attestation or statement made through the application process or in connection with the loan, was incorrect, false or incomplete.

9.0 Default

9.1 HSBC may demand repayment of the loan, including any interest owing in respect of the loan, and it may at its option assign HSBC's rights in respect of the loan to the Government of Canada, in any the following circumstances:

- (a) The Borrower fails to pay any principal or interest when due respecting the loan.
- (b) The Borrower is in default under any other loans made by HSBC or other obligations owing to HSBC.

¹ A nominal servicing fee is paid by Export Development Canada to HSBC Bank Canada.

- (c) The Borrower breaches any covenant, including, without limitation, its commitment to use the proceeds as specified, its commitment to comply with the payment requirements set out in this Agreement, its undertaking not to apply for support at more than one financial institution or its commitment to comply with applicable law, or it does not comply with any other requirement of this Agreement.
- (d) The Borrower provided inaccurate, false or incomplete information in its application or at any time after the loan was advanced, including false statements in, or failing to comply with, attestations provided in connection with the loan.
- (e) The Borrower seeks protection from or an arrangement with creditors, makes a proposal, or proceedings are commenced by the Borrower or a creditor seeking winding-up, relief, insolvency, bankruptcy, liquidation, the appointment of a receiver/trustee, or other similar event.
- (f) Proceedings are commenced for the dissolution, liquidation or winding-up of the Borrower, unless such proceedings are being actively and diligently contested in good faith to the satisfaction of HSBC, or if a decree or order is enacted for the dissolution, liquidation or winding-up of the Borrower.
- (g) If it is determined that the Borrower did not satisfy all of the requirements for the CEBA Program at the time the loan was established.

Making a false statement or providing inaccurate or incomplete information in any attestation or breach of any requirement of the loan or the CEBA Program may require repayment and termination of the loan.

10.0 Information, Disclosure, Audit

- 10.1** HSBC or the Government of Canada, and its representatives and auditors, may require the Borrower to provide additional information and documentation reasonably required in connection with the loan or the CEBA Program, including, without limitation, notices and directions for repayment of the loan, information respecting the Borrower's use of the loan proceeds, its business affairs, financial information, identification information, 'know-your-customer' information (including in respect of directors, officers and signatories of the Borrower), and information required by law or in connection with compliance activities. The Borrower agrees to permit HSBC to examine and copy its books and records as reasonably required in relation to the loan and disclose same as required by the Government of Canada or in connection with the CEBA Program.
- 10.2** Information provided to HSBC in connection with the CEBA Program is for the purpose of making funding available on an urgent basis, and HSBC cannot be held responsible for any misuse or unauthorized access to the information, nor for any actions of the Government of Canada or its agencies in connection with the CEBA Program, including any changes to or cancellation of the CEBA Program.
- 10.3** The Borrower acknowledges and agrees that an audit may be conducted by the Government of Canada or any of its agents to ascertain the veracity of this attestation and the eligibility of the undersigned under the CEBA Program.
- 10.4** The Borrower agrees to participate in, and accurately complete in a timely manner, surveys respecting the CEBA Program as requested by the Government of Canada or its agencies.

11.0 Indemnity

The Borrower will indemnify HSBC for all reasonable out-of-pocket costs and expenses incurred by HSBC, including counsel fees, in connection with the enforcement or protection of its rights in connection with this Agreement or the loan.

12.0 Changes to the Agreement and the CEBA Program

- 12.1** The Government of Canada may make changes to, or cancel, the CEBA Program from time to time. HSBC is not responsible for any changes to the CEBA Program that might affect the Borrower.
- 12.2** HSBC will use reasonable efforts to notify the Borrower of any changes to the CEBA Program. HSBC will also notify the Borrower in advance of any changes made by HSBC to this Agreement.

13.0 Assignment

HSBC may sell, assign or transfer any or all of HSBC's rights under this Agreement or in connection with the loan or any cash flow relating to the loan to the Government of Canada. The Customer is not permitted to assign any rights or obligations in connection with this Agreement. This Agreement is binding on any successor of the Borrower.

14.0 Partnership

If the Borrower is a general partnership, the obligations of the partners of the partnership are joint and several.

15.0 Other Agreements

Other agreements the Borrower may have with HSBC, including the terms of any account agreement, will continue and are not amended by these terms and conditions. The loan under the CEBA Program will rank subordinate to any other loan facility the Borrower may have with HSBC.

16.0 Choice of Language

The Borrower has requested this Agreement and all related documents be in English. *Toutes les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.*

17.0 How to Contact Us; Complaints

If you have any questions or concerns respecting the loan, call us at 1-877-955-HSBC (4722) or contact your relationship manager. For complaints respecting the CEBA Program, please refer to the following website: www.CEBAquestions.ca.

Schedule A to the CEBA Program Loan Agreement

CEBA Program Attestation

TO: HSBC Bank Canada

1. The individual applying for the loan has the ability and authority to bind the Borrower.
2. The Borrower is a Canadian operating business in operation as of March 1, 2020.
3. The Borrower has a federal tax registration.
4. The Borrower's Canada Revenue Agency Business Number (BN), as reported at the top of the Borrower's 2019 T4 Summary of Remuneration Paid (T4SUM), has been accurately provided to HSBC on the application.
5. The Borrower's total employment income paid in the 2019 calendar year was between Cdn.\$20,000 and Cdn.\$1,500,000.
6. The employment income reported in Box 14 of the Borrower's 2019 T4SUM has been accurately provided to HSBC on the Borrower's application.
7. The Borrower can demonstrate the above information by presenting a 2019 T4 Summary of Remuneration Paid (T4SUM) when requested upon audit by the Government of Canada or any of its agents.
8. Per the requirements of the *Canada Emergency Business Account Program*, as set out by the Government of Canada, the Borrower acknowledges that the funds from this loan shall only be used by the Borrower to pay non-deferrable operating expenses of the Borrower including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation. Funds may not be used for any illegal purpose.
9. The Borrower has an active business chequing/operating account with HSBC, which is its primary financial institution. This account was opened on or prior to March 1, 2020 and was not in arrears on existing borrowing facilities, if applicable, with HSBC by 90 days or more as at March 1, 2020.
10. The Borrower has not previously used the CEBA Program and will not apply for support under the CEBA Program at any other financial institution.
11. The Borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents.
12. The Borrower understands that applying for support under the CEBA Program at more than one financial institution may result in ineligibility under the CEBA Program, default under the loan facility in respect of which this attestation is being provided, prosecution or other enforcement measures available at law or otherwise.
13. The Borrower acknowledges its intention to continue to operate its business or to resume operations.
14. Per the requirements of the CEBA Program, as set out by the Government of Canada, the Borrower confirms that:
 - a) it is not a government organization or body, or an entity owned by a government organization or body;
 - b) it is not a union, charitable, religious or fraternal organization or entity owned by such an organization or if it is, it is a registered T2 or T3010 corporation that generates a portion of its revenue from the sales of goods or services;
 - c) it is not an entity owned by individual(s) holding political office; and
 - d) it does not promote violence, incite hatred or discriminate on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability.
15. The Borrower acknowledges that HSBC will rely upon the accuracy of this attestation in making loans and advances to the Borrower pursuant to the CEBA Program and acknowledges and agrees that an audit may be conducted by the Government of Canada or any of its agents to ascertain the veracity of this attestation and the eligibility of the Borrower under the Program.
16. For the purposes of verifying the Borrower's eligibility for the CEBA Program, the Borrower authorizes Export Development Canada, as its representative with the Canada Revenue Agency, to access any required payroll information.