

SANGRA MOLLER LLP*Barristers & Solicitors***LEGAL CURRENCY***A Client Communication***Business Development Bank of Canada and Export Development Canada Support in Response to the Coronavirus ("COVID-19") (updated)**

To provide an update to our previous legal currency on the Canadian government's response to COVID-19, the following outlines the steps and requirements that Canadian businesses may follow to apply for certain loans or other forms of credit through the Business Development Bank of Canada ("BDC") and Export Development Canada ("EDC").

I. BDC Funding

The following summary outlines three types of financing available through the BDC: (i) small business loans of up to \$100,000.00 (requires a personal guarantee from the applicant); (ii) working capital loans of between \$100,000.00 and \$750,000.00 (typical cap, but may be higher depending on the size of the business); and (iii) domestic purchase order financing (no strict monetary limits, but dependent on the circumstances). International purchase order financing is available through the EDC, as discussed below. The BDC also offers funding in respect to: (i) buying a business (up to \$35 million); (ii) commercial real estate financing; (iii) equipment financing; (iv) start-up financing (the applicant will need to provide the EDC with its business plan and must have been in business for at least 12 months and have generated a minimum of \$50,000 in revenues); (v) technology financing; (vi) financing a sale or transfer of a business (up to \$35 million); and (vii) expansion loans. The process to apply for the foregoing is substantially similar to the application process to apply for working capital loans and purchase order financing from the BDC, as discussed below.

We would be pleased to assist in determining your eligibility for funding and in completing the requisite applications.

Small Business Loan

To apply for a small business loan, the applicant must submit an online application form at https://www.bdc.ca/en/online_financing/pages/loan-application.aspx#/, which will require the applicant to:

1. Confirm eligibility requirements. The full list of eligibility requirements can be found by clicking "read declarations to continue" at https://www.bdc.ca/en/online_financing/pages/loan-application.aspx#/. If an applicant does not meet all of the eligibility requirements, it will not be eligible for financing from the BDC.
2. Provide information about the applicant's business, including business name under which tax returns are filed, year in which the business began operations, number of employees, type of business, annual revenues, business tax ID number (if available) and accountant contact information. If the business exports, provide exports as a percentage of sales and exports to countries outside of the United States and the European Union as a percentage of sales. If the business imports, provide imports from countries outside of the United States and the European Union as a percentage of annual imports.
3. Provide information about each business owner(s), including percentage ownership, length of ownership, residency status, total household income, residential property municipal value, current value of marketable securities and RRSPs, amount of mortgage (including equity line(s) of credit), amount of unsecured personal debts and current balance of personal credit card(s).

- Briefly describe business need or project for which the applicant is requesting a loan, including amounts requested for equipment, technology, working capital, consulting services and other expenses.

The applicant will receive an email confirmation, and a BDC representative will reach out thereafter.

Working Capital Loan

To apply for a working capital loan, the applicant must submit an online application form at <https://www.bdc.ca/en/financing/business-loans/working-capital-financing/pages/working-capital-financing-form.aspx>, which will require the applicant to:

- Provide year in which the business began operations and when the applicant needs the loan (less than 1 month, between 1 and 3 months, between 3 and 6 months or more than 6 months).
- Provide information about the applicant's business, including annual revenues and number of employees.
- Briefly describe business project and explain how the loan will be used.

The applicant will receive an email confirmation, and a BDC representative will reach out thereafter.

Purchase Order Financing

To apply for purchase order financing, the applicant must submit an online application form at <https://www.bdc.ca/en/financing/business-loans/pages/purchase-order-financing-form.aspx>, which will require the applicant to:

- Provide year in which the business began operations and when the applicant needs the loan (less than 1 month, between 1 and 3 months, between 3 and 6 months or more than 6 months).

- Provide information about the applicant's business, including annual revenues and number of employees.
- Briefly describe the business project and explain how the loan will be used.

The applicant will receive an email confirmation, and a BDC representative will reach out thereafter.

II. EDC Funding

The EDC announced that, effective March 24, 2020, it would increase support to exporting companies in order to help manage the challenges companies are facing in the current environment. Potential applicants are asked to contact their financial services provider(s) first for financing and, if declined, to ask their financial services provider(s) to contact the EDC for potential relief.

The EDC is now supporting all exporting companies by offering their banks a guarantee of loans up to \$5 million so that companies can access more cash immediately. For more details, please contact your financial services provider(s).

The EDC provides the following solutions: risk management solutions (credit insurance and performance security insurance), financing solutions (buyer financing, direct lending, structured and project financing and purchase order financing) and working capital solutions (export guarantee program, account performance security guarantee, foreign exchange facility guarantee and surety bonds).

We would be pleased to assist in determining your eligibility for insurance/funding and in completing the requisite applications.

Risk Management Solutions

A. Select Credit Insurance

The EDC offers to cover up to 90% of the applicant's insured losses if the applicant's customer defaults on payment. Select credit insurance is designed to

provide short-term coverage for new or occasional exporters.

To apply for select credit insurance, the applicant must submit an online application form at <https://cis.edc.ca/tp/main.do?body=register&newlang=en#/1-company/your>, which will require the applicant to:

1. Provide information about its business, including industry sector, annual revenues and fiscal year-end date.
2. Indicate in which currency the policy will be administered (Canadian or United States dollars).

The applicant will receive an email confirmation with a temporary password and login ID. To apply for credit insurance, log in using the temporary password and login ID.

To qualify for credit insurance, the applicant must satisfy all of the following criteria:

1. Insure \$500,000 or less per customer.
2. Extend payment terms by 180 days or less to the customer.
3. The applicant has not shipped its goods or provided its service to the customer.
4. All of the applicant's goods and services to be insured are exported directly from Canada to the customer, or the applicant is involved in the manufacture, design or R&D of the product being sold.

B. Portfolio Credit Insurance

The EDC offers to cover up to 90% of the applicant's insured losses if the applicant's customer defaults on payment. Portfolio credit insurance is designed to provide ongoing coverage for active exporters with consistent revenues.

To apply for portfolio credit insurance, the applicant must submit an online application form at <https://cis2.edc.ca/herakles/do?action=MonarchSignUp>, which will require the applicant to provide information about the applicant's business, including country of incorporation/registration, primary goods or services that the applicant sells, primary goods or services as a percentage of total sales, year of formation, last fiscal year-end date and total revenues for the last fiscal year-end period.

The applicant will receive an email confirmation with a temporary password and login ID. To apply for portfolio credit insurance, log in using the temporary password and login ID. In order to complete the application, the applicant will need the following:

1. A summary of the applicant's sales and bad debt for the current year and the last three fiscal periods.
2. A list of countries for which the applicant would like coverage.
3. A list of the applicant's largest buyers for whom it requires coverage (maximum of five outside Canada and, if applicable, five within Canada).
4. A copy of the applicant's aged receivables list.
5. The details of each affiliated company of the applicant whose sales the applicant would like to insure, including their respective total sales and bad debts for the last three fiscal periods, and a copy of the applicant's organizational structure.

C. Performance Security Insurance

The EDC offers to cover up to 95% of the applicant's insured losses if the applicant's customer wrongfully calls a letter of guarantee or if a call is triggered by the applicant not being able to meet its obligations due to specific political risk.

To apply for performance security insurance, a first time applicant must complete the following: Customer

Profile and Consent form, Application for Single Transaction Support form and Guarantee Products and Other Insurance Declaration and Indemnity letter, each of which can be found by clicking "application forms" at <https://www.edc.ca/en/solutions/insurance/performance-security-insurance.html#>. A first time applicant must send its completed application documents via e-mail to tradeadvisor-conseiller@edc.ca. If the applicant is a current performance security insurance customer, it will only need to complete the Application for Single Transaction Support form and send the completed form to its account manager at the EDC.

In order to complete the Customer Profile and Consent form, the applicant will need to:

1. Provide information about the applicant's business, including legal and trade names (as applicable), country of incorporation/registration, year of formation, number of employees, description of operations, organizational chart (if applicable), amount of largest contract performed to-date, amount of average contract and length of average and longest contracts.
2. Provide information about the applicant's foreign business (on a consolidated basis, but excluding intercompany sales), including export destinations and years exporting to such destinations, consolidated revenues for the most recent year-end (the applicant will need to provide interim financial statements if annual financial statements are over six months old), consolidated foreign business revenues for the most recent year-end, projected consolidated year-end revenues, projected consolidated foreign business year-end revenues and estimated 12 months projected value of Canadian exports.
3. Provide three years of financial statements and the most recent interim financial statements (consolidated, if available).

4. Provide banking information, including amount of current operating line of credit, amount of current letters of guarantee line, current utilization and bank review date. If a waiver or forbearance agreement has been granted, the applicant will need to attach a copy with its application.
5. Provide bonding history (surety bonds and/or standby bank letters of guarantee or credit), including total number and amount of bonds issued on the applicant's behalf in the past 12 months, average value and duration of bonds issued and longest bond duration. If the applicant or affiliated companies had any bonds called in the past three years, the applicant will need to provide details (buyer, country, type of bond, year, amount and reason) on a separate sheet and attach it with its application.
6. Provide bonding request (based on total expected bonds or guarantees to be issued during the next 12 months), including whether the applicant requires selective or comprehensive performance security insurance (wrongful call).

In order to complete the Application for Single Transaction Support form (performance security insurance or surety fronting), the applicant will need to:

1. Provide information about the applicant's business, including legal and trade names (as applicable).
2. Provide information about the buyer or other counterparty, including legal and trade names (as applicable).
3. Provide transaction details, including a brief contract description, contract value, value of Canadian exports (i.e. goods of Canadian origin or manufacture, and/or services provided by Canadians), type of bond/guarantee and bond/guarantee value and duration.
4. If the applicant has entered into the contract through a foreign subsidiary, joint venture or other

entity, the application will need to provide the legal name of the entity, the applicant's percentage ownership of such entity, and the location of such entity.

In order to complete the Guarantee Products and Other Insurance Declaration and Indemnity letter, the applicant will need to:

1. Confirm that it is not aware of any circumstances likely to give rise to any call, claim or loss under any guarantee product or other insurance to be provided by the EDC.
2. Confirm that no buyer or beneficiary under a contract related to a guarantee product or other insurance to be provided by the EDC is or will be a Related Person (as such term is defined in the form).
3. Confirm compliance with applicable laws dealing with bribery (as more particularly set forth in the form) with respect to any business that is the object of a guarantee product or other insurance to be provided by the EDC.
4. Confirm that no contract which is the object of a guarantee product or other insurance to be provided by the EDC contains or will contain discriminatory wording (as more particularly set forth in the form).
5. Confirm that the applicant and its affiliates are in material compliance with applicable environmental, social and human rights laws and regulations (as more particularly set forth in the form).

If applicable, the applicant and any indemnitors will be jointly and severally liable for all obligations, covenants, terms and agreements contained in the letter of guarantee.

Eligibility is determined by the EDC based on its review of the letter of guarantee, the conditions and

economic outlook in the customer's country and the customer's profile.

Financing Solutions

A. Buyer Financing

To apply for buyer financing, the applicant must submit an online application form at <https://www.edc.ca/en/form/inquiry.html>, which will require the applicant to provide information about the applicant's business, including legal name, total revenues for the last fiscal year-end period and the countries the applicant plans to sell to in the next two years. In the "What is your trade-related question" section, the applicant will need to indicate that it is applying for buyer financing and provide any other relevant details.

The applicant will receive an email confirmation, and an EDC representative will reach out thereafter. The applicant will need to provide the EDC with the export contract and credit information on its foreign buyer. The EDC will then complete the credit review and approval process and if the review is approved, the EDC will issue a loan agreement to the applicant's buyer and notify the applicant.

The payment to the applicant is usually triggered by the EDC's receipt of a buyer-approved invoice and the EDC will be responsible for collecting payment from the applicant's buyer and administering the loan.

B. Direct Lending

The EDC offers various direct lending structures to an applicant or its foreign affiliates through secured loans. The EDC's lending support is priced based on the level of risk and the market involved.

To apply for direct lending (including bilateral loans, club deals or syndicated loans), the applicant must submit an online application form at <https://www.edc.ca/en/form/inquiry.html>, which will require the applicant to provide information about the applicant's business, including legal name, total revenues for the last fiscal year-end period and the

countries the applicant plans to sell to in the next two years. In the "What is your trade-related question" section, the applicant will need to indicate that it is applying for direct lending and the type of loan requested (if known) and provide any other relevant details.

The applicant will receive an email confirmation, and an EDC representative will reach out thereafter. The applicant will need to provide the EDC with its business plan.

Eligibility is determined by the EDC based on its review of the applicant's financial health, business plan and other reports.

C. Structured and Project Financing

To apply for structured and project financing (i.e. limited recourse financing of long-term, capital intensive projects), the applicant must submit an online application form at <https://www.edc.ca/en/form/inquiry.html>, which will require the applicant to provide information about the applicant's business, including legal name, total revenues for the last fiscal year-end period and the countries the applicant plans to sell to in the next two years. In the "What is your trade-related question" section, the applicant will need to indicate that it is applying for structured and project financing and provide any other relevant details.

The applicant will receive an email confirmation, and an EDC representative will reach out thereafter.

To qualify for structured and project financing, the applicant must satisfy all of the following criteria:

1. Project generates revenues of over \$50 million.
2. The applicant has export activities outside of Canada.
3. The applicant needs structured financing in order to execute a large-scale global project in the

extractive, power, utilities, infrastructure or industrial sector.

4. The project clearly demonstrates economic benefits to Canada.

D. Purchase Order Financing

The EDC offers to cover up to 90% of the applicant's purchase order amount. If the applicant qualifies, the loan is repaid as the applicant is paid on the fulfillment of its contract with the international buyer, and the EDC will match the applicant's purchase order terms for a period of up to 18 months.

To apply for purchase order financing, the applicant must contact its EDC account manager. If the applicant does not have an existing contact at the EDC, please call 1-888-220-0047.

Eligibility is determined by the EDC based on its review of the applicant's customer's credit rating, transaction details and other determining factors.

Working Capital Solutions

A. Export Guarantee Program

The EDC's export guarantee program can help the applicant's financial institution provide the applicant with additional access to funding by providing a guarantee on the money the applicant borrows. The value of the guarantee can vary depending on the type and size of the loan. However, the EDC's total exposure under one or multiple guarantees in support of the applicant's business cannot exceed USD\$10 million. Fees are determined based on the applicant's credit rating, duration of coverage and the amount of financing needed.

To apply for the export guarantee program, the applicant must contact its EDC account manager. If the applicant does not have an existing contact at the EDC, the applicant must submit an online application form at <https://www.edc.ca/en/form/inquiry.html>, which will require the applicant to provide

information about the applicant's business, including legal name, total revenues for the last fiscal year-end period and the countries the applicant plans to sell to in the next two years. In the "What is your trade-related question" section, the applicant will need to indicate that it is applying for the export guarantee program and provide any other relevant details.

The applicant will receive an email confirmation, and an EDC representative will reach out thereafter.

Eligibility is determined by the EDC based on the amount of the applicant's international sales, the lending agreement with the applicant's financial institution and other factors.

B. Account Performance Security Guarantee

The EDC offers a 100% guarantee to an applicant's financial institution for any bonds it posts on the applicant's behalf, without the applicant having to put up cash or credit to its financial institution as collateral.

To apply for an account performance security guarantee, a first time applicant must complete the Customer Profile and Consent form and Guarantee Products and Other Insurance Declaration and Indemnity letter, both of which can be found by clicking "application forms" at <https://www.edc.ca/en/solutions/working-capital/account-performance-security-guarantee.html#>. The applicant must send its completed application documents via e-mail to tradeadvisor-conseiller@edc.ca.

In order to complete the Customer Profile and Consent form, the applicant will need to:

1. Provide information about the applicant's business, including legal and trade names (as applicable), country of incorporation/registration, year of formation, number of employees, description of operations, organizational chart (if applicable), amount of largest contract performed to-date, amount of average contract and length of average and longest contracts.
2. Provide information about the applicant's foreign business (on a consolidated basis, but excluding intercompany sales), including export destinations and years exporting to such destinations, consolidated revenues for the most recent year-end (the applicant will need to provide interim financial statements if annual financial statements are over six months old), consolidated foreign business revenues for the most recent year-end, projected consolidated year-end revenues, projected consolidated foreign business year-end revenues and estimated 12 months projected value of Canadian exports.
3. Provide three years of financial statements and the most recent interim financial statements (consolidated, if available).
4. Provide banking information, including amount of current operating line of credit, amount of current letters of guarantee line, current utilization and bank review date. If a waiver or forbearance agreement has been granted, the applicant will need to attach a copy with its application.
5. Provide bonding history (surety bonds and/or standby bank letters of guarantee or credit), including total number and amount of bonds issued on the applicant's behalf in the past 12 months, average value and duration of bonds issued and longest bond duration. If the applicant or affiliated companies had any bonds called in the past three years, the applicant will need to provide details (buyer, country, type of bond, year, amount and reason) on a separate sheet and attach it with its application.
6. Provide bonding request (based on total expected bonds or guarantees to be issued during the next 12 months), including amount and type of bank guarantee, list of each affiliated company requiring support and the applicant's ownership percentage of such affiliated company. The

applicant will need to confirm that without the EDC's support, its bank will not extend more credit and/or will restrict all or part of its operating line and such action will have a negative impact on the applicant's foreign business.

In order to complete the Guarantee Products and Other Insurance Declaration and Indemnity letter, the applicant will need to:

1. Confirm that it is not aware of any circumstances likely to give rise to any call, claim or loss under any guarantee product or other insurance to be provided by the EDC.
2. Confirm that no buyer or beneficiary under a contract related to a guarantee product or other insurance to be provided by the EDC is or will be a Related Person (as such term is defined in the form).
3. Confirm compliance with applicable laws dealing with bribery (as more particularly set forth in the form) with respect to any business which is the object of a guarantee product or other insurance to be provided by the EDC.
4. Confirm that no contract which is the object of a guarantee product or other insurance to be provided by the EDC contains or will contain discriminatory wording (as more particularly set forth in the form).
5. Confirm that the applicant and its affiliates are in material compliance with applicable environmental, social and human rights laws and regulations (as more particularly set forth in the form).

If applicable, the applicant and any indemnitors will be jointly and severally liable for all obligations, covenants, terms and agreements contained in the letter of guarantee.

Eligibility is determined by the EDC based on its review of the letter of guarantee, the managerial,

technical and financial capabilities of the applicant, the conditions and economic outlook in the applicant's customer's country and the customer's profile.

C. Foreign Exchange Facility Guarantee

The EDC secures foreign exchange rates (for up to three years) without requiring the applicant to put up capital.

To apply for a foreign exchange facility guarantee, a first time applicant must complete the Customer Profile and Consent form and Guarantee Products and Other Insurance Declaration and Indemnity letter, both of which can be found by clicking "application forms" at <https://www.edc.ca/en/solutions/working-capital/account-performance-security-guarantee.html#>. The applicant must send its completed application documents via e-mail to tradeadvisor-conseiller@edc.ca.

In order to complete the Customer Profile and Consent form, the applicant will need to:

1. Provide information about the applicant's business, including legal and trade names (as applicable), country of incorporation/registration, year of formation, number of employees, description of operations, organizational chart (if applicable), amount of largest contract performed to-date, amount of average contract and length of average and longest contracts.
2. Provide information about the applicant's foreign business (on a consolidated basis, but excluding intercompany sales), including export destinations and years exporting to such destinations, consolidated revenues for the most recent year-end (the applicant will need to provide interim financial statements if the annual financial statements are over six months old), consolidated foreign business revenues for the most recent year-end, projected consolidated year-end revenues, projected consolidated foreign business year-end revenues and estimated 12 months projected value of Canadian exports.

3. Provide three years of financial statements and the most recent interim financial statements (consolidated, if available).
 4. Provide banking information, including amount of current operating line of credit, amount of current letters of guarantee line, current utilization and bank review date. If a waiver or forbearance agreement has been granted, the applicant will need to attach a copy with its application.
 5. Provide bonding history (surety bonds and/or standby bank letters of guarantee or credit), including total number and amount of bonds issued on the applicant's behalf in the past 12 months, average value and duration of bonds issued and longest bond duration. If the applicant or affiliated companies had any bonds called in the past three years, the applicant will need to provide details (buyer, country, type of bond, year, amount and reason) on a separate sheet and attach it with its application.
 6. Provide bonding request (based on total expected bonds or guarantees to be issued during the next 12 months), including amount of foreign exchange guarantee. The applicant will need to confirm that without the EDC's support, its bank will not extend more credit and/or will restrict all or part of its operating line and such action will have a negative impact on the applicant's foreign business.
- a Related Person (as such term is defined in the form).
 3. Confirm compliance with applicable laws dealing with bribery (as more particularly set forth in the form) with respect to any business which is the object of a guarantee product or other insurance to be provided by the EDC.
 4. Confirm that no contract which is the object of a guarantee product or other insurance to be provided by the EDC contains or will contain discriminatory wording (as more particularly set forth in the form).
 5. Confirm that the applicant and its affiliates are in material compliance with applicable environmental, social and human rights laws and regulations (as more particularly set forth in the form).

If applicable, the applicant and any indemnitors will be jointly and severally liable for all obligations, covenants, terms and agreements contained in the letter of guarantee.

Eligibility is determined by the EDC based on its review of the managerial, technical and financial capabilities of the applicant.

D. Surety Bonds

The EDC offers surety bonds (other than for domestic transactions) for contractual, financial and regulatory obligations and will insure against losses if a customer demands payment against the applicant's surety bond.

To apply for a surety bond, the applicant must submit an online application form at <https://www.edc.ca/en/form/inquiry.html>, which will require the applicant to provide information about the applicant's business, including legal name, total revenues for the last fiscal year-end period and the countries the applicant plans to sell to in the next two years. In the "What is your trade-related question" section, the applicant will need to indicate that it is

In order to complete the Guarantee Products and Other Insurance Declaration and Indemnity letter, the applicant will need to:

1. Confirm that it is not aware of any circumstances likely to give rise to any call, claim or loss under any guarantee product or other insurance to be provided by the EDC.
2. Confirm that no buyer or beneficiary under a contract related to a guarantee product or other insurance to be provided by the EDC is or will be

applying for a surety bond and provide any other relevant details.

The applicant will receive an email confirmation, and an EDC representative will reach out thereafter.

Eligibility is determined by the EDC based on its review of the managerial, technical and financial capabilities of the applicant, the contract terms, its review of the bond, the conditions and economic outlook in the applicant's customer's country and the customer's profile.

This communication is intended to provide general information as a service to our clients and should not be construed as legal advice or opinions on specific facts.