

QUESTIONS AND ANSWERS

More small businesses can soon access the Canada Emergency Business Account

Q. What is the Canada Emergency Business Account (CEBA) and who is eligible to apply?

A. The Government of Canada recently announced that it will be providing the Canada Emergency Business Account to support Canadian businesses that have been adversely affected by COVID-19. Eligible businesses will receive a \$40,000 loan for immediate financial support to cover short term operating expenses, payroll and other non-deferrable expenses which are critical to sustain business continuity.

The Canada Emergency Business Account details are as follows:

- A \$40,000 interest-free (until December 31, 2022), government funded loan to help you pay for operating costs that you're not able to defer as a result of COVID-19.
- \$10,000 (25%) of the \$40,000 loan is eligible for complete forgiveness if \$30,000 is repaid on or before December 31, 2022.
- If the loan is not repaid by December 31, 2022, it will be extended for an additional 3-year term bearing an interest rate of 5% per annum.
- The loan can be repaid at any time without penalty.

As of Friday, June 26, 2020, owner-operated small businesses that had been ineligible for the program due to their lack of payroll, are now eligible.

Eligibility criteria:

- The Borrower is a Canadian operating business in operation as of March 1, 2020.
- The Borrower has a federal tax registration.
- The Borrower's total employment income paid in the 2019 calendar year was between Cdn.\$20,000 and Cdn.\$1,500,000. For applicants with Cdn.\$20,000 or less in total employment income paid in the 2019 calendar year:
 - The Borrower has a Canada Revenue Agency business number and has filed a 2018 or 2019 tax return.

- The Borrower has eligible non-deferrable expenses between Cdn.\$40,000 and Cdn.\$1,500,000. Eligible non-deferrable expenses could include costs such as rent, property taxes, utilities, and insurance. Expenses will be subject to verification and audit by the Government of Canada.
- The Borrower has an active business chequing/operating account with the Lender, 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 the Lender by 90 days or more as at March 1, 2020.
- The Borrower has not previously used the Program and will not apply for support under the Program at any other financial institution.
- The Borrower acknowledges its intention to continue to operate its business or to resume operations.
- The Borrower agrees to participate in post-funding surveys conducted by the Government of Canada or any of its agents.

More information on the expanded CEBA can be found [on the program's website](#).

Q. How do my members/customers apply for CEBA?

A.

- **Payroll Stream (Payroll > \$20,000):** Businesses with total employment income paid to employees in 2019 greater than \$20,000 and less than \$1.5MM can apply directly through the Financial Institution where they hold their primary business chequing/operating account.
- **Non-Deferrable Expenses Stream (Payroll ≤ \$20,000):** Businesses with total employment income paid to employees in 2019 of \$20,000 or less, or with no employment income paid in 2019 must first apply through the financial institution where they hold their primary business chequing/operating account and then apply with the Government of Canada at <https://application-demande.ceba-cuec.ca/>

Q. What does the Non-Deferrable Expenses Stream (Extended CEBA program) mean for this credit union/financial institution?

A. As outlined above, the federal government has set out new terms under which phase three of the program will be available. For the first two phases of CEBA, banks would enroll businesses, once they had attested to their eligibility, and provide funding upfront, while EDC would screen for eligibility after the loans had been extended. In phase three, EDC will approve eligibility in CEBA before funding is

released. While businesses will still be required to provide an attestation to their primary business financial institution, they will need to provide additional documentation to EDC, before a loan can be approved by EDC.

As a result of these updated terms mandated by the federal government for audit and reporting requirements, implementing the latest CEBA 3.0 form is non-optional if Central 1 clients wish to continue to provide this service.

Central 1 has been working closely with the EDC to understand these new terms and to implement the necessary development and legal enhancements required to ensure the CEBA application forms you are offering through *Member Direct*, *Forge* and *ServiceNow* capture this expanded eligibility criteria.

Q. What happens to my existing CEBA 2.0 form?

A. In order to enable you to meet the updated requirements from EDC and continue to offer this important program with the expanded eligibility, you will need to implement the updated CEBA 3.0 form. Important implementation guidelines and timelines are outlined in [this Secure Site article](#).

Due to a reporting changeover and EDC requirements, once CEBA 3.0 is live for the Group 3 clients who make it into our Wave 1 go-live slot (July 16, 2020), all existing CEBA 2.0 forms will be decommissioned.

Q. What steps are required for me to implement the latest updated CEBA 3.0 form?

A. Submit a request on our [ServiceNow](#) portal or call 1.888.889.7878, Option 2.

Q. I've recently submitted a ticket into Service Now requesting the updated CEBA 3.0 form.

What happens next?

A. Central 1 will be issuing updated agreements via DocuSign to the same signers as CEBA 2.0. These are amendments of the agreements previously signed.

- Amended and Restated Credit Agreement
Schedule I - 3.0 Activation Notice
- Amended and Restated Program Administration Agreement
- Amended and Restated Central and Borrowers Agreement

The agreements are currently being finalized by the EDC and you can expect to receive them shortly.

In order to make it into Wave 1 go-live on July 16, you must complete the following steps before Tuesday, July 14, noon PT:

- 1. Sign and return amended agreements**
- 2. Finalize your Statement of Work/ServiceNow ticket**
- 3. Sign off on User Acceptance Testing in the ServiceNow ticket**

Q. Does Central 1 have the capacity to go-live with all Group3 clients in Wave 1 on July 16th?

A. While we can accommodate all existing CEBA Group 3 clients in Wave 1, we recognize you may not have time to complete the documentation before Wave 1 begins. Clients who do not make it into Wave 1 can join Wave 2 (Monday, July 20) or Wave 3 (Thursday, July 23) if they wish to continue offering CEBA loans to their members and customers.

Q. I am not using a MemberDirect® or Forge form for my CEBA submissions. What steps do I need to take?

A. You will be able to access the manual ServiceNow submission process via the ServiceNow portal as of July 16 (same process as for CEBA 1.0/2.0).

Q. When will I find out the cost for CEBA 3.0 and the upgraded reporting?

A. We intend to recover our costs through a fair pricing structure based the overall applications submitted by September 1, 2020. The pricing will depend on the volume of applications submitted and the actual price will be determined in September. However, the maximum base price per FI will not exceed \$6,000. If you require customizations, extra charges will apply and we will provide a separate estimate for these customizations prior to proceeding with the work.

Q. What other choices can I provide my customers if I don't implement CEBA 3.0 for them to access these funds?

A. There are no other options, this is the only way they can access and apply for these loans.

Q. When will CEBA 3.0 be available?

A.

Group 1, accredited through EDC: Currently available

Group 3, accredited through Central 1: July 16th

Q. What happens to the CEBA loans I have in the queue? Do I need to re-apply?

A. No, loans already processed are grandfathered and don't need to be resubmitted.

Q. Why are the banks already offering this in market?

A. The EDC has chosen to work with the big 5 banks to get them live first. Then they will be working with the other directly accredited FI's (including some of the larger CU's). Once both of those groups are live, we expect the EDC to shift their focus to getting the various Centrals and credit union's accredited through the Centrals live on this latest extended CEBA program.

Q. Will there be client impact, if so- what will that be?

A. The new CEBA 3.0 process is more complex, with the member needing to also go to an EDC website to submit proof of their expenses after making the CEBA loan application. Loans will not be approved until EDC has confirmed proof of at least \$40,000 in non-deferable expenses.

Q. What about clients who are not using a Central 1 Digital Banking Platform?

Clients who are not on MemberDirect or Forge will need to engage directly with their online digital banking platform provider. Central 1 can support them by providing the technical information to assist in your discussions.

Q. If I want to learn more, where should I look?

A.

Central 1's regularly updated [CEBA page](#)

Latest [Federal Government announcement](#)

[CEBA program website](#)

[CCUA](#)