

# Unlock the Power of Protection

Why Title Insurance Matters for Commercial Lenders

Date | December 11, 2025

**Welcome!**

The webinar will start shortly.

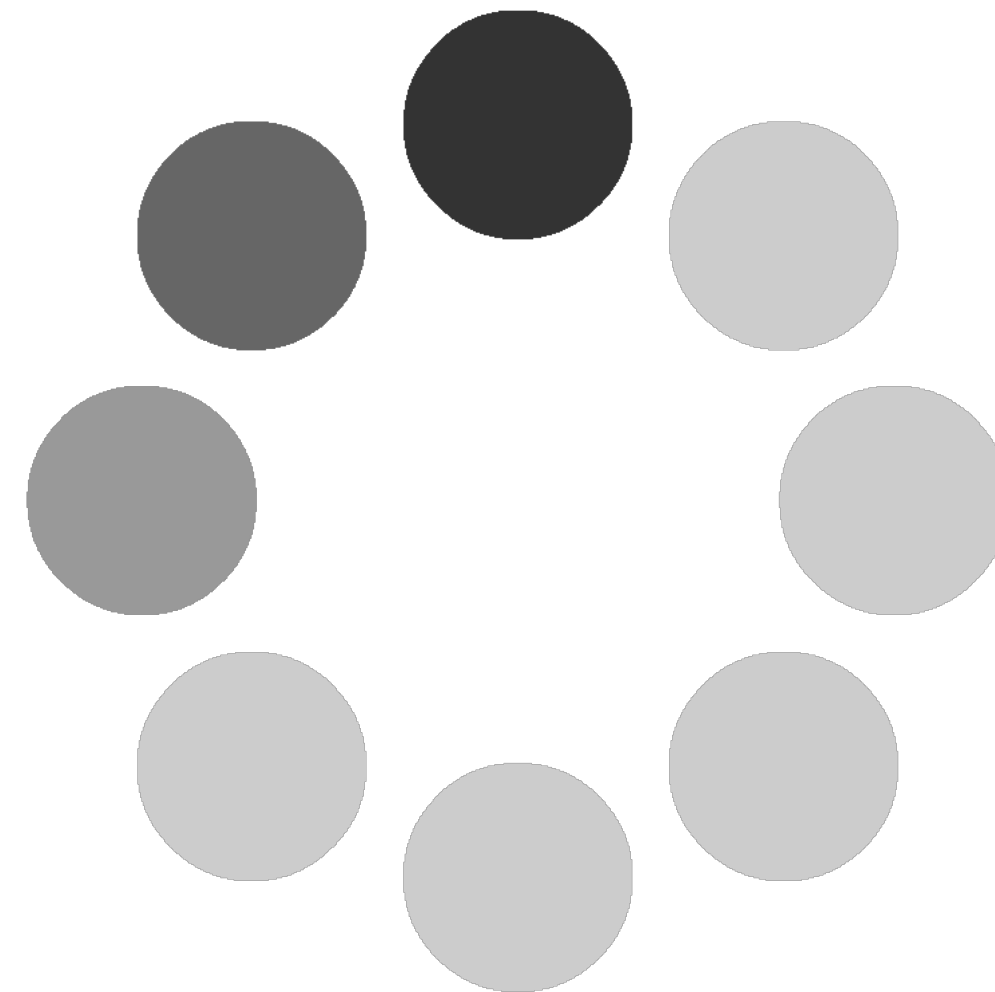




# Agenda

- Risk Management
- Real Life Scenarios
- Reasons Lenders Title Insure
- Our Partnership
- Best Practices
- Questions?

# Time for a Survey...



# Managing Risk



The expertise of  
your trusted lawyer

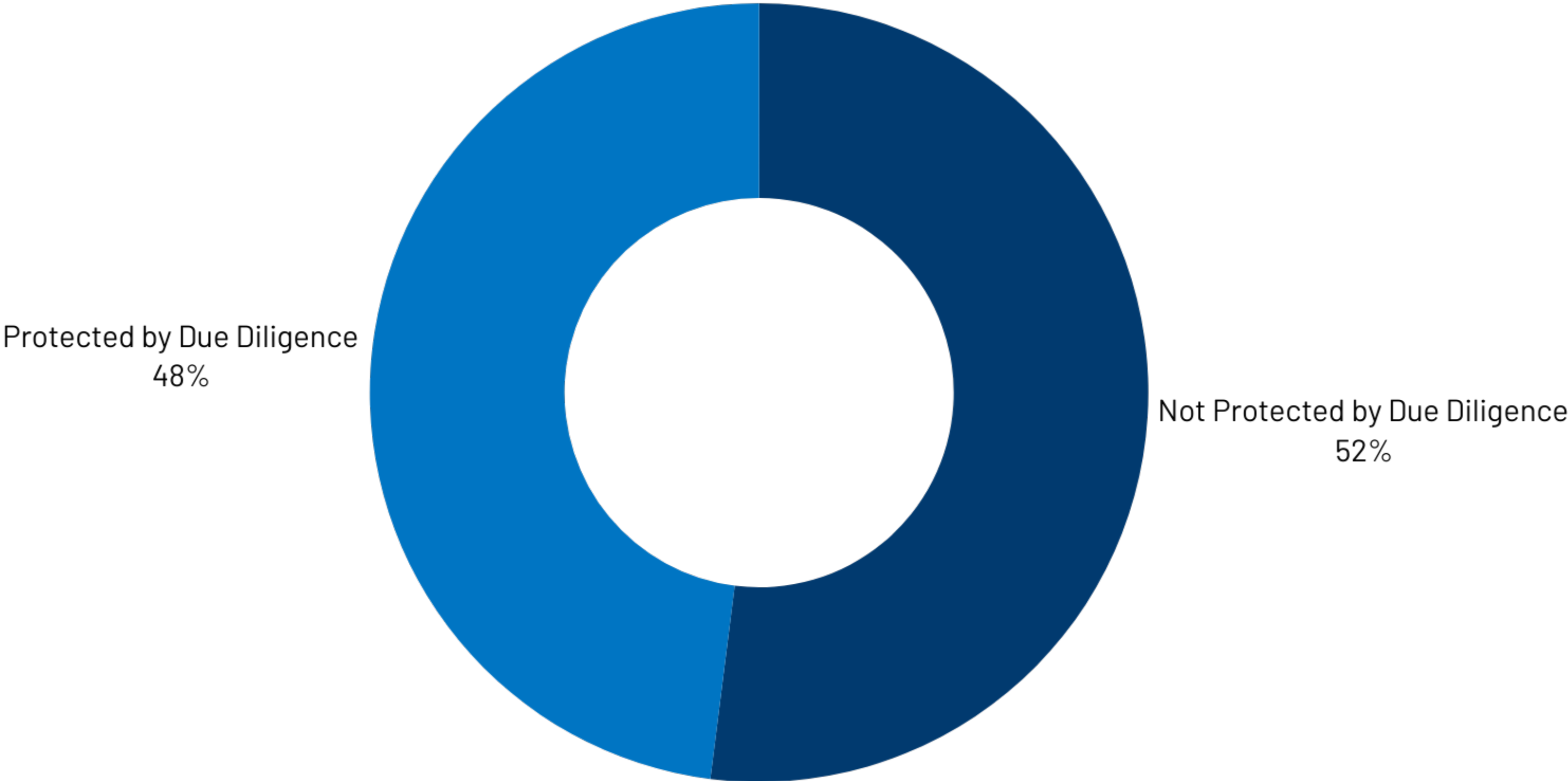


FCT Title Insurance  
Loan Policy

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The Best Protection for You

# Over 50% of Claim Dollars Spent on Commercial Claims Not Protected by Lawyer's Due Diligence



# Real Life Scenarios



“In real estate, even the strongest process is vulnerable to patient, sophisticated fraud.”

A multi-million-dollar mortgage refinance was ready to close. Documents were legitimate, signatures matched, communication appeared normal – but the “lawyer” sending the instructions wasn’t the lawyer at all. The fraudster had breached the lawyer’s email, monitored the file, and intercepted and altered real payout instructions, sending a new set that directed funds to their own account.

The lender and lawyers trusted the source and completed the transfer.

Days later, the discrepancy surfaced when the mortgage remained undischarged. Only then was it clear: the communications were manipulated, the documents doctored, and the payout had been successfully hijacked.

The fraudster vanished. The lender was out millions.





# FRAUD PROTECTION

Fraud coverage protects against losses caused by fraudulent activity before, during, and after the transaction.

When fraud occurs during the transaction, FCT steps in so the lender or the law firm isn't left holding liability for something they could never detect or prevent.

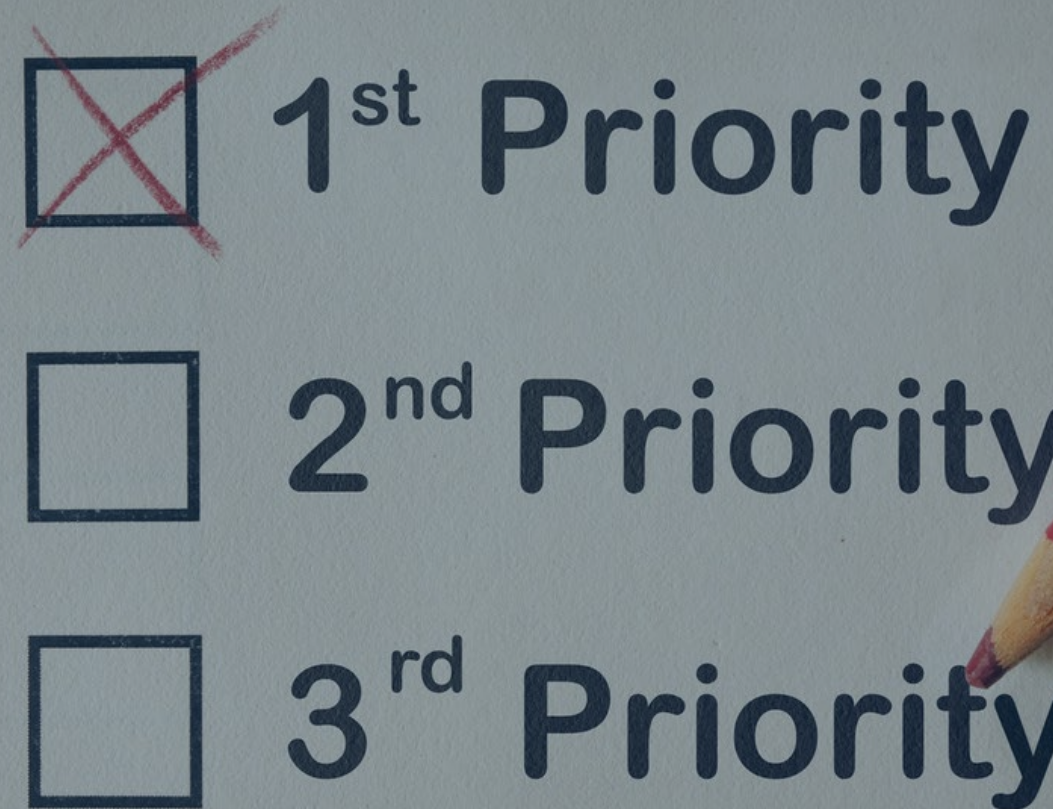
In addition, FCT provides up to \$5 million in protection for post-closing fraud — a level of coverage no law firm can offer on its own.

But it's not only about paying claims. FCT's underwriting team acts as a second set of eyes, identifying and stopping hundreds of fraudulent transactions every year before they close.

"FCT not only protects, we see what no one else has  
the experience to recognize"







Super-priority liens outrank even a registered mortgage, and no search will ever show them.

A lender approves a \$1 million mortgage on a commercial property and provides instructions to its lawyer.

The typical searches came back clean, and nothing suggested any outstanding obligations. Everything looks ready to fund.

But behind the scenes, the borrower's business has fallen behind to the tune of \$50,000 on HST and payroll remittances to CRA – “deemed trust” amounts that don't appear on any title search.

A few years later and after default, CRA asserts its super-priority lien, claiming its \$50,000 ahead of the lender's mortgage.

There was no way for the lawyer to detect it. Priority was essentially changed – without warning.



☒ 1<sup>st</sup> Priority

☐ 2<sup>nd</sup> Priority

☐ 3<sup>rd</sup> Priority

## SUPER PRIORITY LIENS COVERAGE

Super-priority liens – such as unpaid CRA deemed trust amounts for GST/HST, payroll deductions, CPP, or EI – do not appear on title and cannot be reliably discovered through any due diligence.

Yet these liens legally jump ahead of a registered mortgage, immediately reducing or eliminating a lender's security position.

FCT's Super-Priority Lien Coverage absorbs that loss, protecting lenders from hidden CRA claims at the moment the mortgage is advanced.

FCT protects lenders from liens no search can ever reveal.



“Years after discharge, CRA comes calling.”

The mortgage was advanced, repaid, and discharged years ago. The borrower’s business is long gone, and the file is closed – just as a mortgage is supposed to be.

Then, five years later, the lender receives a letter from CRA. The borrower owed a deemed trust amount of \$100,000 at the time the mortgage was registered – a debt that outranks the lender’s priority.

CRA demands repayment – from the lender.

The transaction is ancient history, but the law still gives CRA the right to recover from the lender, even years after the debt has been repaid in full.

The lender is blindsided, and the lawyer’s file and due diligence offer no defense. CRA will always go after the party with the deepest pockets.





# EXTENDED SUPER PRIORITY LIEN COVERAGE

Extended Super-Priority Lien Coverage protects lenders from CRA's super-priority lien claim for many years after a mortgage has been discharged – a risk that traditionally did not exist once the mortgage was discharged from title.

FCT recognized this growing exposure and designed a new solution specifically for lenders, offering protection for up to 10 years post-discharge and up to \$500,000 in coverage.

As CRA becomes more aggressive in enforcing its deemed trust rights, this coverage provides lenders with continued protection – even when the deal is long behind them.

“FCT created coverage for a risk no one else could protect against.”





A couple years after closing, a borrower defaults. The lender takes possession and prepares to sell the property.

They find out that the building department issued a work order weeks after the mortgage funded because the borrower completed work on the property without the required permit.

The order requires costly repairs, reducing the property's value and eating into recovery.

The lender's loss isn't due to bad underwriting or missed due diligence — it's because new risks can arise long after funding.

“Even after closing, lenders remain exposed to post-closing risk.”





# POST-POLICY DATE ERW

Post-Policy Date ERW Coverage protects lenders against loss caused by encroachments, restrictions, or work orders that arise after the policy date (the day the mortgage is funded).

FCT is responsible for the lender's loss caused by certain events (e.g. work orders) that occur after funding. The lender doesn't suffer a loss as a result of its borrower's actions.

It's coverage that extends protection beyond the closing date — because risk doesn't stop when the deal funds.

“FCT safeguards lenders from post-closing surprises — keeping recoveries predictable and relationships strong.”







“Even when you’re right, sometimes you still have to fight.”

You are mid way through financing the build of a new apartment building. Everything is going well, and you are ready to make your next advance.

Suddenly, a notice of claim lands on your desk. Your borrower and you (the lender) are being sued for unpaid work.

A subtrade claims they weren’t paid for the work done. They file an action against the borrower and name the lender as leverage.

You aren’t necessarily worried about the priority of the lien, but you must respond to the action. Who is responsible for the legal fees and costs?



## DUTY TO DEFEND

Under the Duty to Defend, FCT covers the cost of defending the lender against matters covered in the policy – including legal fees and costs.

That means, for example, if a third party claims an interest in the land, FCT takes responsibility for the costs to defend the claim.

This is one of the most practical protections in the policy: it saves the lender money, shields your reputation, and provides peace of mind when the unexpected happens.

“FCT doesn’t just insure the title – it defends the lenders priority and ensures the lien is ultimately removed from title.

# So Why Title Insure?



# Reasons Lenders Title Insure

1. Protects the priority and enforceability of the mortgage
2. No fault claims process. Lenders don't need to prove a lawyer's negligence to recover their loss.
3. The policy runs with the loan. Ideal for securitizations and syndications.
4. Protects institutional and private investors
5. Flexible coverage for specialized asset classes (CMHC, Energy, First Nations, Leasehold, Construction)
6. Covers gaps in the Torrens Land Title System
7. Enhances, not replaces solicitor due diligence
8. Increases deal efficiency – faster closings, less disruption
9. Partner in the deal – second set of eyes
10. A proven risk mitigation tool across all commercial lender

# Our Partnership



You as the lender can  
decide whether or not a deal  
is titled insured and who it  
is title insured with



We can offer custom  
policies, guidance from  
our underwriting team  
and direct deal support

Take control of your risk with the most secure solution

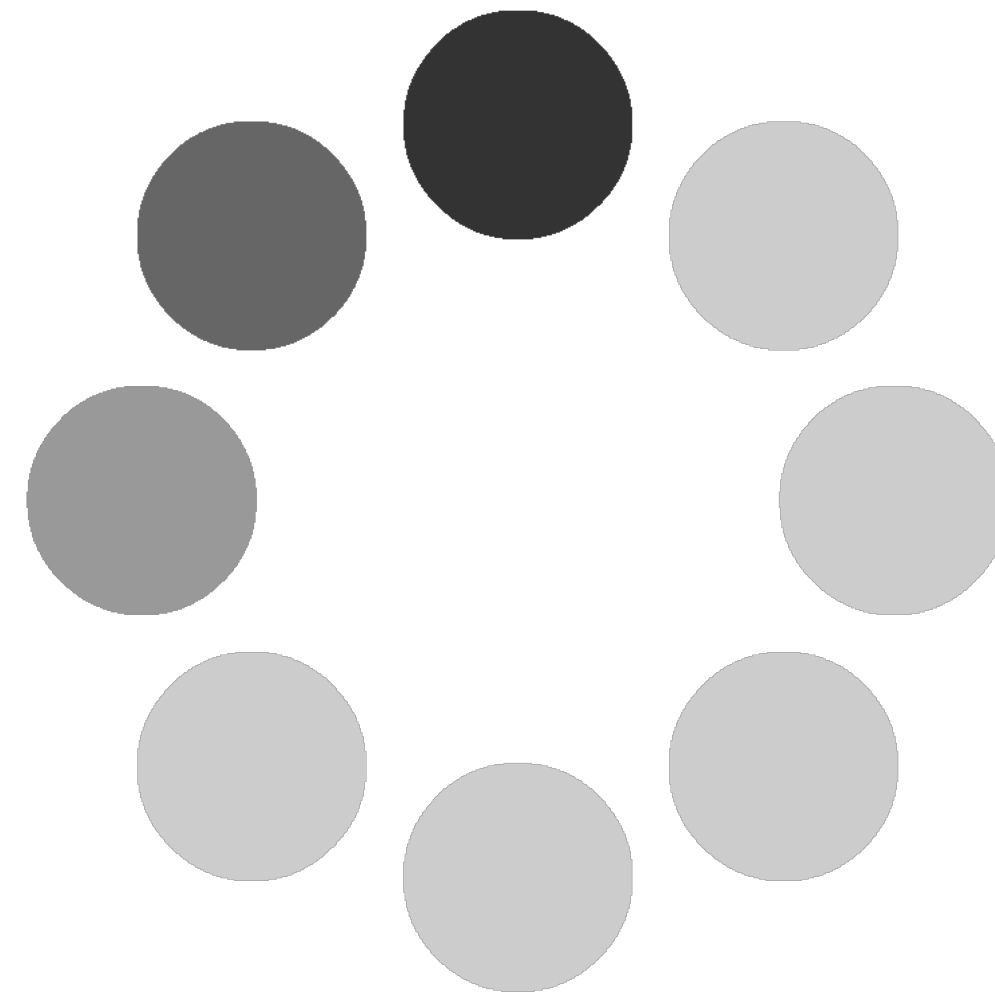


# Best Practices

- ✓ Take ownership of the decision. YOU are the insured.
- ✓ Set expectations upfront.
- ✓ Be clear with your legal partners.
- ✓ Engage with us.



# Questions...





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Connect with Us!

Thank you!



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