



# Commercial Title Insurance

Are you in the Canadian Cannabis Industry?



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The legal cannabis industry is having a defining moment in Canada, and like investing in any new business, there is often much uncertainty and risk. Whether you're lending on, purchasing, selling, or leasing property used for cannabis production, partner with the leading provider of commercial title insurance to ensure your investment is protected.

Commercial title insurance protects you against losses associated with survey issues, municipal agreement compliance issues, title defects, claims against your interest in the property (title), and more. For a one-time premium, you are protected for as long as you hold an interest in the property. Plus, if your interest is ever challenged as a result of a risk covered in the policy, FCT will pay the legal fees and costs associated with defending and restoring it.

### What types of land do we insure?

- Vacant or agricultural land used to grow
- Greenhouses or converted industrial buildings used to grow
- Properties with energy efficient systems like solar panels to power grow-op facilities
- Production warehouses or other industrial facilities
- Retail space used for cannabis distribution
- Share purchase transactions that include real property
- Leasehold or freehold interests for any of the property types listed above

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### Leveraging title insurance for cannabis projects offers many benefits:

#### Reduce your risk

Complement the work of your legal professionals with title insurance as it covers a wide range of risks, some of which title opinions are unable to address. It covers items such as:

- Errors in public records and off-title search responses.
- Title fraud occurring before, during or after closing<sup>†</sup>.
- Defects that would be revealed by an up-to-date real property report/building location certificate/survey\* (referred to as survey in this document) or errors in an existing survey.
- Super-priority liens for monies owing prior to closing (*Loan only*).
- For share purchases, confirmation that imputed knowledge of the selling shareholder will not impact the ability for the insured to make a claim under the policy.
- For leasehold transactions, coverage for specific issues like relocation expenses, leasehold improvements and reasonable costs to secure a replacement lease.

## Streamline due diligence on purchase and finance transactions

Increase efficiency by relying on FCT to insure over certain steps in the commercial real estate transaction to close your deal quickly and cost effectively.

### **Registration gap:**

Release funds once the documents are signed by relying on coverage against intervening registrations.

### **Survey issues:**

Satisfy a lender's requirement for an updated survey by providing coverage over defects that would have been revealed had one been completed prior to closing.

### **Zoning compliance:**

If the existing use of the land is not permitted or if there is a court order prohibiting use of the land, you will have coverage.

### **Agreement compliance:**

You will have coverage for non-compliance with registered site plan, subdivision, or development agreements.

### **Title defects:**

Various defects such as prior charges, liens, or encumbrances that may affect the interest in the property will be covered.

### **Contiguity:**

If there is a gap in the tracts of land that were intended to be used together, you'll be covered.

### **Work orders (*Loan only*):**

Outstanding and future work orders, including coverage for improvements presently on the land that were built without the proper building or occupancy permits will be covered.

### **Ensure deals close as planned**

Insure over existing defects that are uncovered during your lawyer's due diligence process— zoning violations, encroachments onto or from the adjoining land or easements and unregistered leases—to eliminate closing delays, while also reducing risk.

### **Leverage title insurance on sale transactions**

Request a "commitment to title insure" based on your lawyer's review of title and off-title issues to include in the listing for prospective purchasers. This way, any known issues are disclosed upfront and shown as being insured over which can save time, money and frustration associated with negotiating abatements in the purchase price.

### **Competitive pricing**

For properties under construction, FCT offers a reduction in premium if we are asked to insure both the construction and takeout financing, or to increase the amount of insurance available under the policy.

## Why work with FCT?

Given the sheer volume of transactions underwritten each year across the country, FCT is uniquely experienced in providing knowledgeable support to protect your investment.

Our commercial underwriters are the most skilled and creative in the business, and our title insurance covers a full range of needs for investors in commercial real estate used in the cannabis industry.

If you have any questions about coverage for your next cannabis deal involving real property, please contact us at [1.866.804.3112](tel:1.866.804.3112) or [commercialsolutions@fct.ca](mailto:commercialsolutions@fct.ca).

[1.866.804.3112](tel:1.866.804.3112)   [▶ FCT.ca](https://www.fct.ca)



\* Full survey coverage available for owner policies up to \$25M and excludes vacant land.

† Coverage for title fraud occurring after the transaction closes is limited to \$5 million and excludes vacant land.

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