



Chris Griswold, P.C.

## News From the Firm

July 2018

### Message From Chris....

Cannabis is the hot topic right now. Lots of good folks are discussing its in's and out's. I thought I'd mention a few things that affect my industry. Good stuff for everyone. See more below (and don't forget to click on my Facebook or YouTube links below to also see my short video on this material).

### Cannabis Considerations

**Question #1: I'm thinking about buying a building that will be used to either grow, sell, manufacture or distribute Cannabis or its oil derivatives – is there anything I should know?**

**Answer:** Well, it sounds like a great idea, and it's legal now. Just be aware that title insurance (a requirement of any lender) won't be available. *Why?* While Oklahoma law permits the sale, etc... of Cannabis, Federal law doesn't. So, since title insurance "insures" the buyer that the building will work for that use, and the Fed's could swoop in at any moment and enforce Federal laws against such use – title insurers bridle at insuring Cannabis uses.

**Question #2: I'm thinking about selling a center that includes one of my tenant's spaces that grows/sells/manufactures/distributes Cannabis – is there anything I should know?**

**Answer:** Once again, the looming possibility of Federal enforcement presents the inability to get a title insurance policy in favor of your buyer. A real fly in the ointment, so to speak.

**Question #3: Is there anything that I, as a possible, future seller of a center that would include a tenant that grows/sells/manufactures/distributes Cannabis – can do to prevent the trouble found above in Question #2?**

**Answer: Yes.** When talking to a prospect Cannabis-user tenant, make their lease either month-to-month (subject to a 30 day termination provision, by either party), or for a short period of time. That way, if a future sale does arise, the Cannabis lease can be terminated within the due diligence period of the purchase/sale contract, so that the inability of obtaining title insurance isn't a deal-breaker.

**Question #4: Is there any way around the issues found above in Questions #2 & #3?**

**Answer: Yes.** Pay cash for the property. If you want an in-kind equivalent to title insurance, get an attorney to do a title opinion for you. Kelly Miller at Professional Insurors ([kmiller@pi-ins.com](mailto:kmiller@pi-ins.com)) and Paul Stuke at Stewart Abstract & Title ([paul.stuke@stewart.com](mailto:paul.stuke@stewart.com)) both contributed to the content of this article, thank you gentlemen.

### What My Clients Are Saying

“Chris is a competent, hardworking attorney. Chris is always there when you need him and you don’t have to wait a day to get a returned phone call. He does what he says he is going to do in a timely manner. He has the expertise to make problems simpler which makes them easier to solve. He is honest, consistent and reliable. He loves what he does and is active in the community.”

*David Ostrowe / Owner, O & M Restaurant Group, Inc. / Oklahoma City, Oklahoma*

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