

Protecting Condominium Buyers In France: Building Permit Objections Insurance

Risks: Building Permit Objections (“BPOI”) Title Insurance policies cover buyers of residential condominium units against :

- Risk of cancellation of the Building Permit and
- Risk of court ordered demolition of the building as a result of claims filed against the Building Permit

Covered Risks include:

- Cancellation or suspension of the building permit for more than 12 months during construction period; and
- Cancellation of the building permit or court ordered demolition of the property after completion

Indemnity: The BPOI Title Insurance policy indemnifies the insured for financial loss arising out of the Covered Risks.

- Before completion of the building, unit buyers will be entitled to 120% of the amounts actually paid
- After completion of the building in case of court ordered demolition, unit buyers will receive 120% of the amounts actually paid.
- After completion of the building in case of cancellation of the building permit, owners who sell their units in the next 10 years at a price below market will be entitled to indemnity up to 20% of their original purchase price

Policy: The policy typically is issued when the developer has acquired the land and is ready to market the condominium units.

- **Term:** the policy covers the insured as long as the insured owns the property and the claims are still outstanding.
- **Premium:** Paid once, at issuance, by the developer. Rate depends on risk evaluation by the insurer.
- **Assignment:** benefits of the policy can be assigned to subsequent purchasers of the condominium units.

Insured:

- Buyers/owners of condominium units
- Developer (subject to specific terms)

Properties: Residential condominium projects in France

Underwriting:

Title insurance policies are underwritten based on legal due diligence performed by two independent legal counsel appointed by the insurer.

**Lawyers
&Notaries**

Underwriting and issuance of title insurance do not alter the role of the insured's lawyer or notary, who remain responsible for legal due diligence on the property title, conveyance and registration of the property, and mortgage recording, as appropriate.