



## News

### Mitchel Chargo Discusses State and Federal Law Implications for Landlords Considering Leasing Properties to Cannabis Businesses

September 11, 2024

In a recent *Minnesota Lawyer* article, Mitchel Chargo provided insights about legal considerations landlords in St. Paul, Minnesota, should take into account when leasing properties to cannabis businesses in light of the city's "relaxed approach" to cannabis zoning laws.

Chargo emphasized the importance of reviewing bank loan agreements as they may prohibit leasing to cannabis operations due to federal law, which could lead to a loan default:

"Throughout the loan agreement, it says that the landlord will not violate any federal law. Well, just by leasing to the cannabis operator, you're violating the Controlled Substance Act. They have to look at those loan agreements and make sure that they're not going to be out of compliance with them because then you're in default, and now you've got a problem with your lender."

Chargo also highlighted potential complications with other tenants who might have leases that expressly forbid cannabis operations, thus posing a risk of defaulting on those lease terms. He noted the limited availability and higher insurance costs for properties with cannabis businesses, suggesting that these costs could be passed to the operators but with a cap.

Additionally, Chargo touched upon the need for landlords to adjust their expectations around property rights, such as access, given the strict state regulations governing cannabis operators. He concluded that "the reality is ... the sooner that the landlord knows ahead of time that this is going to be a bit of a unique relationship, the better."

#### Media Coverage

- "[What landlords should know about cannabis businesses](#)" was published by the *Minnesota Lawyer* on September 6, 2024.
- "[Leasing to cannabis businesses may bring complications](#)" was published by *Finance & Commerce* on September 5, 2024.

#### Attorneys

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#### Service Areas

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