

# German Voidable Lease Cover for Lenders Protection



# At First Title we are dedicated to facilitating property transactions and to protect the interests and assets of property owners, investors and lenders.

We achieve this by providing both standard and bespoke insurance cover, taking into account the different jurisdictions that apply throughout Europe. Our German Voidable Lease Cover is a specific response to the difficulties that can emerge due to breaches of the Written Form Requirements of the German Civil Code.



## Overview

As many as 75% of Germany's commercial leases breach the Written Form Requirements of the German Civil Code. As a consequence of such a breach a tenant could prematurely terminate the lease giving 6 months' notice. Lenders financing an acquisition or refinance will be concerned that a loss of rental income, as a result of a written form defect, could result in a shortfall in the mortgage repayments.

## A safe, secure solution

Our Voidable Lease Cover avoids the problem of the owner having to approach the tenant to try and "cure" the defect or having to give warranties or other collateral as part of the loan arrangement. It is also far more cost-effective than a bank guarantee, which has to be repaid if the guarantee is called in. Once our

cover is in place, it protects the lender against any shortfall in the mortgage repayments resulting directly from a premature termination of the lease, due to a breach of the Written Form Requirements.

## Reassurance for the lender

In the current lending climate lenders are especially risk averse. As well as reducing the lender's exposure to loss of the rental income stream, impacting on repayment of the debt, our cover will also assist if the loans are securitised, as lenders can show ratings agencies that this area of risk is being managed.

## The backing of a global player

With the substantial financial backing of the First American

Corporation, First Title has the resources to insure even the largest projects. We also pride ourselves on the broad skills of our technical team and our ability to deliver bespoke policy terms to cover individual projects.

## How to find out more

If you would like further information on our German Voidable Lease Cover or any of our other services, we have a full range of literature available on request. In addition, our team of specialist underwriters are always pleased to provide assistance to meet your requirements.

Whatever the nature of your enquiry, please either contact your account manager, telephone us on +44 20 7832 3100 (UK) or +49 69 7191 43606 (Germany), or Email [new.business@firsttitle.eu](mailto:new.business@firsttitle.eu)