

# Is your lender using Title Insurance?

## What is Title Insurance (TI)?

Title Insurance is a form of indemnity insurance policy which acts to provide cover for a Lender for financial loss arising from defects in property title.

# What is the difference between using TI and full title due diligence for lending?

Requirements	TI	NON- TI
Review title and plan.	Y	Y
Review of associated title documentation.	X	Y
Review of Deeds if unregistered title	Y	Y
Review of Leases / Tenancies.	May be required depending on policy	Y
CPSE / Residential replies to enquiries	X	Y
Planning / Building Regulation Documentation	May be required depending on policy	Y
Environmental Search	Usually required	Y
Local, Drainage and other applicable searches	X	Y
Correctly Certified ID	Y	Y



## **Will a Lender still require searches if they use TI?**

Most title insurers will provide cover for searches and these will be listed in their policy document. However, there will often be exclusions in the policy such as for environmental matters – which usually result in an environmental search being required by the Lender.

# What are the benefits of full title due diligence?

Parties will have complete assurances on all aspects of the security property for the transaction. Full due diligence involves reviewing:

- Property title
- Restrictive covenants
- Rights
- Searches
- Leases
- Replies to enquiries
- Planning

So that the Lender is deemed to have full knowledge of the Property, should a default event arise and they need to take possession.

## What are the benefits of TI?

Using TI for a lending transaction will undoubtedly reduce the Lender's requirements that a Borrower must comply with. Thus, reducing the turnaround times for loans, this is often why TI may be favoured if parties are working to a short deadline for the transaction.



It is helpful to have confirmation at the outset of a transaction whether the proposed Lender is intending on using title insurance. This helps us in providing a clear cost estimate and timescale for us to complete your matter and ensure that we can manage expectations of all parties to the transaction.

Our Borrower Real Estate Finance team are well versed in dealing with both Title Insured and full title due diligence lending transactions.

If you have any questions, please do not hesitate in contacting us on: [Borrowing@LA-Law.com](mailto:Borrowing@LA-Law.com) and one of the team will be pleased to assist.

