



# THE INTERIM BINDER... DON'T FORGET!

The Interim Binder is not a policy of title insurance but rather a contract to issue a policy at a later date. If a homebuyer is planning on reselling their property within the next two years, the purchasing an Interim Binder before the close of escrow could provide them with a substantial savings of the title insurance fees. Following is an example of initial costs with an example of the homebuyer's projected savings.

Original Sales Price \$400,000	
CLTA Owner's Policy - Title Charge Paid By Seller	\$1285.00
Binder - Paid By Buyer (10%)	+ 128.50
Total Cost In Escrow Now	<u>\$1413.50</u>
Resale Price \$475,000	
Homeowner's Policy (Title Charge for \$475,000)	\$1408.00
Less Title Charge On Original Sale (\$400,000)	-1285.00
Total Amount To Upgrade Policy From \$400k to \$475k	<u>\$123.00</u>
Original Cost To The Buyer (10%)	\$128.50
Resale Costs	+123.00
Total Cost To Buyer	<u>\$251.00</u>
Usual Homeowner's Policy for \$475,000	\$1408.00
Initial Binder and Resale Costs	-251.00
<b>Total Savings</b>	<b><u>\$1157.00</u></b>

**\*\* The example shown above may be different based on the type of policy or policies being issued**

## Interim Binder Q & A

**Q. May I extend my Binder for a period longer than 2 years?**

A. Yes, if you inform us, prior to the end of the 24 month period, the Binder may be extended for a successive 12 month period for an additional charge of 10% of the applicable rate for the type of Owner's Policy being issued.

**Q. Can the Binder be used by only investors?**

A. No. Suppose you have a client who may be transferring out of the area within three or four years. The binder could save your client a significant amount of money at the time of sale.

**Q. What if I suffer a title claim during the Binder period?**

A. In the unlikely event that there is a claim, the Binder would be surrendered and converted to a policy and handled like any other policy claim.

**Q. May I use the Binder on any type of property?**

A. Generally speaking, yes. For example, suppose you purchase a piece of vacant land and subsequently develop it. You could purchase a Binder at the time of acquisition and exercise it once construction is completed and you sell it.

**Q. What if my property resells for the same or less than original price?**

A. There may be no additional title insurance cost at the time of sale depending on the type of policy being issued.