

Purchasing a BINDER Can Help Insure Savings on Title Cost

The buyer of a property who anticipates reselling it within 1-3 years can save a significant amount in title charges by purchasing a binder.* A binder is a temporary contract in which the title company agrees to issue a specified policy within a certain period of time. The binder must be requested before the property being purchased closes escrow. The fee for a two-year binder is 10% of the basic rate for a full title policy. This is in addition to the applicable fee for an Owner's Policy (usually paid by the seller). The use of a binder in your transaction can result in a significant savings when the property is resold.

Example: \$1,000,000.00 - Initial Sales Price

Buyer plans to sell within three years for \$1,200,000.00

In this case, the basic rate is \$2,210.00. The binder fee is an additional \$221.00, or 10% of the basic rate. The buyer sells the property two years later for \$1,200,000.00. The basic rate for a ALTA Homeowners Title Policy at that price would be \$2,695.00. The buyer now pays the difference between the two basic rates, i.e., \$2,695.00 - \$2,210.00 = \$485.00.

WITH BINDER

Initial Binder Fee	\$221.00
Paid at Time of Resale	\$485.00
Total Binder Fees	\$706.00

WITHOUT BINDER

ALTA Homeowners Policy Rate	\$2,695.00
<i>(Amount that would be paid for a policy with no available binder credit)</i>	

TOTAL SAVINGS

ALTA Homeowners Policy Rate	\$2,695.00
Total Binder Fees	-\$706.00
Total Savings	\$1,989.00

Binder Extension

The Binder may be extended for a term of one year at 10% of the applicable rate, based upon full value of the initial sale provided said extension is purchased prior to the expiration of the second year.

*Issued by Old Republic National Title Insurance Company

Contact us today for all your title and escrow questions!

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