



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 new 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
Total Savings	<u>\$1157.00</u>

At the end and prior to the 24th month period, the Binder may be extended for an additional term of 24 months for an additional charge of 10% of the applicable rate.

Interim Binder Q & A

Q. May I extend my Binder for a period longer than 3 years?

A. Yes, if you inform us, prior to the time it expires. Call your Consumer's Title Officer for details; you can extend it for a fourth years for an additional 10%.

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 my Binder for future issuance of a policy of title insurance to a lender should I decide to refinance rather than sell?

A. There is a method to exercise the Binder at the time of refinance which could save you hundreds of dollars. Call your Consumers Title Officer for an explanation.

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 would be no additional title insurance cost at the time of sale.