



## THE BINDER: SELL WITH A BINDER TO INSURE A SALE

The buyer of a property who anticipates reselling it within 2-3 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 Initial Sales Price  
Buyer plans to sell within two (2) years for \$1,200,000.

In this case the basic rate is \$2,149.00. The binder fee is an additional \$215.00, or 10% of the basic rate. The buyer sells the property two (2) years later for \$1,200,000.00. The basic rate for a full title policy at that price would be \$2,389.00. The buyer now pays the difference between the two basic rates, i.e., \$2,389.00 - \$2,149.00 = \$240.00.

### WITH BINDER

\$ 215.00 Initial Binder Fee  
\$ 240.00 Paid at Time of Resale  
\$ 455.00 Total Binder Fees

### WITHOUT BINDER

\$ 2,389.00  
(i.e., Amount that would be paid for a policy with no available binder credit.)

### TOTAL SAVINGS

\$ 2,389.00 Regular Policy Rate  
- \$ 455.00 Total Binder Fees  
\$ 1,934.00 Total Savings

**THREE (3) YEAR BINDER:** Prior to the expiration of the two year period, a binder may be extended for a third year for an additional 10% of the base rate.

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