

The INTERIM BINDER

The Key to Saving Money for Short-Term Investors

Investors who plan to sell their acquired properties within 2 years from the date of purchase may consider obtaining an interim binder for savings on the owner's policy of title insurance premiums on the final sale. The fee is 10% of the applicable owner's policy fee at the time of purchase.

At the time of sale, the interim binder is exercised and applied to the issuance of the new owner's policy fee at the time of purchase. Any additional fee for this new policy is calculated based upon the increase in liability **AND** the type of policy requested.

The examples below are based on the California rate filing effective November 25, 2020. Rates effective July 27, 2016 and November 25, 2020. Your rates and savings may vary. Please contact your title representative for pricing for your individual transaction.

Example Facts

(This example is for illustration purposes only.)

- Original purchase price is \$400,000
- New purchase price is \$500,000
- Policy pricing is based on the ALTA Homeowner rate
- Binder is exercised within 2 years from the date of issuance

Policy Cost Without An Interim Binder

ALTA Homeowner's Policy Rate
based on a sale price of \$500,000 \$1,646

Cost is \$1,646 without the Interim Binder

Policy Cost With An Interim Binder

10% Binder Cost \$144.00

(Calculated based on a \$400,000 sale price & the applicable rate of \$1,438 at time of purchase)

Plus Increased Liability charge \$208.00

(Calculated based on a sale price of \$500,000 and applicable rate of \$1,646)

Total Savings is \$1,294 with the Interim Binder

**It is Important to Note: If the investor chooses the binder option at time of acquisition, there will be no Owner's Policy of title insurance issued by Lawyers Title to the investor at closing. By choosing a binder, you have opted to "hold open" the normal owner's policy issued at the time of acquisition, and apply that value to the final sale out to the buyer.*

This schedule of fees has been prepared and published in compliance with the Insurance Code of the State of California and for the convenience of our customers in determining charges for services regularly rendered. Other types of coverages are available. Other fees and charges may apply. Amounts shown herein are subject to change. Please contact our local office for more information.

