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THE BINDER SALE 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 of insurance 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 binder is 10% of the basic rate for a full title policy. This is an addition to the applicable fee for a Owner’s policy (usually paid for by the seller). The use of a binder in your transaction can result in a significant savings when the property is resold.

EXAMPLE: \$350,000 SALES PRICE

Buyer plans to sell within two (2) years for \$450,000

In this case the basic rate is \$1,187.00. The binder fee is \$118.70 or 10% of the basic rate. The buyer sells the property two (2) years later for \$450,000. The basic rate for a full title policy at that price would be \$1,373.00. The buyer now pays the difference between the two basic

WITH BINDER

*\$118.70 Initial Binder Fee
\$186.00 Paid at Time of Resale
\$304.70 Total Binder Fees*

WITHOUT BINDER

*\$1,373.00
ALTA Homeowners Policy*

TOTAL SAVINGS

*\$1,373.00 ALTA Homeowners Policy
-\$304.70 Total Binder Fees
\$1,068.30 Total Savings*

THREE 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.

