Fidelity National Title

The Interim Binder

THE KEY TO SUBSTANTIAL TITLE INSURANCE SAVINGS

Investors who plan to "turn over" their properties within a short period of time should consider the Interim Binder to save on title insurance premiums.

The interim binder is not, in itself, a policy of title insurance. When issued, however, it binds the insurer to issue a policy of title insurance within two years. The fee is a mere 10% of the basic policy fee to the requesting party.

When the deed of the final purchaser is recorded, the binder is exercised and a policy of title insurance is issued to the final purchaser. The only additional fee at the time would be an additional liability charge based upon the difference between the original selling price and the selling price to the final buyer.

Let's look at some examples, assuming that the seller is paying for the owner's insurance in favor of the buyer in both cases:

FACTS:

- Property was last insured 6 years ago;
- Mr. A sells the property to Mr. B for $600,000
- In 2 years, Mr. B sells the property to Mr. C for $650,000

WITHOUT A BINDER:

Original Sales Price:	$ 600,000.00
Title Rate:	$ 1,600.00
Resale Within 2 Years:	$ 650,000.00
Title Rate:	$ 1,675.00

Mr. B pays $1,675.00 to resell property

WITH A BINDER:

Original Sales Price:	$ 600,000.00
Basic Title Rate:	$ 1,600.00
Buyer Pays Additional 10%:	$ 160.00
Resale Within 2 Years:	$ 650,000.00
Basic Title Rate:	$ 1,675.00
Less the Original Rate:	$ 1,600.00
Binder Rate On Conversion:	$ 75.00

Mr. B pays $235.00 to resell property (160.00 + 75.00)

MAY I EXTEND MY BINDER FOR A PERIOD LONGER THAN 2 YEARS? Yes, if you inform us, prior to the time it expires call your Fidelity Title Officer for details: you can extend it for two more years for an additional 10%.

CAN THE BINDER BE USED ONLY BY INVESTORS? No. Suppose you have a client who may be transferring out of the area within two or four years. The binder could save your client a significant amount of money at the time of resale.

WHAT IF I SUFFER A TITLE CLAIM DURING THE BINDER PERIOD? MAY I CLAIM UNDER THE BINDER? 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.

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

MAY I USE THE BINDER ON ANY TYPE OF PROPERTY? 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.

WHAT IF MY PROPERTY RESELLS FOR THE SAME OR LESS THAN ORIGINAL PRICE? There would be no additional title insurance cost at the time of sale.