



EFFECTIVE: JULY 1, 2020

## UNDERSTANDING THE INTERIM BINDER

Investors or other buyers who intend to sell a property within two to three years of purchase may want to consider a CLTA Binder Form A (“Interim Binder”) from First American Title. Purchasing an Interim Binder when buying a property may save money on title premiums when the property is sold.

### HERE IS HOW AN INTERIM BINDER WORKS

Prior to the close of escrow, the buyer requests an Interim Binder for an additional premium of 10% of the applicable Owner’s Title Insurance Policy. The Interim Binder is effective for 24 months and may be extended for an additional 12 months for a 10% rate. When selling the property, the buyer (now the seller) only pays the difference in Title Insurance Premiums between the purchase price and the selling price.

## LET’S COMPARE:

| TRADITIONAL PURCHASE AND SALE  | PURCHASE AND SALE WITH BINDER OPTION EXERCISED  |
|--|---|
| <b>Property Purchase</b><br>Purchase Price: \$600,000<br>No Binder Purchased | <b>Property Purchase</b><br>Purchase Price: \$600,000<br>Buyer’s Cost for Binder: \$180     |
| <b>Property Sale</b><br>Sale Price: \$700,000<br>EAGLE Policy: \$1,980       | <b>Property Sale</b><br>Sale Price: \$700,000<br>Cost for Owner’s Policy with Binder: \$198 |
| <b>Total Cost for EAGLE® Policy at Sale: \$1,980</b>                         | <b>Total Cost for EAGLE® Policy with Binder Purchase &amp; Use at Sale: \$378</b>           |
| <b>Potential Savings with Binder Purchase at Sale: \$1,602</b>               |   |



**First American Title**  
 714-250-6600  
 4 First American Way  
 Santa Ana, CA. 92707



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