

Striking Through The AREA & BOUNDARY EXCEPTION

WHAT is the Area & Boundary Exception?

The Area & Boundary Exception is the language on Schedule B of a title commitment and title policy that says the title insurer is not liable for discrepancies in boundary lines, other people's structures built over property lines, and other similar issues that would be shown on the property survey. For proper representation, the survey or portrayal of the property should be prepared by a licensed provider depicting measurements of area, boundary lines, structures, fences, easements, and other permanent features of a property, both visible on the ground and as recorded in documents in the public record. **After a thorough review and approval of the survey by the title company, the buyer has the option to omit the Area & Boundary Exception as shown below.**

WHO is affected by Area & Boundary Exception? The Homeowner AND the Title Insurer.

The cost of the Area and Boundary coverage selected in the contract is 5% of the basic title insurance policy premium on residential property. We want you to benefit from the maximum policy coverage available. We will automatically issue the T-19.1 companion endorsement when amending the Area and Boundary exception at the regulated 5% additional rate. The coverage in combination with the T-19.1 endorsement would total 10%. This rate treatment gives you a 5% savings. (Costs of coverages are based on the insured property qualifying as "residential" and the purchaser qualifying as an "individual" under Texas regulatory rules.)

WHY would a Buyer Amend the Area & Boundary Exception?

With the Texas Real Estate Commission's most recent update to the promulgated One-To-Four Family Contract, effective June 1, 2014, this has become an active decision to be made by the potential homebuyer making an offer.

When a buyer chooses to amend the Area & Boundary Exception they get back the coverage that was withheld by that item on the title policy.

Examples where this contract modification would protect the homeowner:

- A neighbor claiming insured improvements are crossing the property line into the bordering property.
- An adjoining landowner with improvements encroaching on to your property.
- Buyers using a pre-existing survey prepared for a previous owner. In many cases, the surveyor is only liable to the homeowners who purchased the survey.
- A surveyor's errors in locating improvements or the boundary lines of a property.

HOW is the Area & Boundary Exception Amended? The amendment is a simple strike through.

Below are examples of both amended and unamended contract scenarios with the effected area shown in blue:

AMENDED

SCHEDULE B EXCEPTIONS

We do not cover loss, costs, attorney's fees and expenses resulting from:

1. The following restrictive covenants of record itemized below (*Examples below may include but are not limited to*): Volume 4700, Page 124, Deed and Plat Records, Volume 1049, Page 171, Volume 1095, Page 385, Volume 1188, Page 477, Volume 1193, Page 87, Volume 1525, and Page 233.
2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner's Policy only.)

NOT AMENDED

SCHEDULE B EXCEPTIONS

We do not cover loss, costs, attorney's fees and expenses resulting from:

1. The following restrictive covenants of record itemized below (*Examples below may include but are not limited to*): Volume 4700, Page 124, Deed and Plat Records, Volume 1049, Page 171, Volume 1095, Page 385, Volume 1188, Page 477, Volume 1193, Page 87, Volume 1525, and Page 233.
2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner's Policy only.)

Note: All examples provided are for illustrative purposes only and do not necessarily represent actual coverage on any specific property via any specific title policy. Questions of a legal nature should be directed to a real estate attorney.