



DELETING

The Area & Boundary Exception

“When is ‘deleting’ really adding?”

When you delete the Area & Boundary Exception on a Texas title insurance policy!

As with so much legal language, the “Area & Boundary Exception” item on title insurance policies and the updated versions of several TREC Contracts are confusing for anyone unfamiliar with industry jargon. To start, here’s a basic glossary of terms:

Survey

A representation of the property 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.

Area & Boundary Exception

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 a survey of the property.

Amendment to Area & Boundary Exception

With a satisfactory survey reviewed and approved by the title company, the buyer may choose to amend the Area & Boundary Exception, which adds some coverage back into the Owner’s Title Policy. The cost to the responsible party (as determined by the contract) is 5% or 15% of the title policy premium as determined by the type of property described in the owner’s title policy.*

Get it? When a buyer chooses to amend the Area & Boundary Exception, they get back coverage that was withheld by the complete original exception on the title policy!

Paragraph 6 (A) #8 of the 1-4 Family Contract

- (8) The standard printed exception as to discrepancies, conflicts, shortages in area or boundary lines, encroachments or protrusions, or overlapping improvements:
- (i) will not be amended or deleted from the title policy; or
 - (ii) will be amended to read, "shortages in area" at the expense of Buyer Seller.

Owner's Title Policy

Here is the complete boiler plate language on the Texas Owner's Title Insurance Policy, without the amendment:

TITLE RESOURCES GUARANTY COMPANY
TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES (T-1R)

SCHEDULE B
EXCEPTIONS

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

1. The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception.):
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, Page 233 and Volume 1535, Page 484, Deed Records, Bexar County, Texas, but omitting any covenant or
2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements. Covered Risk 2(c) is hereby deleted.
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured.
(Applies to the Owner's Policy only.)

And here is the same paragraph with the Area & Boundary Exception Amended:

TITLE RESOURCES GUARANTY COMPANY
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2. Shortages in area
3. Homestead or community property or survivorship rights, if any, of any spouse of any insured.
(Applies to the Owner's Policy only.)

As you see, there is more coverage in the second example because there are fewer exceptions left in the policy - and yes, the procedure is to literally line through the deleted items. Some examples of scenarios where the homeowner would be protected include:*

- A utility company requires removal of improvements that are located in an easement.
- There is an issue with the survey that was used when the buyer purchased the property. The buyer's new neighbor is claiming that the fence needs to be moved. The buyer has no recourse with the surveyor since the survey was done for the prior homeowner.
- The Homeowners' Association claims improvements are built over a building line and demands improvements be removed.
- A neighbor claims insured improvements are over the property line into their property.

*These examples are for illustrative purposes only and do not represent actual coverage for any specific property on any specific title policy.

The cost of the Area and Boundary exception coverage depends on the type of property described in the owner's title policy. We will automatically issue a T-19.1 endorsement when amending the Area and Boundary exception to provide you with the most policy coverage available.

Residential Property

Land plus House

Area & Boundary Coverage - 5% of the Owner's Title Policy Premium

T19.1 issued along with the Area & Boundary Coverage - 5% of the Owner's Title Policy Premium

T19.1 issued by itself - 10% of the Owner's Title Policy Premium

Vacant Land

Area & Boundary Coverage - 15% of the Owner's Title Policy Premium

T19.1 issued along with the Area & Boundary Coverage - 10% of the Owner's Title Policy Premium

T19.1 issued by itself - 15% of the Owner's Title Policy Premium

Vacant Land with Pending Construction

Area & Boundary Coverage - 5% of the Owner's Title Policy Premium

T19.1 issued along with the Area & Boundary Coverage - 5% of the Owner's Title Policy Premium

T19.1 issued by itself - 10% of the Owner's Title Policy Premium

Please contact your escrow team for estimated costs. For residential properties, you may use our premium calculator that can be found on our website, IndependenceTitle.com. For non-residential properties, contact your Escrow Team.