

Available Coverage for Residential Owner's Policy

A Texas Residential Owner's Policy of Title Insurance (Residential Owner's Policy) helps protect ownership of what, for most people, is the largest financial asset they will ever own - their home. While a Residential Owner's Policy covers the standard items the Texas Department of Insurance requires, there is additional coverage buyers can request to give them even better protection and greater peace of mind. Here are some of the additional coverages which may be available:

AMENDMENT OF THE STANDARD POLICY EXCEPTION TO AREA & BOUNDARY:

The Residential Owner's Policy contains a standard exception to coverage for "Any discrepancies, conflicts or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements."

This means the policy will not protect the insured from a loss or damage due to an encroachment of a neighbor's improvement onto their property, a protrusion of an improvement onto a neighbor's property or over a setback line, or some other unknown condition described by the language in this standard exception to coverage.

The charge for the Area & Boundary Amendment is 5% of the base premium for the Residential Owner's Policy (but not less than \$20). Upon payment of the premium, the standard exception will be amended to delete all save "shortages in area".

By obtaining this additional coverage, they can protect themselves from a potential loss or damage due to a discrepancy or a conflict in a boundary line, an encroachment, a protrusion, or an overlapping of improvements that is not shown as an exception in the Residential Owner's Policy.

RESTRICTIONS, ENCROACHMENTS, MINERALS ENDORSEMENT (T-19.1 ENDORSEMENT):

The T-19.1 endorsement is additional coverage available that can provide protection from, among other things, the following (see a copy of the T-19.1 endorsement form for a complete list of potential protections):

- Unknown violation(s) of enforceable covenants and restrictions that exist on the date of your Residential Owner's Policy.
- Forced removal of an improvement because of an unknown violation of a recorded or platted building setback line.
- Damage to an improvement due to the exercise of mineral extraction rights or mineral development rights.

If purchased by itself, the charge for the T-19.1 Endorsement is 10% of the base premium for the Residential Owner's Policy (but not less than \$50). However, if it is purchased with the Amendment to Area and Boundary described above, the cost of the T-19.1 Endorsement is 5% of the base premium for the Residential Owner's Policy. So, if the buyer purchases BOTH coverages, they essentially get two additional upgraded protections for what the T-19.1 Endorsement would cost by itself!

IMPORTANT CONSIDERATIONS TO NOTE:

- The charges for the additional coverages described above are one-time charges that are paid at closing. If purchased, the upgraded coverage will protect the property for as long as the insured own the insured property - no matter how long that is.
- A satisfactory survey of the property approved by the Title Company is required to be eligible to purchase each extra coverage described above. After receipt of the survey, the Title Company may make specific exceptions in the Residential Owner's Policy to matters shown on the survey or delete certain provisions of the T-19.1.
- The amendment to the Area and Boundary exception appears in the TREC form in Paragraph 6, which means that the parties will be required to make this election in the contract.