

# Available Upgrades for Residential Owner Coverage



## AMENDMENT OF 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 buyer from a loss due to an unknown encroachment of a neighbor's improvement onto their property, an unknown protrusion of an improvement on their property 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.

For a cost of 5% of the base premium for the Residential Owner's Policy (but not less than \$20), all of the items noted above in the standard exception to coverage, other than "shortages in area" will be deleted.

By obtaining this upgrade to the buyer's coverage, they can protect themselves from a title loss due to a discrepancy or a conflict in a boundary line, an encroachment, a protrusion, or an overlapping of improvements that is not shown on the survey or is otherwise unknown at the time of closing.

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

The T-19.1 endorsement is additional coverage available for purchase to 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 in connection with the Amendment of Standard Policy Exception to Area and Boundaries described above, then the cost of the T-19.1 Endorsement is reduced to 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!

A 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 basic Residential Owner's Policy covers the standard items the Texas Department of Insurance requires, there are additional coverages buyers can purchase to give them even better protection and greater peace of mind. Here are the coverage upgrades available for purchase:

## IMPORTANT CONSIDERATIONS TO NOTE:

- The charges for the upgraded 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 buyer or their heirs own it - 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. These upgraded coverages do not protect the buyer from matters shown on the survey or otherwise known at the time the Residential Owner's Policy is issued.
- 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.