

Area and Boundary

Coverage and T-19.1

A. Area and Boundary Coverage

Area and boundary coverage provides additional coverage under the terms of the policy by amending the exception to coverage that is set out in Schedule B, Item 2. Without the area and boundary coverage, this exception reads as follows: “Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.” When Area and Boundary coverage is added to the policy, the exception is amended to read as follows: “Shortages in area.” Common examples of coverage include:

- ▶ Coverage for anyone claiming the improvements are over a property line into a neighboring tract
- ▶ Coverage for an error in the survey regarding the location of the boundary lines

B. OTP Survey Deletion

When the OTP survey deletion is combined with using a prior survey done for a different or previous owner, it gives the purchaser coverage against the inaccuracy of the work of a surveyor regarding boundary line issues. When using an existing survey, the purchaser generally does not have privity with the surveyor in case of an error in the work, so could probably not sue the surveyor for errors.

C. Coverage for a Current Survey

Even with a current survey, the coverage provides the purchaser insurance in the policy for boundary line matters in the survey that, if in error, result in a claim that will be handled by filing a claim under the title policy. If found to be a covered risk, the title policy provides a remedy for the boundary error, defense costs and claims by a third party as to any of the matters covered by the deletion.

D. Owner’s Title Policy

The Owner’s Title Policy is backed by the financial stability of the title insurance underwriter for any claims made by the insured and as regulated by the TDI. This can be important if a surveyor goes out of business.

Note: The survey will still need to be reviewed through the proper channels as set out by your particular title company, prior to granting this coverage. There could be some cases where the request for this deletion is denied.

E. Restrictions, Encroachments, Minerals Endorsement – T.19.1

This endorsement affords coverage against any previous violation of restrictions affecting the subject property, rights of first refusal, reversionary rights, and damage to the property due to future damage to improvements from an existing right to extract or develop minerals. Common examples of coverage include:

- ▶ A utility company requiring removal of improvements that are in their easement on the property
- ▶ A homeowners’ association claiming the improvements are built over a building line and demanding the improvements be removed

