

MLTA Study Guide

Preparing for the State Exam: TITLE INSURANCE LICENSE



Updated 10/28/2013

SAMPLE TEST QUESTIONS

1. A title insurance company or a title insurance agent may perform all of the following except:
 - a) solicit title insurance applications for a policy
 - b) provide settlement services
 - c) pay part of their fees to a real estate agent
 - d) search county records

2. Home Electric Company's recorded easement to string electrical wires ten feet over the rear of your property is an example of what type of, easement:

- a) In Common
- b) In Gross
- c) Servient
- d) Prescriptive

3. An Owner's Policy does insure:

- a) the mortgage is the first lien
- b) the house and land are worth the purchase price
- c) there is a right of access to and from the real estate
- d) that taxes will not increase

4. An Owner's Policy excludes from coverage:

- a) the rights of heirs of the former owner
- b) rights of the government to appropriate land for a highway
- c) second mortgages
- d) appurtenant easements

5. A Loan Policy does not insure the lender that:

- a) the mortgage note was signed
- b) the mortgage was recorded
- c) the mortgage debt will be paid by the borrowers
- d) there is access to the property

6. A Loan Policy does not insure the lender that:

- a) there are not other liens except those shown on Schedule B
- b) that future real estate taxes will be promptly paid
- c) the borrower is the-record owner of the property
- d) the mortgage note was properly signed

7. Which of the following normally will not concern a title agent when examining a survey:

- a) the date of the survey
- b) the surveyor's signature
- c) the type of construction (brick, frame, etc.)
- d) the location of the garage

8. A property owner whose boundary line is a non-navigable stream:

- a) owns the edge of the stream
- b) owns to the 100 year high-water mark
- c) owns to the middle of the stream
- d) owns the entire stream bed in trust for the public

9. An easement in gross is:

- a) the same as an easement appurtenant
- b) attached to a dominant estate
- c) inheritable
- d) a personal right

10. A Title Policy may not be issued to:

- a) an owner
- b) a lender
- c) a land contract vendee
- d) a non-secured creditor

11. A title agent receives a letter from an attorney stating that "his client is insured under the agent's title policy" and there may be a claim. The agent should:

- a) ignore the letter since it is not a definite claim
- b) try to negotiate the claim himself
- c) forward the letter to his underwriter
- d) write a threatening letter to the claimant on behalf of the insured

12. A system describing real estate that uses feet, degrees and a point of beginning is:

- a) rectangular survey
- b) metes and bounds
- c) government survey
- d) recorded plat of subdivision

13. How many sections are in a township?

- a) 24
- b) 30
- c) 36
- d) 32

14. How long is a chain?

- a) 60 feet
- b) 66 feet
- c) 100 feet
- d) 120 feet

15. A standard sections contains approximately:

- a) 640 acres
- b) 600 acres
- c) 660 acres
- d) 680 acres

16. A Lis Pendens is:

- a) a lien
- b) an adjudication
- c) a notice of a pending court action
- d) a taking by condemnation

17. The present system of surveying is known as:

- a) The American System
- b) The Metes & Bounds System
- c) The Western System
- d) The Rectangular System

18. Range lines are:

- a) 6 miles apart
- b) 1 mile apart
- c) 36 miles apart
- d) none of the above

19. A "Base Line" runs:

- a) North and South
- b) East and West
- c) same direction as a principal Meridian
- d) from the Atlantic to the Pacific

20. A loan policy of title insurance insures:

- a) the legal enforceability of each provision of the insured mortgage
- b) that the borrower cannot legally contest the validity of the insured mortgage
- c) the validity and priority of the lien of the insured mortgage
- d) that the insured mortgage is not in default as of the date of the policy

21. Matters listed in Schedule B of a title insurance policy:

- a) are risks specifically covered by the policy
- b) are matters specifically excepted from coverage
- c) modify the conditions and stipulations of the policy
- d) must refer only to items appearing in the public record

22. After a claim has been paid and insured made whole, the right of subrogation provided in the policy is vested in:

- a) the insurance company
- b) the insured claimant
- c) the party who caused the claim to occur
- d) three years after the claim has been paid

23. Under the terms of an Owner's Policy of title insurance the insurer is obligated to pay:

- a) only the cost of defending the insured's title
- b) only for an insured's substantive loss up to the amount of the policy
- c) for the insured's substantive loss up to the amount of the policy plus the costs of defending the title
- d) only up to the amount of the policy for both defense costs and substantive loss

24. A personal representative is appointed by which of the following?

- a) termination of joint tenancy
- b) domiciliary letters
- c) letters of trust
- d) letters of authority

25. To release a mortgage of record a satisfaction is executed by the:

- a) mortgagor
- b) mortgagee
- c) witnesses to the mortgage
- d) register of deeds

26. A properly executed satisfaction of mortgage must:

- a) identify the mortgage being satisfied.
- b) have a corporate seal
- c) show who the new mortgagee will be
- d) state the amount of the mortgage

27. A mortgage that has been totally assigned should be satisfied by:

- a) the original mortgagee
- b) the assignee of the mortgagee
- c) the mortgagors
- d) the register of deeds

28. Constructive notice of an interest in real estate is imputed by law when:

- a) a deed is delivered and accepted
- b) reasonable person would or should have known it
- c) a deed is recorded with the Register of Deeds
- d) a deed is re-recorded

29. A deed to land with lake frontage conveys title to:

- a) high water mark
- b) low water mark
- c) the average between high and low water mark
- d) the center of the lake

30. A deed to land abutting an inland river conveys title to:

- a) the entire river between the extended side boundaries
- b) the flood stage of the river
- c) the center or thread of the river
- d) the place where a saw log will float

31. Mortgages are enforced by:

- a) execution
- b) foreclosure
- c) attachment
- d) unlawful detainer

32. Documents properly recorded in the office of the recording entity create a legal presumption called:

- a) deductive notice
- b) inductive notice
- c) restrictive notice
- d) constructive notice

33. Which of the following documents cannot create an easement?

- a) warranty deed
- b) land contract
- c) option
- d) declaration of restrictions

34. A mortgagee's interest in land is conveyed by:

- a) assignment of rents
- b) assignment of mortgage
- c) subordination agreement
- d) security agreement

35. An abstract of title is:

- a) a document authorizing a person to act as an agent of the person granting it
- b) a historical summary of all of the recorded instruments and proceedings that affect the title to a particular piece of property
- c) an encumbrance on property
- d) the actual evidence which shows the state of title to property

36. An easement may be all of the following, except:

- a) appurtenant
- b) of necessity
- c) landlocked
- d) prescriptive

37. The ownership of realty implies a whole group of rights, the total of which is a fee simple estate. Some of the lesser interests include **all but one** of the following:

- a) Leasehold
- b) Life estate
- c) Remainder
- d) Quit claim

38. If John Jones conveys fee title to Sam Smith but retains a life estate in the property, must Schedule B of the owners title insurance policy contain an exception for the life estate?

- a) no, since Jones conveyed fee title he released all ownership rights in the property he may have had
- b) yes, because Smith took title subject to Jones' retained life estate
- c) no, because a life estate is not considered a legally recognized interest in real property
- d) no, because the title policy excludes from coverage all conveyances

39. The right of owners to get to and from their property is called:

- a) a road
- b) access
- c) an encroachment
- d) avulsion

40. Upon reviewing a survey you notice it reveals that the home on the property encroaches upon the neighbors lot by one foot. When completing the owners title insurance Schedule B, you:

- a) Ignore it. Since the property encroaches upon another lot, it does not affect the insured's own property
- b) Include on Schedule A that the insured has the right to use the one foot area that he is encroaching upon, because the house was originally built that way
- c) Include it on Schedule B as an exception but then insure over it, because you do not want this issue to jeopardize the closing
- d) Include it as an exception on Schedule B

41. The ABC Title Insurance Company offers new customers a 10% reduction in premium. for their first policy premium. The ABC Title Insurance Company is engaging in an unfair trade practice known as:

- a) twisting
- b) misrepresentation
- c) coercion
- d) rebating

42. A riparian owner is one who:

- a) owns land which either includes or borders upon a river or other body of water
- b) leases land under a lease with a term in excess of three years
- c) owns land under eminent domain
- d) owns the fee title to property subject to an existing life estate

43. The recordation of a warranty deed:

- a) passes title
- b) guarantees the title
- c) makes the title insurable
- d) gives constructive notice of the conveyance

44. What is the effect of a recorded "notice of lis pendens"?

- a) all mortgages, liens or encumbrances prior to the date of the filed notice are no longer effective
- b) the property is free to be sold even though the owner is currently in bankruptcy
- c) it gives notice that the title to property itself is involved in litigation such that purchasers and/or subsequent encumbrancers will be bound by the outcome to the litigation
- d) gives notice that construction is being commenced on the property

45. Which one of the following characteristics is true of a power of attorney?

- a) It survives the death of the principal
- b) an individual who does not have the necessary capacity to convey property may instead give a power of attorney to a third party to accomplish the conveyance
- c) it **is** effective if the original grantor is still living, he has not revoked the power and it sufficiently describes the actions taken by the grantee which are authorized
- d) it **is** irrevocable for the life of the grantor

46. A joint tenancy is:

- a) where two or more persons hold title in equal shares with the provision that, upon the death of a joint tenant, that joint tenant's interest passes in accordance with the terms of either a will or the laws of intestacy
- b) a partnership agreement whereby the percentage ownership of property is dictated by its terms
- c) a lease agreement which provides for multiple tenants in the same building
- d) where two or more persons hold equally a non-divided share in property with the provision that, upon the death of a joint tenant, that joint tenant's interest passes automatically to the surviving joint tenant regardless of the terms of a will

47. What is an acknowledgment?

- a) a formal statement on an instrument that the notary has verified the amount of consideration referenced in an instrument
- b) a formal statement that the instrument is true
- c) a formal statement by the person executing the instrument to the notary that he did so as his free act and deed
- d) a formal statement that the instrument is effective for the purposes set forth in the body of the instrument

48. A policy of owner's title insurance:

- a) guarantees the insured that a certain structure exists on the insured property
- b) extends coverage automatically to the immediate purchaser from the insured
- c) is a contract to indemnify for losses *which* are covered by the insuring provisions and which are not excluded or excepted from coverage
- d) would not provide coverage for a loss from a deed from an incompetent in the insured's chain of title

49. An exclusion in an owner's policy:

- a) provides that a certain type of matter which may affect the ownership interest will not fall within the policy's coverage
- b) would be found in Schedule B
- c) a specific matter adversely affecting title that would normally come within policy coverage
- d) may be deleted by the agent upon the owner's request

50. Regarding the estate of tenancy in common, which one of the following statements is false?

- a) no one co-tenant can claim sole ownership or exclusive possession
- b) a co-tenant may transfer his undivided interest in the property to a third party
- c) a judgment against one co-tenant would be a lien against the interest of all co-tenants.
- d) upon the death of a tenant in common, his interest passes to his devisees or heirs

51. The Commissioner of Insurance has the authority to do all of the following EXCEPT:

- a) examine the financial affairs of insurers doing business in Michigan
- b) change state insurance laws at any time
- c) hold hearings
- d) write rules and regulations to enforce state insurance laws

52. What is the maximum fine for violating a cease and desist order issued by the Commissioner?

- a) \$25,000.00
- b) \$50,000.00
- c) \$10,000.00
- d) \$5,000.00

53. An agent must report a change in his or her mailing address to the Insurance Bureau within:

- a) 60 days
- b) 10 days
- c) 30 days
- d) 90 days

Sample Test Questions - Answer Key

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|-------|-------|-------|-------|
| 1. C | 18. A | 35. B | 52. C |
| 2. B | 19. B | 36. C | 53.C |
| 3. C | 20. C | 37. D | |
| 4. B | 21. B | 38. B | |
| 5. C | 22. A | 39.B | |
| 6. B | 23. C | 40.D | |
| 7. C | 24. D | 41.D | |
| 8. C | 25. B | 42.A | |
| 9. D | 26. A | 43.D | |
| 10. D | 27. B | 44.C | |
| 11. C | 28. C | 45. C | |
| 12. B | 29.D | 46. D | |
| 13. C | 30.C | 47. C | |
| 14. B | 31.B | 48. C | |
| 15. A | 32.D | 49.A | |
| 16. C | 33.C | 50.C | |
| 17. D | 34.B | 51.B | |