

Name: _____ Date: _____

1. Which of the following is acceptable evidence of marketable title?
 - A) A trust deed
 - B) A warranty deed
 - C) A title insurance policy
 - D) An affidavit

2. When a claim is settled by a title insurance company, the company acquires all rights and claims of the insured against any other person who is responsible for the loss. This is known as
 - A) caveat emptor.
 - B) surety bonding.
 - C) subordination.
 - D) subrogation.

3. Which of the following would be used to clear a defect from the title records?
 - A) A lis pendens
 - B) An estoppel certificate
 - C) A suit to quiet title
 - D) A writ of attachment

4. The part of the title insurance policy that sets forth all of the encumbrances and defects that will NOT be insured against is called the
 - A) schedule of defects.
 - B) citation clause.
 - C) nonexclusionary clause.
 - D) exclusions

5. An abstract of title does *NOT* provide evidence of title unless it is accompanied by a
 - A) copy of the title insurance policy.
 - B) letter of insurance coverage.
 - C) letter of warranty.
 - D) certificate of title.

6. All of the following liens need to be recorded to be valid EXCEPT
 - A) Mortgage lien
 - B) Real estate tax lien
 - C) Judgment lien
 - D) Mechanic's lien

7. When Ursula purchased her home, the title insurance policy she received did *NOT* include which of following ?
- A) A legal description of the insured real estate
 - B) A record of all of the previous owners of the property
 - C) A list of defects not covered
 - D) The kind of estate or interest being insured
8. A written summary of the history of all conveyances and legal proceedings affecting a specific parcel of real estate is called a(n)
- A) affidavit of title.
 - B) certificate of title.
 - C) abstract of title.
 - D) title insurance policy.
9. All of the following are a form of *notice* of rights or interests in real property EXCEPT
- A) Constructive notice
 - B) Inquiry notice
 - C) Actual notice
 - D) Delinquency notice
10. The history of all owners of a specific parcel of real estate is the property's
- A) chain of title.
 - B) certificate of title.
 - C) title insurance policy.
 - D) abstract of title.
11. All of the following would be considered evidence of marketable title EXCEPT
- A) An abstract of title with a legal opinion
 - B) A title commitment or title insurance policy
 - C) A certificate of title by a real estate broker
 - D) A. certificate of title by a real estate attorney
12. The recordation of a warranty deed
- A) gives actual notice of the grantee's rights
 - B) gives constructive notice of an individual's interest
 - C) prevents claims of parties in possession.
 - D) provides defense against adverse possession.

13. Documents affecting real estate are recorded or filed in the county in which the property is located to
- A) enable interested parties to know where to look to discover the various interests of other parties to the transaction.
 - B) give actual notice of the grantee's interest in the property.
 - C) comply with the terms of the statute of frauds that all transfers for more than one year be in writing and signed.
 - D) prove the validity of the execution of the document.
14. All of the following would be acceptable as evidence of marketable title EXCEPT
- A) A Torrens certificate
 - B) A title insurance policy
 - C) An abstract and legal opinion
 - D) A property owner's warranty deed
15. Under the Torrens system,
- A) title passes when the grantee's application for registration has been approved and the real estate has been registered.
 - B) the Torrens official performs exactly the same functions as the recorder of deeds.
 - C) the original deed is mailed to the buyer after it has been registered.
 - D) the registration of a title can be canceled by the owner at any time.
16. A document that protects against hidden risks such as forgeries and loss due to defects in the title, subject to specific exceptions, is called a(n)
- A) chain of title.
 - B) abstract of title.
 - C) certificate of title.
 - D) title insurance policy.
17. The body of law that governs personal property transactions (but does not apply to real estate) and involves use of security agreements, financing statements, and bulk transfers is the
- A) American Land Title Association.
 - B) Uniform Commercial Code.
 - C) Parol Evidence Rule.
 - D) Statute of Limitations.

18. The type of title insurance that will protect the owner and heirs is called a (n)
- A) lender's policy
 - B) owner's policy
 - C) leasehold policy
 - D) certificate of sale policy
19. A buyer took delivery of the deed to his new house but neither recorded the deed nor took possession of the property. Under these circumstances
- A) the transfer of the property from the seller is ineffective.
 - B) the buyer's interest is not fully protected against third parties.
 - C) the deed is invalid after 90 days.
 - D) the deed is invalid after 6 months.
20. The mortgagee received a title insurance policy on the property a buyer is pledging as security for the mortgage loan. Which of the following is true?
- A) The policy is issued for the benefit of the buyer.
 - B) The policy guarantees that the buyer's equity will be protected.
 - C) The amount of coverage is commensurate with the loan amount.
 - D) The amount of coverage increases as the borrower's equity increases.
21. All of the following are true regarding public records EXCEPT
- A) They give notice of encumbrances.
 - B) They establish priority of liens.
 - C) They guarantee marketable title.
 - D) They provide constructive notice about interests in the property.
22. The best reason for a buyer to obtain title insurance is
- A) that the mortgage lender requires it.
 - B) to ensure that the seller can deliver marketable title.
 - C) to ensure that the abstractor has prepared a complete summary of title.
 - D) to pay future liens that may be filed.
23. A suit to quiet title refers to
- A) a title insurance company's search of the title.
 - B) a mortgagor relinquishing title after foreclosure.
 - C) the deposit of a title with an escrow agent.
 - D) the removal of a cloud on the title by court action.

24. Which of the following is true about title insurance?
- A) It ensures against future losses
 - B) It protects the insured from events before the policy was issued
 - C) It covers changes in land used brought about by zoning ordinances
 - D) It includes defects known to the buyer

Answer Key

1. C
2. D
3. C
4. D
5. D
6. B
7. B
8. C
9. D
10. A
11. C
12. B
13. A
14. D
15. A
16. D
17. B
18. B
19. B
20. C
21. C
22. B
23. D
24. B