

Florida Title Insurance Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Questions

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- 1. What does Condition 2, "Continuation of insurance," specify about coverage?**
 - A. Coverage shall continue indefinitely**
 - B. Coverage shall not continue in force**
 - C. Coverage is limited to the insured's lifetime**
 - D. Coverage is contingent upon mortgage payments**
- 2. In Florida, most titles can be traced back to what type of grants?**
 - A. Spanish land grants**
 - B. French land grants**
 - C. British land grants**
 - D. Native American land grants**
- 3. Verification of corporate status is typically conducted through which office?**
 - A. Department of Business**
 - B. Office of the Governor**
 - C. Secretary of State**
 - D. Department of Commerce**
- 4. What does title insurance insure against?**
 - A. Current ownership disputes**
 - B. Future loss based on prior risk**
 - C. Existing liens**
 - D. Property damage**
- 5. If no objections to the sale of foreclosed property are filed within how many days after filing the certificate of sale, the clerk files a certificate of title?**
 - A. 5 days**
 - B. 10 days**
 - C. 15 days**
 - D. 30 days**

- 6. What are common complaints about sham affiliated business arrangements under RESPA?**
- A. They are overly complex**
 - B. New entities perform little, if any, real estate services**
 - C. The payments are always documented**
 - D. They typically offer better services than traditional arrangements**
- 7. What is a common feature included in a surveyor's certificate?**
- A. Notarization by a public official**
 - B. Surveyor's signature and certification to proper parties**
 - C. Property market analysis**
 - D. Title insurance endorsement**
- 8. How many enforceable covenants are there under a Warranty Deed?**
- A. 4**
 - B. 5**
 - C. 6**
 - D. 7**
- 9. If a federal tax lien is refiled, how many additional years is it extended?**
- A. 5 years**
 - B. 10 years**
 - C. 20 years**
 - D. 30 years**
- 10. What is one feature of the ALTA 2006 form title insurance policies?**
- A. They do not provide survey coverage**
 - B. They provide automatic survey coverage**
 - C. They exclude environmental assessments**
 - D. They include personal property coverage**

Answers

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1. B
2. A
3. C
4. B
5. B
6. B
7. B
8. C
9. B
10. B

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Explanations

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1. What does Condition 2, "Continuation of insurance," specify about coverage?

A. Coverage shall continue indefinitely

B. Coverage shall not continue in force

C. Coverage is limited to the insured's lifetime

D. Coverage is contingent upon mortgage payments

Condition 2, "Continuation of insurance," specifically indicates that coverage shall not continue in force indefinitely. This condition typically implies that the insurance coverage may be subject to certain limitations or conditions that could result in its termination after a specified event or period. In the context of title insurance, it often reflects that the insurance is designed to protect the insured's interest in the property only for as long as certain criteria are met. For example, if there are default events or if the insured no longer holds an interest in the property, coverage may cease. This condition helps clarify that while title insurance provides valuable protection against defects and claims, it does not guarantee perpetual coverage without any contingencies. Understanding this condition is crucial for policyholders, as it highlights the importance of being aware of the circumstances under which coverage terminates or remains active, affecting the long-term security of property rights.

2. In Florida, most titles can be traced back to what type of grants?

A. Spanish land grants

B. French land grants

C. British land grants

D. Native American land grants

In Florida, the history of land ownership is significantly influenced by its colonial past, particularly through Spanish land grants. The Spanish were among the first Europeans to settle in Florida, and their land grant system laid the foundation for much of the property ownership that exists today. These grants were typically issued by the Spanish crown and served as a way to encourage settlement and development of the land. When Florida became a U.S. territory, the Spanish land grants were recognized and carried over into the new legal framework. This historical context is crucial in understanding how current titles can be traced back and validated, as they often derive from these original Spanish grants. Other options, such as French, British, or Native American land grants, while having some historical significance in certain regions or aspects of Florida's history, do not have the same pervasive influence on the majority of land titles as the Spanish grants do. Thus, tracing most Florida titles back to Spanish land grants accurately reflects the state's complex land ownership history.

3. Verification of corporate status is typically conducted through which office?

- A. Department of Business**
- B. Office of the Governor**
- C. Secretary of State**
- D. Department of Commerce**

Verification of corporate status is conducted through the Secretary of State's office. This office is responsible for maintaining the official records of businesses, including the registration and regulatory filings necessary to operate legally within the state. When a business is registered, the Secretary of State keeps track of its status, including whether it is active, inactive, or has been dissolved. In the context of title insurance and real estate transactions, confirming a corporation's status is crucial, as it ensures that the entity involved in the transaction is legally recognized and authorized to conduct business. This verification may include checking for compliance with state laws and regulations, which is essential for establishing the legal integrity of property dealings. The other options, while related to state governance, do not specifically handle the verification of corporate status in the same manner as the Secretary of State. For example, the Department of Business may oversee business operations generally, but it does not maintain the same comprehensive records or provide the authoritative verification needed for corporate status. Similarly, the Office of the Governor and the Department of Commerce deal with broader aspects of state administration and economic development rather than the specific regulatory compliance of individual businesses.

4. What does title insurance insure against?

- A. Current ownership disputes**
- B. Future loss based on prior risk**
- C. Existing liens**
- D. Property damage**

Title insurance primarily insures against future loss arising from prior risks associated with the title of the property. This means that it protects the policyholder from potential claims or defects in title that may surface after the purchase, which were not discovered during the title search process before the transaction was completed. These risks can include issues like undisclosed heirs, fraud, mistakes in public records, and other encumbrances that could affect ownership. While current ownership disputes, existing liens, and property damage are important considerations in real estate transactions, they do not represent the primary focus of title insurance. Current ownership disputes might be addressed through litigation rather than insurance. Existing liens can be managed and resolved prior to closing, eliminating the risk before title insurance is needed. Property damage, although significant in its own right, is usually covered under homeowner's insurance rather than title insurance, which specifically deals with the legal aspects of property ownership. Thus, the correct understanding of title insurance revolves around its protection against future losses stemming from issues that existed in the past but were not identified.

5. If no objections to the sale of foreclosed property are filed within how many days after filing the certificate of sale, the clerk files a certificate of title?

- A. 5 days**
- B. 10 days**
- C. 15 days**
- D. 30 days**

In Florida, after a foreclosure sale is conducted, a certificate of sale is issued, and the law specifies a timeframe within which any objections to the sale must be filed. If no objections are made by interested parties within 10 days of the filing of the certificate of sale, the clerk will proceed to file a certificate of title to the purchaser. This process is crucial as it facilitates the transition of ownership in the event that the foreclosure sale is uncontested. Understanding this timeframe is essential for both buyers and sellers in a foreclosure scenario. It ensures that once the designated period passes without any objections, the buyer is granted clear title to the property, eliminating any uncertainty regarding ownership and paving the way for them to take possession and start the process of effectively managing the property.

6. What are common complaints about sham affiliated business arrangements under RESPA?

- A. They are overly complex**
- B. New entities perform little, if any, real estate services**
- C. The payments are always documented**
- D. They typically offer better services than traditional arrangements**

Sham affiliated business arrangements under the Real Estate Settlement Procedures Act (RESPA) often raise concerns primarily because these arrangements may not engage in genuine real estate services. When a business claims to offer services related to a real estate transaction but does little to no substantive work, it undermines the purpose of RESPA, which aims to ensure transparency and fair practices in real estate transactions. This lack of meaningful service can mislead consumers into thinking they are receiving benefits that do not exist, potentially resulting in inflated costs and limited options. The focus on having these arrangements actually perform legitimate services is crucial to maintaining the integrity of the real estate market and protecting consumers. When the services provided are minimal or nonexistent, it not only violates the intent of the legislation but can also diminish consumer trust in the real estate industry as a whole. This highlights the importance of ensuring that any affiliated business arrangement is legitimate and adheres to the standards set forth in RESPA.

7. What is a common feature included in a surveyor's certificate?

- A. Notarization by a public official**
- B. Surveyor's signature and certification to proper parties**
- C. Property market analysis**
- D. Title insurance endorsement**

A surveyor's certificate is a document that confirms the findings of a property survey conducted by a licensed surveyor. Its primary purpose is to provide assurance regarding the exact boundaries, dimensions, and location of the property in question. The inclusion of the surveyor's signature and certification to proper parties is essential as it indicates that the surveyor has verified the results of the survey and attests to its accuracy. This certification acts as a guarantee of the professionalism of the surveyor and the validity of the information provided in the survey. It is crucial for parties involved in a real estate transaction, as they rely on this certification to make informed decisions regarding the property. In contrast, notarization is not typically a standard feature of a surveyor's certificate, nor is property market analysis relevant to the survey itself. Title insurance endorsements pertain to title insurance policies and are separate from the information provided in a surveyor's certificate. Therefore, the surveyor's signature and certification are the key elements that give credibility and assurance about the survey's findings.

8. How many enforceable covenants are there under a Warranty Deed?

- A. 4**
- B. 5**
- C. 6**
- D. 7**

A Warranty Deed typically includes several enforceable covenants that provide assurances to the buyer regarding the title of the property being conveyed. A Warranty Deed is designed to protect the interests of the buyer by guaranteeing that the seller holds valid ownership of the property and has the right to transfer it. There are generally six enforceable covenants associated with a Warranty Deed: 1. The covenant of seisin, which assures that the grantor owns the property and has the legal right to convey it. 2. The covenant of right to convey, confirming that the grantor has the authority to transfer the property. 3. The covenant against encumbrances, which guarantees that there are no undisclosed liens or encumbrances on the property. 4. The covenant of quiet enjoyment, which ensures that the buyer will not be disturbed in their ownership by claims against the title. 5. The covenant of further assurances, requiring the grantor to perform any acts necessary to perfect the title in the future. 6. The covenant of warranty forever, where the grantor promises to defend the title against any claims. These covenants are essential as they provide a level of security and legal backing to the buyer. Understanding the function and scope of these covenants is fundamental in

9. If a federal tax lien is refiled, how many additional years is it extended?

- A. 5 years**
- B. 10 years**
- C. 20 years**
- D. 30 years**

When a federal tax lien is refiled, the lien is extended for an additional ten years. This is significant because a federal tax lien arises when the IRS issues a notice of lien due to an unpaid tax obligation, effectively creating a legal claim against the taxpayer's property. Refiling the lien is a necessary legal step to maintain the government's claim against the taxpayer and ensure that if they were to sell property, the lien remains enforceable. The extension of ten years allows the IRS to pursue collection more effectively. After the initial lien period of ten years, if it is not refiled, the lien generally expires. Thus, understanding the implications of a refiled lien and the extension period is crucial for both taxpayers and title insurance practitioners in order to correctly assess any potential risks to title when considering real property transactions involving lien properties.

10. What is one feature of the ALTA 2006 form title insurance policies?

- A. They do not provide survey coverage**
- B. They provide automatic survey coverage**
- C. They exclude environmental assessments**
- D. They include personal property coverage**

The ALTA 2006 form title insurance policies are designed to offer enhanced coverage options for policyholders. One prominent feature is the inclusion of automatic survey coverage. This means that these policies can provide coverage against specific risks when a survey of the property indicates boundary discrepancies or other issues related to the physical layout of the property, which could affect ownership rights. This characteristic is significant because it addresses a common concern among property owners and mortgage lenders regarding potential encroachments, boundary issues, or other discrepancies that might arise from surveying the property. By automatically offering this coverage, the ALTA 2006 policies enhance the protection provided to buyers and lenders, fostering greater confidence in their property investment. In contrast, the other options do not align with the typical features of the ALTA 2006 policies. For instance, while some policies may exclude certain coverage related to environmental assessments or personal property, the distinguishing aspect of the ALTA 2006 is its commitment to providing broader and more relevant protection, particularly pertaining to survey issues. This focus on enhanced offerings sets these policies apart and highlights the evolving nature of title insurance as it addresses the needs of modern real estate transactions.