

Maryland Title Insurance Producer Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

This is a sample study guide. To access the full version with hundreds of questions,

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	6
Answers	9
Explanations	11
Next Steps	17

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.

7. Use Other Tools

Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!

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Questions

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- 1. Why is it not advisable for an executor to sell property under probate without title insurance?**
 - A. It can lead to overpricing the property**
 - B. It exposes the buyer to potential title issues**
 - C. It allows the executor to avoid paying taxes**
 - D. It requires additional paperwork**
- 2. If a property agent binds coverage for a risk that actually falls outside the insurer's underwriting requirements, what kind of authority does the agent have?**
 - A. Express authority**
 - B. Apparent authority**
 - C. Mediated authority**
 - D. Implied authority**
- 3. What does 'chain of title' imply in real estate?**
 - A. A continuous history of property ownership**
 - B. The sequence of rental agreements for a property**
 - C. A list of potential buyers for a property**
 - D. A description of encumbrances on a property**
- 4. What constitutes a judgment lien?**
 - A. A claim on property resulting from a court judgment**
 - B. A voluntary lien placed by the property owner**
 - C. A lien derived from unpaid property taxes**
 - D. A general lien applicable to all property owned**
- 5. An agent regularly allows insured to pay premiums a few days late. What legal doctrine would be applicable if the insurer tries to deny a claim due to the late payment?**
 - A. Warranty**
 - B. Waiver**
 - C. Arrete**
 - D. Estoppel**

6. What type of estate is created to avoid probate or provide tax benefits?

- A. Life Estate**
- B. Revocable Trust**
- C. Joint Tenancy**
- D. Tenancy in Common**

7. In Maryland, which entity regulates title insurance producers?

- A. Maryland Insurance Administration**
- B. Maryland Department of Real Estate**
- C. Maryland Attorney General's Office**
- D. Maryland Land Surveyors Association**

8. Who typically pays for title insurance in a real estate transaction?

- A. The buyer, unless otherwise negotiated**
- B. The seller only**
- C. The real estate agent**
- D. Both parties equally**

9. Which act is also known as the Privacy Act?

- A. Gramm-Leach-Bliley Act**
- B. Real Estate Settlement Procedures Act**
- C. Truth in Lending Act**
- D. Consumer Financial Protection Act**

10. What distinguishes a mortgage from a deed of trust?

- A. A mortgage involves a trustee, while a deed of trust does not**
- B. A mortgage secures a loan with real estate, a deed of trust involves a third-party trustee**
- C. A mortgage is real estate owned in fee simple, a deed of trust is not**
- D. A mortgage is used only for residential properties, a deed of trust is for commercial properties**

Answers

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

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Explanations

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1. Why is it not advisable for an executor to sell property under probate without title insurance?

- A. It can lead to overpricing the property**
- B. It exposes the buyer to potential title issues**
- C. It allows the executor to avoid paying taxes**
- D. It requires additional paperwork**

The reasoning behind the selection of the choice indicates a crucial aspect of real estate transactions, particularly in the context of probate. Title insurance serves as a protective measure for buyers, safeguarding against various potential title issues that may emerge during or after the sale. When property is sold under probate, there might be complications arising from existing claims, liens, or other legal encumbrances that could affect the title. Without title insurance, buyers are left vulnerable to these risks. If a buyer encounters a title problem after the purchase, such as an undisclosed heir coming forward to claim ownership or a lien that was not identified, it can lead to significant legal and financial repercussions. Having title insurance means that the insurer will cover certain costs associated with resolving these issues, thereby providing peace of mind to the buyer and facilitating a smoother transaction. In real estate practice, particularly with properties under probate, ensuring clear title is essential to protect all parties involved in the sale. This understanding underscores why selling property without title insurance is not advisable for an executor managing a probate estate and ultimately enhances the security of the transaction for the buyer.

2. If a property agent binds coverage for a risk that actually falls outside the insurer's underwriting requirements, what kind of authority does the agent have?

- A. Express authority**
- B. Apparent authority**
- C. Mediated authority**
- D. Implied authority**

The concept of authority in the context of insurance agents is crucial for understanding the relationship between agents, insurers, and policyholders. In this scenario, if a property agent binds coverage for a risk that does not conform to the insurer's underwriting guidelines, the agent is exercising apparent authority. Apparent authority arises when a principal (the insurer) gives the impression to third parties that an agent has the authority to act on their behalf, even if this authority has not been explicitly granted. In this situation, while the agent may not have the actual authority to bind the insurer to cover that particular risk, their actions can create an expectation for third parties that they do possess the necessary power to do so. Since the agent has acted in a way that led to a coverage agreement, it suggests that the insurer has potentially represented or allowed the agent to present themselves as having authority within certain constraints. This occurrence can result in the insurer being held accountable for the agent's actions, despite the fact that those actions fell outside the insurer's official underwriting criteria. Understanding this distinction is key in the realm of insurance, as it highlights how agents can interact with clients and the potential risks that may arise from perceived authority versus actual authority.

3. What does 'chain of title' imply in real estate?

- A. A continuous history of property ownership**
- B. The sequence of rental agreements for a property**
- C. A list of potential buyers for a property**
- D. A description of encumbrances on a property**

The term "chain of title" refers to a continuous history of property ownership and is a fundamental concept in real estate transactions. It provides a chronological sequence of all recorded owners of a particular piece of property, starting from when it was first granted to the present day. This history is crucial for establishing legal ownership, as it helps to verify that the current owner has the right to sell or encumber the property. Understanding the chain of title is essential because any gaps or discrepancies in this historical record can lead to legal disputes or claims against the property. Title insurance often relies on this information to assess risks and protect owners and lenders from potential claims against their ownership rights. This chain primarily includes deeds, wills, and other legal documents that document transfers of ownership, and it forms the basis for establishing clear and marketable title in real estate.

4. What constitutes a judgment lien?

- A. A claim on property resulting from a court judgment**
- B. A voluntary lien placed by the property owner**
- C. A lien derived from unpaid property taxes**
- D. A general lien applicable to all property owned**

A judgment lien is a specific legal claim against a person's property that arises when a court issues a judgment against that person for the payment of a debt. This lien results from a legal process where a creditor obtains a judgment after bringing a lawsuit to court. Once the creditor successfully secures this judgment, it can attach to the debtor's real estate, allowing the creditor to eventually seek the sale of the property to satisfy the owed amount. The essence of a judgment lien is its connection to a court judgment, distinguishing it from other types of liens, such as voluntary liens, which are placed by the property owner themselves, or tax liens that arise from unpaid property taxes. Unlike a general lien that may affect all property owned by a debtor, a judgment lien specifically targets the particular property identified by the creditor in connection with the judgment obtained. This specificity is vital for understanding the nature of judgment liens in the context of debt collection and property law.

5. An agent regularly allows insured to pay premiums a few days late. What legal doctrine would be applicable if the insurer tries to deny a claim due to the late payment?

- A. Warranty**
- B. Waiver**
- C. Arrete**
- D. Estoppel**

The correct answer is related to the principle of estoppel, which is a legal doctrine that prevents a party from asserting a claim or right that contradicts their previous behavior or statements. In the scenario presented, the agent's habitual acceptance of late premium payments can create an expectation for the insured that such delays will be overlooked. If the insurer tries to deny a claim based on a late payment after previously allowing such delays, estoppel could come into play. The insurer may be "estopped" from denying the claim because their consistent acceptance of late payments implies a form of agreement or understanding that the timing of the payment would not affect the validity of the insurance coverage. This doctrine protects insured individuals by ensuring that they can rely on the actions and representations of the insurer or their agents. If the insurer has not acted to clarify their policies regarding late payments and has allowed the behavior to continue, they may be bound by that conduct in terms of the insured's expectations regarding their coverage.

6. What type of estate is created to avoid probate or provide tax benefits?

- A. Life Estate**
- B. Revocable Trust**
- C. Joint Tenancy**
- D. Tenancy in Common**

A revocable trust is a legal arrangement that allows an individual to transfer ownership of assets into the trust while retaining control over those assets during their lifetime. One of the primary reasons for establishing a revocable trust is to avoid probate, which is the court process required to validate a will and distribute a deceased person's assets. By placing assets in a revocable trust, these assets can be transferred to beneficiaries upon death without going through the probate process, thereby saving time and costs associated with probate. Additionally, revocable trusts can offer tax benefits, as they can be organized in such a way that helps in estate planning and can help mitigate certain taxes for heirs. Unlike a will, which only goes into effect after death, a revocable trust allows for a smoother transition of assets and can address issues related to incapacity as well. In contrast, while other options like a life estate, joint tenancy, and tenancy in common provide some benefits in terms of ownership and survivor rights, they do not primarily serve the purpose of avoiding probate or providing significant tax benefits in the same way that a revocable trust does.

7. In Maryland, which entity regulates title insurance producers?

- A. Maryland Insurance Administration**
- B. Maryland Department of Real Estate**
- C. Maryland Attorney General's Office**
- D. Maryland Land Surveyors Association**

In Maryland, the Maryland Insurance Administration is the entity responsible for regulating title insurance producers. This organization oversees the licensing and conduct of insurance producers, ensuring they operate within the legal framework established by state law. Their regulatory role includes monitoring the standards of practice, enforcing compliance with insurance laws, and protecting the interests of consumers in insurance transactions, including title insurance. The focus of the Maryland Insurance Administration is specifically on insurance-related entities, making it the appropriate regulatory body for title insurance producers. This ensures that producers are qualified, adhere to ethical standards, and provide services that comply with state regulations, ultimately fostering a trustworthy insurance marketplace. Other entities mentioned, such as the Maryland Department of Real Estate and the Maryland Attorney General's Office, have roles in real estate or consumer protection but do not specifically regulate title insurance producers. The Maryland Land Surveyors Association is focused on surveying professionals and does not have jurisdiction over insurance matters, further clarifying that the Maryland Insurance Administration is the correct regulatory authority in this context.

8. Who typically pays for title insurance in a real estate transaction?

- A. The buyer, unless otherwise negotiated**
- B. The seller only**
- C. The real estate agent**
- D. Both parties equally**

In a real estate transaction, it is typical for the buyer to pay for title insurance, unless there has been a specific negotiation to assign that cost to the seller. Title insurance protects the buyer from potential defects in the title that could arise after the sale. This is particularly important because the buyer is usually the party taking on the risk of ownership. When buyers are involved in negotiations for the purchase of a property, they often include the payment of title insurance as part of their costs, which is a common industry practice. However, this can be altered based on agreements made during negotiations between the buyer and seller. In some instances, sellers may agree to pay for the title insurance as an incentive to close the deal, but this is not the default situation. In contrast, the other options do not accurately reflect standard practices. The seller typically is not solely responsible for covering the title insurance costs without negotiation, and it would be unusual for a real estate agent to pay for title insurance, as their role is to facilitate the transaction rather than be financially responsible for closing costs. Splitting the cost equally between both parties is also not a standard practice unless mutually agreed upon. Therefore, the buyer typically bearing this cost reflects the norm in the industry.

9. Which act is also known as the Privacy Act?

- A. Gramm-Leach-Bliley Act**
- B. Real Estate Settlement Procedures Act**
- C. Truth in Lending Act**
- D. Consumer Financial Protection Act**

The correct answer is the Gramm-Leach-Bliley Act, which is often associated with privacy provisions that protect consumers' personal financial information held by financial institutions. The act includes requirements that financial institutions establish privacy policies and practices, disclose those practices to consumers, and provide consumers with the ability to opt-out of certain information sharing. This focus on safeguarding privacy rights is why it is commonly referred to as the Privacy Act in discussions about consumer financial protection and privacy regulations. Understanding the context of the other acts provides clarity on why they are not regarded as the Privacy Act. The Real Estate Settlement Procedures Act primarily addresses transparency in settlement costs in real estate transactions, while the Truth in Lending Act focuses on the disclosure of loan terms and the cost of credit to consumers. The Consumer Financial Protection Act is more about creating a regulatory body to oversee consumer protection in financial transactions instead of directly establishing privacy laws like the Gramm-Leach-Bliley Act.

10. What distinguishes a mortgage from a deed of trust?

- A. A mortgage involves a trustee, while a deed of trust does not**
- B. A mortgage secures a loan with real estate, a deed of trust involves a third-party trustee**
- C. A mortgage is real estate owned in fee simple, a deed of trust is not**
- D. A mortgage is used only for residential properties, a deed of trust is for commercial properties**

A mortgage and a deed of trust are both instruments used to secure a loan with real estate, but they have distinct features that set them apart. The correct choice emphasizes that a mortgage secures a loan with real estate while outlining the role of a third-party trustee in a deed of trust. In a mortgage, the borrower (the mortgagor) directly conveys an interest in the property to the lender (the mortgagee) as security for the loan. If the borrower defaults, the lender may initiate foreclosure proceedings to recover the owed funds by selling the property. In a deed of trust, however, the structure includes a trustee who holds the title to the property on behalf of the lender until the loan is repaid. This means that in a deed of trust, there are three parties involved: the borrower, the lender, and the trustee. This tri-party arrangement allows for a more streamlined foreclosure process, as the trustee can act on behalf of the lender, potentially leading to quicker resolution in the case of default. This distinction is critical for understanding how these two financing tools operate within real estate transactions. The other choices, while touching on aspects of mortgages and deeds of trust, do not correctly identify the significant difference in terms of the roles

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://mdtitleinsuranceproducer.examzify.com>

We wish you the very best on your exam journey. You've got this!

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