

# Michigan State Title Insurance Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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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. 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.**

## **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. 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!**

## Questions

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- 1. Which of the following is NOT a type of deed that can convey real property rights?**
  - A. Warranty Deed**
  - B. Grant Deed**
  - C. Quit Claim Deed**
  - D. General Assignment**
  
- 2. Where are matters specifically excepted from coverage listed in a title insurance policy?**
  - A. Schedule A**
  - B. Schedule B**
  - C. Schedule C**
  - D. Schedule D**
  
- 3. What legal presumption is created by documents properly recorded in the office of the recording entity?**
  - A. Constructive Notice**
  - B. Actual Notice**
  - C. Implicit Consent**
  - D. Presumptive Ownership**
  
- 4. How many sections are found in a township?**
  - A. 24**
  - B. 30**
  - C. 36**
  - D. 40**
  
- 5. Which system uses legal descriptions that include township, range, and section numbers?**
  - A. Metes and Bounds System**
  - B. Rectangular Survey System**
  - C. Lot and Block System**
  - D. Geographic Coordinate System**

- 6. What instrument needs to be paid for their recording before the instruments transferring land interests are recorded?**
- A. Appraisal**
  - B. Transfer Tax and Recording**
  - C. Encumbrance**
  - D. Deed**
- 7. What is the greatest possible interest a person can possess in real estate known as?**
- A. Fee simple**
  - B. Life estate**
  - C. Leasehold**
  - D. Tenancy in common**
- 8. Which term refers to enforcing a security interest in land?**
- A. Encumbrance**
  - B. Foreclosure**
  - C. Conveyance**
  - D. Levy**
- 9. In a leasehold interest, what does the owner of the leasehold not possess?**
- A. Fee Interest in Property**
  - B. Right of Possession**
  - C. Equitable Title**
  - D. Joint Ownership**
- 10. Which term describes a legal instrument that prohibits or limits certain uses of land?**
- A. Restriction**
  - B. Covenant**
  - C. Liability**
  - D. Encumbrance**

## Answers

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

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## **Explanations**

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**1. Which of the following is NOT a type of deed that can convey real property rights?**

- A. Warranty Deed**
- B. Grant Deed**
- C. Quit Claim Deed**
- D. General Assignment**

A general assignment is not a type of deed used to convey real property rights. Instead, it is a legal instrument typically used to transfer contractual rights and obligations, such as the rights to receive payments or enforce contracts, but not the ownership of real estate itself. On the other hand, the warranty deed, grant deed, and quit claim deed are all recognized forms of deeds specifically designed to transfer ownership of real property. A warranty deed provides the highest level of protection to the buyer, as it guarantees that the seller holds clear title to the property and has the right to sell it. A grant deed also transfers ownership but with fewer guarantees than a warranty deed. A quit claim deed is used to transfer any interest the grantor may have in the property, without making any warranties about the title. Thus, while the first three options are tools used in real estate transactions to establish ownership and rights, the general assignment does not pertain to real property conveyance and is the correct response to the question.

**2. Where are matters specifically excepted from coverage listed in a title insurance policy?**

- A. Schedule A**
- B. Schedule B**
- C. Schedule C**
- D. Schedule D**

In a title insurance policy, matters specifically excepted from coverage are indeed found in Schedule B. This section of the policy outlines exclusions that are not covered by the insurance and may include issues like easements, restrictive covenants, and other recorded interests that could affect the property. Schedule A typically contains information about the insured, the property, and the policy's key terms, while Schedule C is often used for the legal description of the property and issues that are further clarified, rather than exceptions from coverage. Schedule D is not a standard part of title insurance policies and is not utilized for this purpose. Thus, understanding that Schedule B is designated for exceptions helps in recognizing what specific risks and encumbrances the title insurance will not protect against, which is essential for both insurers and policyholders in assessing risk and ensuring clarity regarding coverage.

**3. What legal presumption is created by documents properly recorded in the office of the recording entity?**

- A. Constructive Notice**
- B. Actual Notice**
- C. Implicit Consent**
- D. Presumptive Ownership**

The concept of constructive notice is fundamental in real estate and title insurance. When documents such as deeds, mortgages, or liens are properly recorded in the office of the recording entity, they create a legal presumption that these documents are publicly accessible and that subsequent parties dealing with the property are expected to be aware of them. This means that individuals cannot claim ignorance of the contents of these recorded documents, as the law assumes that they have taken the steps necessary to inspect public records. Constructive notice serves to protect the rights of parties who have recorded their interests in the property by ensuring that future purchasers or creditors are aware of existing claims or encumbrances. The concept emphasizes the importance of due diligence in property transactions, where potential buyers must investigate and research any recorded interests affecting the property. This legal framework helps maintain transparency and fairness in property dealings. Other options, such as actual notice, refers to direct knowledge of a fact, which differs from constructive notice as it does not rely on the presumption created by public records. Implicit consent is not a recognized legal term in this context, and presumptive ownership does not accurately reflect the legal implications of recordation and notice in real property law.

**4. How many sections are found in a township?**

- A. 24**
- B. 30**
- C. 36**
- D. 40**

In a standard township as defined by the Public Land Survey System (PLSS), there are a total of 36 sections. Each section typically measures one square mile and contains 640 acres. The sections are arranged in a grid, with six rows and six columns, resulting in a township layout that covers a total area of 36 square miles. This system was established to facilitate land distribution and description in the United States, making it essential to understand when dealing with land surveys and title insurance. The consistent division into 36 sections helps in the efficient organization and identification of land parcels within a township. Knowing this structure is crucial for anyone working in real estate, land management, or title insurance.

**5. Which system uses legal descriptions that include township, range, and section numbers?**

- A. Metes and Bounds System**
- B. Rectangular Survey System**
- C. Lot and Block System**
- D. Geographic Coordinate System**

The Rectangular Survey System, also known as the Public Land Survey System (PLSS), is designed to provide a standardized method of dividing and describing land in the United States. This system organizes land using a grid structure defined by township and range lines, with each township further divided into sections. In this system, a township is typically six miles by six miles and is identified by its location relative to a baseline and meridian. Ranges run parallel to the meridian, while sections are one-mile by one-mile plots within each township. This method allows for precise land identification and is particularly useful in rural areas where metes and bounds descriptions can be cumbersome or ambiguous. In contrast, the Metes and Bounds System relies on physical features and markers to describe the land, the Lot and Block System utilizes subdivided lots within a recorded plat map, and the Geographic Coordinate System employs latitude and longitude for location identification. Each of these systems has its specific applications and contexts, making the Rectangular Survey System uniquely identifiable through its use of township, range, and section numbers.

**6. What instrument needs to be paid for their recording before the instruments transferring land interests are recorded?**

- A. Appraisal**
- B. Transfer Tax and Recording**
- C. Encumbrance**
- D. Deed**

The transfer tax and recording fees are necessary expenses that must be settled prior to recording documents that transfer land interests, like a deed. When a property transaction occurs, the government typically imposes taxes and fees related to the recording of that property deed in the public records. This process ensures that the transfer of ownership is officially recognized and can be validated against claims or encumbrances on the property. The rationale behind requiring these payments before the recording of the transfer instruments is to facilitate the administrative processing of property records, ensuring that all necessary financial obligations associated with the transfer are met. This helps maintain the integrity of the land records system and ensures that the interests in the property are properly documented.

**7. What is the greatest possible interest a person can possess in real estate known as?**

- A. Fee simple**
- B. Life estate**
- C. Leasehold**
- D. Tenancy in common**

The greatest possible interest a person can possess in real estate is referred to as a fee simple. This type of estate grants the owner complete and unrestricted ownership of the property, which includes the rights to use, sell, lease, or transfer the property without limitations imposed by others. A fee simple is characterized by its permanence; it continues until the owner decides to sell or transfer it, and it can be inherited by heirs. In contrast, other types of interests in real estate, such as life estates and leaseholds, impose certain restrictions. A life estate, for example, only grants ownership rights for the duration of a person's life, after which the property reverts to another party. Leaseholds provide only temporary use and occupation of the property under a specified contract, and thus do not confer full ownership. Tenancy in common allows for shared ownership among multiple parties but does not provide complete control over the property, as decisions typically require consensus among co-owners. Therefore, the nature of a fee simple estate as the highest and most complete form of property ownership reinforces its identification as the greatest possible interest in real estate.

**8. Which term refers to enforcing a security interest in land?**

- A. Encumbrance**
- B. Foreclosure**
- C. Conveyance**
- D. Levy**

The term "foreclosure" specifically refers to the legal process by which a lender enforces a security interest in land when the borrower fails to meet the obligations of a loan, typically by not making mortgage payments. In this process, the lender seeks to take possession of the property that was used as collateral for the loan. When foreclosure occurs, the property is often sold at auction to recoup losses, and the borrower's rights to the property are extinguished. This makes foreclosure a crucial term in real estate and title insurance as it directly relates to the enforcement of the security interest and the lender's right to recover the owed amounts through the sale of the property. In contrast, other terms like "encumbrance," which refers to any claim or liability against a property that may affect ownership, are broader and do not specifically relate to the enforcement action taken by a lender. "Conveyance" refers to the act of transferring property from one person to another, while "levy" typically pertains to the legal seizure of property to satisfy a debt or judgment but does not specifically denote the process for handling default on a mortgage loan. Therefore, the choice of foreclosure accurately captures the process of enforcing a security interest in land.

**9. In a leasehold interest, what does the owner of the leasehold not possess?**

- A. Fee Interest in Property**
- B. Right of Possession**
- C. Equitable Title**
- D. Joint Ownership**

In a leasehold interest, the key aspect to understand is that the leaseholder has a right to possess and use the property for a specified term, but doesn't own the fee interest in the property itself. The fee interest represents actual ownership of the real property, which includes the rights to dispose of it, use it, and benefit from it in ways beyond merely possessing it. The owner of a leasehold interest has a contractual right to occupy the property, and this grants them the right of possession during the lease term. While they can use the property, they do not have an ownership stake that includes the full rights associated with fee simple ownership. Similarly, the equitable title is the interest that gives the leaseholder certain rights, and joint ownership pertains to co-ownership scenarios which do not apply here. Thus, the crucial differentiation between a leasehold interest and fee simple ownership underlines why the leaseholder does not possess the fee interest in the property.

**10. Which term describes a legal instrument that prohibits or limits certain uses of land?**

- A. Restriction**
- B. Covenant**
- C. Liability**
- D. Encumbrance**

The term that best describes a legal instrument that prohibits or limits certain uses of land is "Covenant." A covenant is a formal agreement or promise within a deed or contract regarding the use of land. It is often used in real estate to impose specific restrictions on the property to ensure that potential issues or disputes are avoided among property owners. Covenants are legally binding agreements that can either restrict the type of activities permitted on the land or impose obligations on the landowner, ensuring that certain standards are maintained within a community. This can include limitations on building types, land use, and even aesthetic aspects to maintain property values and quality of life in a neighborhood. Other terms like restriction and encumbrance are related but do not fully encompass the same legal implications as a covenant. A restriction may refer more broadly to any limitations placed on property use, while encumbrance typically refers to any claim or liability against the property. Liability is a legal term that pertains to being responsible for something, often in context with legal or financial obligations, rather than restrictions on land use. Therefore, understanding the specific legal nuances of a covenant is essential when discussing limitations on property.

## 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](mailto:hello@examzify.com).**

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

**<https://mistatetitleinsurance.examzify.com>**

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

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