

MICHIGAN STATE TITLE INSURANCE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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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. An easement may not serve what type of land situation?**
 - A. Commercial Property
 - B. Residential Property
 - C. Landlocked
 - D. Public Land
- 2. Which act was NOT created to provide cheaper title insurance?**
 - A. RESPA
 - B. GRAM-Leach-Bliley Act
 - C. Truth in Lending Act
 - D. Real Estate Settlement Procedures Act
- 3. Which co-ownership form allows for unequal shares and does not provide a right of survivorship?**
 - A. Joint Tenancy
 - B. Tenancy by the Entirety
 - C. Tenancy in Common
 - D. Community Property
- 4. Which type of ownership can involve multiple individuals owning property together?**
 - A. Tenants in common
 - B. Joint tenancy
 - C. Community property
 - D. Tenancy by the entirety
- 5. What term describes an improvement that extends onto the land of another individual?**
 - A. Encumbrance
 - B. Encroachment
 - C. Interference
 - D. Exclusivity

- 6. What term refers to specific causes of loss that are not covered by a title insurance policy?**
- A. Exclusions
 - B. Limitations
 - C. Exceptions
 - D. Debts
- 7. A title company offering a 10% reduction in premium for first policy purchases is engaging in what unfair trade practice?**
- A. Price Fixing
 - B. Rebating
 - C. Misrepresentation
 - D. Kickbacks
- 8. In the context of title insurance, what does CPL stand for?**
- A. Certified Property Liability
 - B. Common Property Law
 - C. Claims Protection Line
 - D. Consumer Protection License
- 9. What is a breach of fiduciary duty most commonly associated with?**
- A. Failure to disclose payment terms
 - B. Failure to pay insurer premium collected
 - C. Providing false information during a sale
 - D. Misleading advertising
- 10. What is the primary characteristic of a Joint Tenancy?**
- A. Unequal shares
 - B. Exclusive possession
 - C. Right of survivorship
 - D. Nontransferable shares

Answers

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

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Explanations

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1. An easement may not serve what type of land situation?

- A. Commercial Property
- B. Residential Property
- C. Landlocked**
- D. Public Land

An easement is a right to use another person's land for a specified purpose. In the context of landlocked properties, easements become particularly relevant because they can provide access to a parcel that is surrounded by other land and lacks direct access to a public road. The reasoning for why an easement is not applicable to a landlocked situation often stems from the assumption that a property can have legitimate claims or rights to access, which could include obtaining an easement from adjacent landowners to create a pathway to a public entrance. However, the specifics can vary depending on legal jurisdictions and the nature of the property configurations. On the other hand, easements serve various purposes for different property types. In commercial and residential properties, easements can enable essential functions like access to utilities or shared driveways. Likewise, public land can also be subject to easements that allow public access or provide rights for infrastructure such as roads or pipelines. Thus, the idea that an easement cannot serve a "landlocked" land situation is rooted in the nuanced legal definitions and uses of easements, often highlighting the importance of access rights within property law.

2. Which act was NOT created to provide cheaper title insurance?

- A. RESPA**
- B. GRAM-Leach-Bliley Act
- C. Truth in Lending Act
- D. Real Estate Settlement Procedures Act

The Real Estate Settlement Procedures Act (RESPA) is indeed designed to promote transparency and protect consumers in real estate transactions, primarily by ensuring they receive information about the costs associated with the transaction. Its purpose includes reducing the costs of settlement services and eliminating unnecessary fees. However, the question asks specifically which act was not created to provide cheaper title insurance. In this context, the Truth in Lending Act and the Gramm-Leach-Bliley Act focus more on consumer protection and regulation of financial disclosures and privacy rather than directly addressing title insurance costs or promoting cheaper policies. The Gramm-Leach-Bliley Act, for instance, primarily deals with the regulation of the financial industry, allowing institutions to consolidate and enhance competition without specifically targeting title insurance pricing. The Truth in Lending Act ensures consumers are informed about the terms of credit but does not specifically aim at making title insurance more affordable. Therefore, while RESPA is focused on transparency in the home buying process and can lead to more competitive pricing in title insurance, it is not the only act related to housing finance regulation, and it's primarily concerned with disclosures rather than specifically lowering title insurance costs. Thus, identifying RESPA as an act not exclusively designed to provide cheaper title insurance aligns with the intent of the question.

3. Which co-ownership form allows for unequal shares and does not provide a right of survivorship?

- A. Joint Tenancy
- B. Tenancy by the Entirety
- C. Tenancy in Common**
- D. Community Property

The correct answer highlights that tenancy in common is a co-ownership form where owners can hold unequal shares of the property. This means that one owner can have a larger percentage of interest in the property than the other owners, which is not allowed in other forms of co-ownership such as joint tenancy or tenancy by the entirety, where interests must be equal among all owners. In addition, tenancy in common does not offer a right of survivorship. This means that when one co-owner passes away, their share does not automatically transfer to the surviving co-owner(s). Instead, the deceased owner's share is passed according to their estate planning documents or state inheritance laws. This characteristic is crucial in distinguishing tenancy in common from joint tenancy, where the right of survivorship is a fundamental aspect and ensures that the surviving tenant(s) automatically inherit the deceased's share. Understanding these distinctions is essential for anyone involved in real estate transactions or title insurance, as they impact ownership rights and the interest in property after the death of a co-owner.

4. Which type of ownership can involve multiple individuals owning property together?

- A. Tenants in common**
- B. Joint tenancy
- C. Community property
- D. Tenancy by the entirety

Tenants in common is a type of ownership that allows multiple individuals to own property together, each having an undivided interest in the entire property rather than a specific portion. This means that each co-owner, known as a tenant in common, can sell, transfer, or bequeath their interest in the property independently without needing approval from the other co-owners. In this arrangement, there is no right of survivorship; when one tenant passes away, their share of the property does not automatically transfer to the other tenants but instead goes to their heirs or according to their estate plan. This provides flexibility and allows for multiple co-owners to have differing ownership shares in the same property, each retaining full rights over their portion. The other types of ownership mentioned, while they can involve multiple individuals, come with different rules and implications. Joint tenancy, for instance, includes the right of survivorship, which automatically transfers the deceased owner's interest to the remaining co-owners. Community property typically pertains to married couples and treats property acquired during the marriage as jointly owned, while tenancy by the entirety is similar to joint tenancy but specifically applies only to married couples, providing additional legal protections against creditors.

5. What term describes an improvement that extends onto the land of another individual?

- A. Encumbrance
- B. Encroachment**
- C. Interference
- D. Exclusivity

The term that describes an improvement that extends onto the land of another individual is encroachment. Encroachment typically refers to situations where a structure, such as a building, fence, or driveway, intrudes into a neighboring property without permission. This unauthorized use of land can lead to legal disputes and may necessitate resolution through negotiation or legal action. Encroachments can affect property rights and values and are significant considerations in real estate transactions and title insurance. It is essential for property buyers to be aware of any potential encroachments as part of their due diligence, as this can impact their enjoyment and use of the property as well as their legal standing relative to neighboring properties. Understanding encroachment is crucial in the context of property law, especially regarding boundaries, land use, and disputes over property lines. In contrast, the other terms like encumbrance typically refer to claims or liens against property, interference is more related to disruptions in the use of property, and exclusivity pertains to rights that may be granted to one party over the use of certain resources or property.

6. What term refers to specific causes of loss that are not covered by a title insurance policy?

- A. Exclusions**
- B. Limitations
- C. Exceptions
- D. Debts

The term that refers to specific causes of loss that are not covered by a title insurance policy is referred to as exclusions. In the context of title insurance, exclusions outline the instances or conditions under which the insurer will not provide coverage, making it clear to the policyholder what risks are not protected. This is an essential component of the insurance policy, as it delineates the boundaries of coverage and helps the insured understand potential gaps in protection. Limitations typically refer to restrictions on coverage or the amount of coverage available but do not specifically denote causes of loss. Exceptions, on the other hand, generally refer to situations that might be covered under specific conditions rather than things that are outright excluded. Debts do not apply in this context as they refer to financial obligations rather than specific risks related to title insurance coverage. Understanding exclusions is crucial for anyone involved in real estate transactions and title insurance, as it helps manage expectations regarding the policy's protections.

7. A title company offering a 10% reduction in premium for first policy purchases is engaging in what unfair trade practice?

- A. Price Fixing
- B. Rebating**
- C. Misrepresentation
- D. Kickbacks

A title company offering a 10% reduction in premium for first policy purchases is engaging in rebating. Rebating occurs when a title insurer or agent provides a benefit or discount to the policyholder that is not typically part of the standard pricing for services. This practice is considered unfair because it can distort market competition by encouraging consumers to choose one service provider over another based on discounts or incentives that might not be related to the quality or comprehensiveness of the insurance coverage offered. In many states, including Michigan, rebating is strictly regulated under insurance laws to ensure that pricing remains fair and transparent, allowing consumers to make informed choices based on the value of the service rather than arbitrary discounts. The objective is to maintain a level playing field among all title insurers and to prevent unfair competitive advantages in the marketplace that could lead to issues with affordability and accessibility of necessary insurance products.

8. In the context of title insurance, what does CPL stand for?

- A. Certified Property Liability
- B. Common Property Law
- C. Claims Protection Line
- D. Consumer Protection License**

In the context of title insurance, CPL stands for "Consumer Protection License." This term is particularly relevant as it addresses the need for licensing and regulation to protect consumers engaging in real estate transactions. It signifies adherence to certain legal and ethical standards intended to safeguard the interests of consumers during the purchasing or refinancing process. A Consumer Protection License aims to ensure that the professionals involved in title insurance and real estate transactions are qualified and accountable, ultimately contributing to the integrity and trustworthiness of the industry. Understanding this term is essential for professionals in the field since it reflects both legal compliance and a commitment to consumer rights. This context sets a clear distinction between the licensing requirements and the various protections that extend to consumers in real estate dealings.

9. What is a breach of fiduciary duty most commonly associated with?

- A. Failure to disclose payment terms
- B. Failure to pay insurer premium collected**
- C. Providing false information during a sale
- D. Misleading advertising

A breach of fiduciary duty occurs when one party, typically in a position of trust, fails to act in the best interest of another party. In the context of title insurance and related transactions, the responsibility to handle collected premiums diligently and ethically falls under this fiduciary duty. When an individual or entity fails to pay the insurer the premium that has been collected, it not only violates the trust placed in them by the insurer but can also lead to significant financial repercussions for all parties involved. This scenario reflects a clear breach because the agent or representative has a legal and ethical obligation to ensure that funds handled on behalf of clients or insurers are managed properly. In this case, the failure to remit the insurer's premiums is a direct violation of that duty. By neglecting this responsibility, the fiduciary damages the trust essential to the relationship and potentially exposes themselves and their employer to liability. Other choices refer to situations that, while unethical or possibly illegal, do not specifically align with the nature of fiduciary duty. For instance, failure to disclose payment terms or providing false information may breach contractual obligations or consumer protection laws without directly implicating the trust required in a fiduciary relationship. Misleading advertising may violate advertising laws or regulations but does not involve a fiduciary's

10. What is the primary characteristic of a Joint Tenancy?

- A. Unequal shares
- B. Exclusive possession
- C. Right of survivorship**
- D. Nontransferable shares

The primary characteristic of a Joint Tenancy is the right of survivorship. In a Joint Tenancy, when one of the co-owners (also known as joint tenants) passes away, their interest in the property automatically transfers to the surviving joint tenants, rather than being passed on to heirs or beneficiaries under a will. This unique feature ensures that the ownership remains with the living joint tenants and simplifies the transfer of ownership upon death, as it avoids the lengthy probate process. This right of survivorship is a defining element that distinguishes Joint Tenancy from other forms of property ownership, such as Tenancy in Common, where each owner's share can be inherited or sold independently of the others. Understanding this aspect is crucial for anyone dealing with property law, as it has significant implications for estate planning and the rights of property owners.

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://mistatetitleinsurance.examzify.com>

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

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