

Ohio Land Title Association - Title Agent Practice Exam (Sample)

Study Guide



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SAMPLE

Questions

- 1. What does the term "escrow" mean?**
 - A. The process of recording property deeds**
 - B. The holding of funds by a neutral third party until an agreement is fulfilled**
 - C. The transfer of title from seller to buyer**
 - D. The inspection of property prior to sale**
- 2. What term refers to a claim or lien that can affect property ownership?**
 - A. Encumbrance**
 - B. Assumption**
 - C. Subrogation**
 - D. Conveyance**
- 3. What is the legal action called when a court divides property among co-owners or orders its sale if they can't agree?**
 - A. Partition**
 - B. Eviction**
 - C. Foreclosure**
 - D. Condemnation**
- 4. What is a judicial sale?**
 - A. A sale that occurs without court oversight**
 - B. A sale of property to satisfy a lien through court proceedings**
 - C. A voluntary sale between private parties**
 - D. A sale conducted by real estate agents**
- 5. Which of the following is NOT a warranty of title?**
 - A. No liens**
 - B. Marketability**
 - C. No infringements**
 - D. Good title**

- 6. What is the minimum number of hours of ethics training required in the continuing education for title agents?**
- A. 1 hour**
 - B. 3 hours**
 - C. 5 hours**
 - D. 10 hours**
- 7. What is the primary purpose of the Recorders Office?**
- A. To tax property**
 - B. To record property documents**
 - C. To approve mortgages**
 - D. To create tax maps**
- 8. What defines an individual who conducts business on behalf of an insurance company?**
- A. An insurance agent**
 - B. A policyholder**
 - C. A claims adjuster**
 - D. A broker**
- 9. Which fee simple estate can be ended by the grantor or their heirs upon the occurrence of a certain condition?**
- A. Fee Simple Determinable**
 - B. Fee Tail Estate**
 - C. Leasehold**
 - D. Fee Simple on Condition Subsequent**
- 10. What describes co-ownership in which each party's interest passes to their heirs upon death?**
- A. Tenancy in Common**
 - B. Joint Tenancy**
 - C. Leasehold Interest**
 - D. Joint Venture**

Answers

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

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Explanations

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1. What does the term "escrow" mean?

- A. The process of recording property deeds**
- B. The holding of funds by a neutral third party until an agreement is fulfilled**
- C. The transfer of title from seller to buyer**
- D. The inspection of property prior to sale**

The term "escrow" specifically refers to the holding of funds by a neutral third party until the terms of an agreement are fulfilled, which makes the provided answer accurate. In real estate transactions, escrow is an essential process that helps protect both the buyer and seller. When the buyer makes an offer on a property, they typically deposit earnest money into an escrow account managed by an impartial third party, such as an escrow company or a title agent. This ensures that the funds are securely held and will only be released to the seller once all contractual obligations have been met, such as completing repairs or conducting inspections. This process helps to ensure that both parties adhere to the terms of the contract and provides confidence that the buyer's money is not at risk of being misused. Additionally, the escrow holder acts as an intermediary, ensuring that all documents and funds required for the closing process are properly handled before the transaction is finalized. Understanding this process is crucial for title agents and anyone involved in real estate transactions in Ohio and beyond, as it highlights the importance of neutrality and integrity in real estate dealings.

2. What term refers to a claim or lien that can affect property ownership?

- A. Encumbrance**
- B. Assumption**
- C. Subrogation**
- D. Conveyance**

The term that refers to a claim or lien that can affect property ownership is "encumbrance." An encumbrance is any claim, lien, charge, or liability attached to and binding upon real property. It may affect the property's title and can include mortgages, easements, property tax liens, or restrictive covenants. These factors can influence the rights of property owners and the marketability of the property. Understanding encumbrances is critical for title agents because they must ensure that any encumbrances are disclosed and resolved before closing a transaction, ensuring that clear title can be provided to the new owner. This is crucial for protecting the interests of both buyers and lenders in real estate transactions. The other terms do not relate to claims or liens impacting property ownership in the same way: assumption involves taking over a debt or obligation, subrogation refers to the legal right of a party to pursue a third party for a debt owed to them, and conveyance pertains to the transfer of title or interest in property.

3. What is the legal action called when a court divides property among co-owners or orders its sale if they can't agree?

A. Partition

B. Eviction

C. Foreclosure

D. Condemnation

The legal action where a court divides property among co-owners or orders its sale when the co-owners cannot reach an agreement is known as partition. This process allows co-owners to separate their interests in the property, which can either be done physically by dividing the property into distinct portions or by selling the property and distributing the proceeds. Partition is particularly relevant in situations where multiple parties have ownership rights and disputes arise regarding the usage, management, or disposition of the property. The other legal terms mentioned relate to different situations: eviction refers to the legal process of removing a tenant from rental property, foreclosure involves the legal process by which a lender takes control of property due to non-payment of mortgage, and condemnation is associated with the government taking private property for public use, often under eminent domain. Understanding these distinctions is crucial for grasping property law concepts.

4. What is a judicial sale?

A. A sale that occurs without court oversight

B. A sale of property to satisfy a lien through court proceedings

C. A voluntary sale between private parties

D. A sale conducted by real estate agents

A judicial sale refers specifically to the sale of property that occurs as a result of court proceedings, typically to satisfy a lien or a court judgment. This process involves legal oversight, and it is generally initiated when a creditor seeks to collect a debt secured by a lien on real property and the debtor has defaulted on the obligation. In a judicial sale, the court authorizes the sale, ensuring that the process adheres to legal standards and that all parties' rights are respected. The sale is often conducted through an auction, with the proceeds used to pay the lienholder. This method provides a legal framework to manage disputes and ensure transparency, making it distinct from voluntary sales or private transactions not overseen by the court. As a result, the option describing a sale that occurs to satisfy a lien through court proceedings accurately captures the essence of a judicial sale.

5. Which of the following is NOT a warranty of title?

- A. No liens
- B. Marketability**
- C. No infringements
- D. Good title

The choice identified as the correct answer, marketability, is not considered a warranty of title because warranties of title specifically refer to assurances provided by the seller regarding the quality of the title being conveyed. These warranties often include guarantees that the property is free from liens, that there are no infringements on the property, and that the title is good, meaning the seller has legal ownership and the right to sell the property. Marketability, on the other hand, refers to the property's ability to be sold or transferred without significant legal issues or complications. While it is an important aspect of real estate transactions and can affect the buyer's ability to resell the property, it does not constitute a direct warranty of title made by the seller. Rather, it is a general standard that suggests the title should be reasonably free of defects that could hinder a future sale. Thus, it does not fit the traditional definitions of a warranty of title, which are more about specific guarantees regarding the ownership and legal status of the property being sold.

6. What is the minimum number of hours of ethics training required in the continuing education for title agents?

- A. 1 hour
- B. 3 hours**
- C. 5 hours
- D. 10 hours

The minimum requirement of 3 hours of ethics training in the continuing education for title agents is essential for ensuring that these professionals maintain the highest standards of integrity and professionalism in their work. This training is designed to equip title agents with an understanding of ethical practices and regulations that are vital in the real estate and title insurance industries. Ethics training helps title agents navigate complex transactions, deal with clients fairly, and uphold the trust placed in them. These hours are specifically allocated to address the unique challenges and scenarios title agents may face, emphasizing the importance of ethical decision-making in protecting consumer interests and promoting transparency. By mandating a specific duration for ethics training, regulatory bodies ensure that title agents continually refresh their knowledge and commit to the ethical principles that guide their profession. In contrast, other options indicating fewer or more hours do not align with the established standards in place for ongoing education within the field.

7. What is the primary purpose of the Recorders Office?

- A. To tax property
- B. To record property documents**
- C. To approve mortgages
- D. To create tax maps

The primary purpose of the Recorder's Office is to record property documents. This office serves as an official repository where various legal documents related to real estate transactions, such as deeds, mortgages, liens, and easements, are filed. By recording these documents, the Recorder's Office provides public notice of property ownership and interests, which is essential for establishing and protecting property rights. Recording documents helps to ensure that potential buyers or lenders can determine who owns a property and if there are any claims or encumbrances on it. This comprehensive system of record-keeping supports transparency in real estate transactions and upholds the principle of "first in time, first in right," which helps prioritize claims against a property. The other choices do not accurately describe the primary function of the Recorder's Office. Taxing property, for instance, is typically handled by the county auditor or treasurer, while mortgage approvals are conducted by lenders. Creating tax maps relates to the assessment process, which is also distinct from the recording of property documents.

8. What defines an individual who conducts business on behalf of an insurance company?

- A. An insurance agent**
- B. A policyholder
- C. A claims adjuster
- D. A broker

An insurance agent is defined as an individual who conducts business on behalf of an insurance company. This role involves representing the insurer, selling insurance policies, and providing clients with information about the insurance products and services offered by the company. Insurance agents are typically authorized to negotiate terms and bind coverage, making them critical in the process of securing insurance for individuals and businesses. In contrast, a policyholder is the person or entity that owns an insurance policy; they are the recipient of the coverage provided by the insurance agent's work but do not conduct business on behalf of the company. A claims adjuster assesses insurance claims to determine the extent of the insurer's liability, focusing on the claims process rather than selling policies. A broker, while involved in the insurance industry, acts as an intermediary between the client and multiple insurance companies, rather than working exclusively for one insurer. Therefore, the distinct role of an insurance agent in representing an insurance company and facilitating the sale of policies directly defines this position accurately.

9. Which fee simple estate can be ended by the grantor or their heirs upon the occurrence of a certain condition?

A. Fee Simple Determinable

B. Fee Tail Estate

C. Leasehold

D. Fee Simple on Condition Subsequent

The correct choice is the fee simple on condition subsequent, which is a type of fee simple estate that is created with a specific condition attached. In this arrangement, if a certain event occurs or a condition is violated, the grantor or their heirs have the right to reclaim the property. This means that the original owner retains a future interest in the property, allowing them to take action if the specified condition is not met. In contrast, a fee simple determinable automatically ends when a condition is met, reverting the property back to the grantor without the need for any action on their part. This distinction is significant because in a fee simple on condition subsequent, the grantor must actively choose to enforce their right to reclaim the property when the condition triggers. The fee tail estate limits inheritance to specific heirs and does not have the same conditions attached, focusing instead on lineage. A leasehold, on the other hand, pertains to a temporary interest in property, providing use of the property for a set period but not conferring any ownership rights in the same way as a fee simple estate does. Understanding these distinctions helps clarify why the fee simple on condition subsequent is the correct answer, as it directly relates to the grantor's right to end the estate upon

10. What describes co-ownership in which each party's interest passes to their heirs upon death?

A. Tenancy in Common

B. Joint Tenancy

C. Leasehold Interest

D. Joint Venture

The correct answer is that the form of co-ownership where each party's interest passes to their heirs upon death is known as Tenancy in Common. In this arrangement, each co-owner holds an individual, undivided interest in the property, and there are no rights of survivorship. As a result, when one co-owner dies, their share of the property does not automatically transfer to the surviving co-owner(s) but instead passes to their designated heirs, as specified in their will or by intestate succession if there is no will. This distinctive feature of Tenancy in Common contrasts with Joint Tenancy, where the property interest does include rights of survivorship. Under Joint Tenancy, the surviving co-owners inherit the deceased co-owner's share directly, bypassing the probate process for those assets. Leasehold Interest is not relevant in this context as it pertains to the right to use and occupy property under a lease rather than ownership of the property itself. Additionally, Joint Venture refers to a business relationship where two or more parties collaborate on a specific project or business activity, which is unrelated to co-ownership of real estate. By understanding the implications of Tenancy in Common, it is clear how it functions uniquely in matters of inheritance and