

Modern Real Estate Practice in Illinois, 6th Edition
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Chapter 13 Review Quiz

1. Which of the following is acceptable as the evidence of marketable title?
 - A. A trust deed
 - B. A warranty deed
 - C. A title insurance policy
 - D. An affidavit

2. When a claim is settled by a title insurance company, the company acquires all rights and claims of the insured against any other person who is responsible for the loss. This is known as
 - A. caveat emptor.
 - B. surety bonding.
 - C. subordination.
 - D. subrogation.

3. Which of the following would be used to clear a defect from the title records?
 - A. A lis pendens
 - B. An estoppel certificate
 - C. A suit to quiet title
 - D. A writ of attachment

4. The part of the title insurance policy that sets forth all of the encumbrances and defects that will not be insured against is called the
 - A. schedule of defects.
 - B. citation clause.
 - C. nonexclusionary clause.
 - D. schedule of exceptions.

5. An abstract of title does not provide evidence of title unless it is accompanied by a(n)
 - A. copy of the title insurance policy.
 - B. letter of insurance coverage.
 - C. letter of warranty.
 - D. legal opinion of title.

6. A bill of sale is used to transfer the ownership of
 - A. real property.
 - B. fixtures.
 - C. personal property.
 - D. appurtenances.

7. When Jane purchased her home, the title insurance policy she received did *NOT* include which of the following?
 - A. List of outstanding mortgage loans against the property
 - B. Record of all previous owners of the property
 - C. Report of the existing tax liens against the property
 - D. List of the easements held by utility companies

8. A written summary of the history of all conveyances and legal proceedings affecting a specific parcel of real estate is called a(n)
 - A. affidavit of title.
 - B. certificate of title.
 - C. abstract of title.
 - D. title insurance policy.

9. When the preliminary title report reveals the existence of an easement on the property, it indicates that the easement is a(n)
 - A. lien.
 - B. encumbrance.
 - C. encroachment.
 - D. tenement.

10. The recorded history of matters that affect the title to a specific parcel of real property is its
- A. chain of title.
 - B. certificate of title.
 - C. title insurance policy.
 - D. abstract of title.
11. Generally, if some defect is found in the title to real property, the effect on a sales contract is that
- A. the contract is immediately void.
 - B. a new contract must be written.
 - C. the buyer has a reasonable time to find another property.
 - D. the seller has a reasonable time to correct the defect.
12. Which document would *NOT* be considered evidence of marketable title?
- A. Abstract of title with a legal opinion
 - B. Title commitment or title insurance policy
 - C. Certificate of title by a real estate broker
 - D. Certificate of title by a real estate attorney
13. The recordation of a warranty deed
- A. guarantees ownership.
 - B. protects the interests of the grantee.
 - C. prevents claims of parties in possession.
 - D. provides defense against adverse possession.
14. Documents affecting real estate are recorded or filed with the county in which the property is located to
- A. satisfy the legal requirements for recording.
 - B. give constructive notice of the real estate interest.
 - C. comply with the terms of the statute of frauds.
 - D. prove the execution of the document.

15. The best assurance of good title that a real estate purchaser can obtain is a(n)
- A. valid warranty deed signed by the seller.
 - B. valid quitclaim deed signed by the seller.
 - C. title insurance policy.
 - D. certificate of title.
16. A document that protects against hidden risks such as forgeries and loss due to defects in the title, subject to specific exceptions, is call a(n)
- A. chain of title.
 - B. abstract of title.
 - C. certificate of title.
 - D. title insurance policy.
17. The body of law that covers such topics as security agreements, financing statements, and bulk transfers is the
- A. American Land Title Law.
 - B. Uniform Commercial Code.
 - C. Parol Evidence Rule.
 - D. Statute of Limitations.
18. The recording of a valid deed
- A. is all that is required to transfer the title to real estate.
 - B. gives constructive notice of the ownership of real property.
 - C. ensures the interest in a parcel of real estate.
 - D. warrants the title to real property.
19. A buyer took delivery of the deed to his new house but forgot to record the deed. Under these circumstances
- A. the transfer of the property from the seller is ineffective.
 - B. the buyer's interest is not fully protected against third parties.
 - C. the deed is invalid after 90 days.
 - D. the deed in invalid after 6 months.

20. The buyer purchases a title insurance policy on the property the buyer is pledging as security for the mortgage loan. Which of the following is true?
- A. The policy is issued for the benefit of the buyer.
 - B. The policy guarantees that the buyer's equity will be protected.
 - C. The amount of coverage is commensurate with the loan amount.
 - D. The amount of coverage increases as the borrower's equity increases.
21. Which document is an example of proof of ownership?
- A. A chain of title
 - B. A deed
 - C. Title insurance
 - D. A title search
22. A defect or a cloud on the title may be cured by
- A. obtaining quitclaim deeds from all interested parties.
 - B. bringing an action to register title.
 - C. paying cash for the property at closing.
 - D. obtaining title insurance.
23. Which description is *NOT* true regarding public records?
- A. They give notice of encumbrances.
 - B. They establish priority of liens.
 - C. They guarantee marketable title.
 - D. They provide constructive notice about interests in the property.
24. The primary reason a buyer receives title insurance is
- A. because the mortgage lender requires it.
 - B. to ensure that the buyer has marketable title.
 - C. to ensure that the abstractor has prepared a complete summary of title.
 - D. to pay future liens that may be filed.

25. A sales contract requires the seller to deliver marketable title. Which of the following is true?
- A. The delivery of a general warranty deed will provide this assurance.
 - B. A search of the public records will prove that the title is marketable.
 - C. The seller will pay all liens that are pending.
 - D. All encumbrances will be removed by the seller.
26. An outstanding claim or encumbrance which, if valid, would impair an owner's title is referred to as
- A. color of title.
 - B. cloud on the title.
 - C. quiet title.
 - D. subrogation.
27. Quieting a title refers to
- A. a title insurance company's search of the title.
 - B. a mortgagor relinquishing title after foreclosure.
 - C. the deposit of a title with an escrow agent.
 - D. the removal of a cloud on the title by court action.
28. Which of the following would *NOT* be associated with title insurance?
- A. Schedule of exceptions
 - B. Abstract
 - C. Legal description
 - D. Covenant of warranty forever
29. What is the major difference between the owner's title policy and the mortgagee's title policy?
- A. The owner's policy covers the owner for the sale price of the property, while the mortgagee's policy covers only the loan amount.
 - B. The owner's policy covers the owner for the loan amount, while the mortgagee's policy covers the sale price of the property.
 - C. The premium for the owner's policy is paid monthly, while the premium for the mortgagee's policy is a one-time fee.
 - D. There is no difference between the two policies.

30. All of the following would give constructive notice *EXCEPT*
- A. recording documents at the court house.
 - B. legal notice in the newspaper.
 - C. an unrecorded mechanic's lien.
 - D. physical possession of the property.
31. Which statement is *NOT* true regarding title insurance?
- A. The title insurance premium is paid in one payment.
 - B. The owner's policy covers both the borrower and the lender.
 - C. The title insurance policy would protect against forgery.
 - D. The mortgagee's policy decreases as each mortgage payment is made.
32. Which *BEST* describes a chain of title?
- A. A condensed history of title ownership
 - B. Evidence of title
 - C. A list of successive owners of the property up to the present
 - D. A marketable title

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33. The population of Flatlander County is 52,648. Which of the following is *TRUE* of Flatlander County's recorder of deeds?
- A. The recorder must be elected.
 - B. The county treasurer serves as recorder.
 - C. The recorder is appointed by the governor.
 - D. The county clerk serves as recorder.
34. To which of the following would the Illinois Plat Act apply?
- A. A single undivided 4-acre parcel
 - B. One of two equal parcels created by dividing a single 120-acre parcel
 - C. One of four equal parcels created by dividing a single 15-acre parcel
 - D. A single undivided 22-acre parcel

35. How far back does a normal Illinois title search go?
- A. 10 years
 - B. 20 years
 - C. 30 years
 - D. 40 years