Insurance Licensing

PA-Title-Insurance-Agent

Pennsylvania Producers Examination for Title Insurance Series 16-10

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Question: 1

A state tax lien filed in the county where the taxpayer owns property is

A. a lien that remains in force for a 3-year period.
B. only a lien upon the sale of the property.
C. a lien against any property owned by the taxpayer in the county.
D. only a lien against the property described in the lien.

Answer: C

Explanation:
A state tax lien filed in the county where the taxpayer owns property operates as a lien against the taxpayer's property in that county, not merely against one specifically described parcel or only when the property is sold. Tax liens are involuntary liens created to secure unpaid tax obligations and must be considered in title examination because they can affect sale, refinance, priority, and insurability. Pennsylvania tax lien rules provide that, upon entry of record by the prothonotary where the property is situated, the tax amount is a lien in favor of the Commonwealth against the taxpayer's real property and certain personal property. The Pennsylvania title outline includes taxes and assessments, federal liens, judgments, and voluntary and involuntary liens.

Question: 2

Which of the following is excluded from coverage in the standard owner's policy?

A. any law, ordinance, or governmental regulation without filed notice
B. any claim for loss or damage based on negligence arising from the status of lien with the insured mortgage
C. recorded documentation on the title to real property without acknowledgment
D. lack of a right of access to and from the land

Answer: A

Explanation:
Governmental laws, ordinances, permits, and regulations are standard exclusions from owner's title insurance coverage unless the policy specifically covers a recorded enforcement notice or related insured risk. This includes zoning, building, subdivision, occupancy, environmental, and similar governmental restrictions. Lack of a right of access to and from the land is not the exclusion here; it is normally a covered risk in an owner's policy. Option B is aimed at loan-policy concepts and does not fit an owner's standard exclusion. Option C may create a title or recording defect, but it is not the policy exclusion being tested. The Pennsylvania title outline tests title policy exclusions, covered risks, Schedule B exceptions, and owner's policy provisions.

Question: 3

The term used in the Real Estate Settlement Procedure Act (RESPA), that describes a situation in which a person must use a particular provider for settlement services in order to have access to some distinct service or property, is known as

A. bundled services.
B. required use.
C. tied benefits.
D. anti-kickback.

Answer: B

Explanation:
The correct RESPA term is “required use.” Under Regulation X, required use means a situation where a person must use a particular settlement-service provider to obtain access to another distinct service or property, and the person pays for that settlement service or a related charge. “Bundled services” may describe a package of services, but RESPA does not use that term for this specific prohibited steering concept. “Tied benefits” is not the formal RESPA term. “Anti-kickback” relates to RESPA Section 8 prohibitions against improper referral fees, but it is not the definition quoted in the question. The Pennsylvania Title Insurance outline includes RESPA under settlement and closing procedures.

Question: 4

When a mortgagee's title insurance policy is issued and no owner's policy will be issued, a written waiver must be signed by the:

A. Mortgagor
B. Mortgagee
C. Title agent
D. Seller

Answer: A

Explanation:
The written waiver must be signed by the mortgagor, meaning the owner-borrower/purchaser who is waiving the right to purchase owner’s title insurance. Pennsylvania regulation requires the title insurer or title agent, when issuing a mortgagee’s title policy in a purchase-money transaction and no owner’s policy has been ordered, to advise the mortgagor in writing that the lender’s policy does not protect the owner. If the mortgagor elects not to purchase owner’s coverage, the company must obtain the mortgagor’s written statement acknowledging receipt of the notice and waiving the right to buy owner’s title insurance. The mortgagee receives the loan policy; the waiver protects the owner-purchaser disclosure process.

Question: 5

An insurer fails to promptly provide a reasonable explanation for the denial of a claim as a general business practice. This is considered to be

A. an unfair insurance practice.
B. a contractual liability.
C. a violation of the grace period provision.
D. a fraudulent insurance act.

Answer: A

Explanation:
Failing to promptly provide a reasonable explanation for the denial of a claim, when done with enough frequency to indicate a business practice, is an unfair claim settlement practice and therefore an unfair insurance practice. It is not merely contractual liability, because the question describes a regulatory claims-handling violation. It is unrelated to a grace period, which concerns time to pay premiums. It is also not necessarily a fraudulent insurance act because fraud requires deception or false representation. Pennsylvania's Unfair Insurance Practices Act specifically identifies as an unfair claim settlement practice the failure to promptly provide a reasonable explanation of the policy basis, facts, or law for denying a claim or offering a compromise settlement.

Question: 6

The process by which a mortgage is enforced against real estate is called a

A. sheriff's sale.
B. non-judicial foreclosure.
C. trustee sale.
D. forfeiture.

Answer: A

Explanation:
The best answer is sheriff's sale. Pennsylvania mortgage enforcement is generally a judicial foreclosure process, and the forced sale of the real property after judgment is conducted through a sheriff's sale. Non-judicial foreclosure and trustee sale terminology are more commonly associated with deed-of-trust states, where a trustee can sell property without the same judicial foreclosure structure. Forfeiture is not the standard mortgage enforcement process; it usually refers to loss of rights due to breach or legal penalty. In title practice, foreclosure and sheriff's sale records are critical because they affect ownership, lien priority, divestiture of interests, and insurability. The Pennsylvania title outline includes foreclosure, executions, claims against title, and judicial sales.

Question: 7

According to the Fair Credit Reporting Act, an insurer needs to do all of the following, EXCEPT

A. inform the applicant that an investigation is being conducted.
B. notify the applicant if an application is denied.
C. inform the applicant about the scope of an investigation.
D. discuss any credit history inconsistencies with the applicant.

Answer: D

Explanation:
The Fair Credit Reporting Act requires notice and disclosure duties when consumer reports or investigative consumer reports are used. An insurer must properly notify the applicant when an investigative report may be obtained and must provide required adverse-action notice if insurance is denied or affected based on report information. The applicant also has rights relating to the nature and scope of an investigative consumer report. However, the FCRA does not require the insurer to personally discuss every credit-history inconsistency with the applicant. The consumer's dispute rights are generally exercised with the consumer reporting agency, not through an insurer's mandatory discussion process. The Pennsylvania Title Insurance outline expressly includes the Fair Credit Reporting Act under federal regulation in the Insurance Regulation section.

Question: 8

Which of the following is excluded from coverage in the standard owner's policy?

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B. any claim for loss or damage based on negligence arising from the status of lien with the insured mortgage
C. recorded documentation on the title to real property without acknowledgment
D. lack of a right of access to and from the land

Answer: A

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Question: 9

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C. a lien against any property owned by the taxpayer in the county.
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Explanation:
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Question: 10

An ALTA survey of the land could disclose all of the following EXCEPT

A. a property line lawsuit.
B. a pond located on the land.
C. the improvements on the land.
D. a violation of the setback line.

Answer: A

Explanation:
An ALTA survey discloses physical and locational matters affecting the land, such as improvements, visible features, boundary relationships, encroachments, and possible setback-line issues. A pond located on the land can be shown because it is a physical feature. Improvements on the land can be located and plotted. A setback violation may be revealed if a structure is shown inside a required setback area. A property line lawsuit, however, is a legal proceeding or claim, not something a survey itself physically discloses. It may be found through litigation records, title search, or other legal investigation. The Pennsylvania title outline tests surveys, boundary matters, title exceptions, liens, claims against title, and clearing-title concerns.

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