

LIBF

LIBF Level 3: Certificate in Mortgage Advice and Practice (CeMAP®)

CeMAP® Module 2 - Mortgages

Specimen paper: A
Length of examination: 2 hours

Instructions to candidates

1. Do **not** open this question paper until instructed to do so.
2. This question paper consists of 100 questions. Each question carries **one** mark.
3. Answer all questions.

Information for candidates

1. Basic silent desktop calculators with + - x / % and memory functions are allowed. Scientific, programmable or calculators with any additional functions are not allowed.
2. No other books, papers or aids may be used in this examination.

Note: Taxation rates for the year 2024/25 apply in this examination.

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LIBF Limited
4-9 Burgate Lane
Canterbury
Kent
CT1 2XJ

T 01227 818609
F 01227 784331
E editorial@libf.ac.uk

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Unit 3: MLPP

1. Harry has a regulated mortgage on his new family home.

This means that the percentage of the home that is used for residential purposes by Harry and his family must be at least what **minimum**?

- A 20%.
- B 25%.
- C 40%.
- D 50%.

2. To meet the FCA definition of a home reversion plan, where there is a specified term, this must be for a period from the start of the arrangement for **at least**:

- A 10 years.
- B 15 years.
- C 20 years.
- D 25 years.

3. Grant has decided to arrange a mortgage on the house he has inherited from his father. This is so he can carry out some refurbishments and then let it for a year or so until he feels able to sell it. He owns his own home but has no investment properties.

Under **normal** circumstances, the mortgage will be:

- A a commercial mortgage.
- B a consumer buy-to-let mortgage.
- C a Mortgage Credit Directive (MCD) exempt mortgage.
- D an investment buy-to-let mortgage.

4. Which of the following would be a standard condition in all mortgage offers?

- A A retention.
- B Completion of roads and access.
- C Redemption of an existing mortgage.
- D Satisfactory certificate of title.

5. In most circumstances, which of the following is **true** in relation to an Energy Performance Certificate (EPC)?
- A An EPC is only required for new homes.
 - B An EPC must be commissioned before a property is marketed for sale.
 - C An EPC must contain information about the property's gas or electricity supplier.
 - D The buyer's solicitor applies for an EPC as part of the conveyancing process.
6. In relation to registered land, possessory title means that:
- A it is not possible to guarantee freehold title, but good leasehold title can be confirmed.
 - B the land is freehold, and title has been granted to the person in possession.
 - C the owner or applicant could not produce the title deeds when the land was first registered.
 - D the title, as registered, is in some way defective but good title is guaranteed.
7. Graham has owned his rural cottage, which is on registered land, since 2011. He believes the property may have a chancel repair liability, although the parochial church council (PCC) has **not** registered an interest at HM Land Registry.
- On the basis of the current situation, this means that in relation to a liability for chancel repairs:
- A Graham and any new owner could have a potential liability.
 - B Graham could have a potential liability, but a future owner would not have a liability.
 - C Graham would not have a liability, but a new owner may have a potential liability.
 - D it is no longer possible for the PCC to register a notice of chancel repair liability.
8. Parwinder made a successful bid for a property at auction and paid the deposit.
- What are the implications if he cannot proceed with the purchase?
- A Either party can withdraw from the agreement without penalty up to 28 days after the auction.
 - B The seller can keep the deposit and seek recompense from Parwinder if the seller later sells the property for a lower price.
 - C There are no issues as long as Parwinder withdraws before completion.
 - D This situation would not occur because Parwinder would have been required to pay the full purchase price on the day of the auction.

9. Esteban is interested in buying a property through the modern method of auction. The guide price is £130,000. Assuming that the property sells at the guide price, which of the following is **true** if his bid is successful?

He will have to:

- A exchange contracts and complete the purchase within 28 days of the auction.
 - B pay a non-refundable £13,000 deposit on the day of the auction.
 - C pay a non-refundable reservation fee of up to £6,500 on the day of the auction.
 - D pay compensation of £13,000 if he fails to exchange contracts within 28 days of the auction.
10. Three years ago, Callum bought his flat in joint names with his friend Ross, with the help of a joint mortgage. Ross has recently left the property permanently and is refusing to contribute to the mortgage payments.
- Which of the following is **true**?
- A Callum has sole legal responsibility for the mortgage debt as only he occupies the flat.
 - B Callum will only have to pay half of the mortgage payments and the lender will pursue Ross for the other half.
 - C Ross is legally liable for half of the mortgage debt.
 - D Both Callum and Ross remain legally liable for the whole mortgage debt.
11. Arnold is considering arranging a lasting power of attorney (LPA).

Which of the following is **false**?

- A Arnold can continue to make decisions once a property and financial affairs LPA has been registered, as long as he is mentally capable.
- B Arnold can register a property and financial affairs LPA at any time once it has been set up.
- C Once a health and welfare LPA is registered, Arnold and his attorney have joint decision-making powers until Arnold loses mental capacity.
- D Under a health and welfare LPA, Arnold's attorney will only have powers once Arnold has lost his mental capacity.