

Mortgage advice

At the end of this unit, candidates should be able to understand the:

- house-buying process, from making an offer to completion and the key parties involved;
- different types of borrowers and how to meet their individual mortgage needs;
- different types of mortgage product and repayment options and their suitability for the client;
- legislative and regulatory position of mortgages and the requirements of a mortgage adviser.

Summary of learning outcomes	Number of questions in the examination*
1. Understand the rules relating to the regulation of mortgages according to the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB).	6
2. Understand the house-buying process, the key parties involved and their roles.	10
3. Understand the different forms of valuation and survey, the factors that affect property values and the implications for consumers and mortgage lenders.	12
4. Understand the common types of borrower and how their main mortgage-related requirements may differ, what factors may disqualify people from borrowing and the purpose of additional security including that of guarantors.	6
5. Understand the economic context for giving mortgage advice.	2
6. Understand the role of a mortgage adviser and the importance and principles of providing advice, including the key factors affecting the advice given.	6
7. Understand the fees and charges involved in property transactions, including purchase/sale, remortgage, further advance and equity release.	6
8. Understand the main features of mortgage related protection products, their uses and lenders' requirements.	5
9. Understand the principles, procedures and legal implications associated with raising additional money and transferring mortgages.	8
10. Understand the risks associated with debt consolidation for the consumer and the implications for mortgage lenders.	2
11. Understand the implications, rights and remedies for the borrower and the lender of non-payment of the mortgage and associated products.	4
12. Understand the main provisions made by the State to assist homeowners and homebuyers.	4
13. Understand the main requirements of the legislation affecting homeownership, tenure and mortgage finance.	3
14. Understand the key features and structure of mortgage products and their interest rate options.	17
15. Understand the key features of the different types of mortgage capital and interest repayment options.	9
16. Analyse consumers' circumstances and recommend appropriate mortgage solutions to specific consumers' circumstances.	25 case study related questions

*The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

Important notes

- **Method of assessment:** 100 multiple choice questions (MCQs) and 5 case studies, each comprising 5 MCQs. 3 hours are allowed for this examination.
- This syllabus will be examined from 1 September 2018 to 31 August 2019.
- Candidates will be examined on the basis of English law and practice in the tax year 2018/2019 unless otherwise stated.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk/qualifications
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

- 1. Understand the rules relating to the regulation of mortgages according to the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB).**
 - 1.1 Describe the legal and regulatory definitions of mortgages and second charge loans.
 - 1.2 Describe the rules regulating mortgages according to the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB).
 - 1.3 Apply the MCOB requirements to client circumstances.
- 2. Understand the house-buying process, the key parties involved and their roles.**
 - 2.1 Describe the house buying process and the roles of key parties involved in England and Wales.
 - 2.2 Describe the house buying process and the roles of key parties involved in Scotland.
 - 2.3 Describe the process and implications of buying property at auction.
- 3. Understand the different forms of valuation and survey, the factors that affect property values and the implications for consumers and mortgage lenders.**
 - 3.1 Explain the different forms of valuation and survey and the limitations of each.
 - 3.2 Describe the factors that affect property values and the information contained within reports.
 - 3.3 Describe the principal types of property defect and their implications for consumers and mortgage lenders.
- 4. Understand the common types of borrower and how their main mortgage-related requirements may differ, what factors may disqualify people from borrowing and the purpose of additional security including that of guarantors.**
 - 4.1 Describe the common types of borrower.
 - 4.2 Describe the options available to different types of borrower.
 - 4.3 Describe the principles and implications of different forms of additional security that may be taken to support a mortgage application.
 - 4.4 Explain what factors may disqualify people from borrowing.
- 5. Understand the economic context for giving mortgage advice.**
 - 5.1 Describe the UK property and mortgage market and the economic and regulatory context for giving mortgage advice.
- 6. Understand the role of a mortgage adviser and the importance and principles of providing advice, including the key factors affecting the advice given.**
 - 6.1 Describe the role of a mortgage adviser.
 - 6.2 Explain the importance and principles of providing mortgage advice.
 - 6.3 Explain the process of assessing customer's affordability and calculate affordability.
 - 6.4 Explain the importance of assessing suitability to provide a fair outcome for mortgage customers.
- 7. Understand the fees and charges involved in property transactions, including purchase/sale, remortgage, further advance and equity release.**
 - 7.1 Describe the taxes, fees and charges involved in property transactions.
 - 7.2 Calculate the taxes, fees and charges involved in property purchase and ownership.
- 8. Understand the main features of mortgage related protection products, their uses and lenders' requirements.**
 - 8.1 Explain the main features and uses of mortgage related protection products and the implications for consumers and lenders.
 - 8.2 Explain the rules and regulations governing the sale of mortgage related protection products.
- 9. Understand the principles, procedures and legal implications associated with raising additional money and transferring mortgages.**
 - 9.1 Explain the principles, procedures and legal implications associated with raising additional money.
 - 9.2 Explain the principles, procedures, costs and legal implications associated with transferring, amending and redeeming mortgages.
- 10. Understand the risks associated with debt consolidation for the consumer and the implications for mortgage lenders.**
 - 10.1 Explain the risks and costs associated with debt consolidation for the consumer and the implications for mortgage lenders.

- 11. Understand the implications, rights and remedies for the borrower and the lender of non-payment of the mortgage and associated products.**
 - 11.1 Explain the implications, rights and remedies for the borrower for non-payment.
 - 11.2 Explain the implications, rights and remedies for the lender for non-payment.
 - 11.3 Explain the regulations and the legislation governing property repossession.
- 12. Understand the main provisions made by the State to assist homeowners and homebuyers.**
 - 12.1 Describe the main provisions made by the State to assist homeowners in financial difficulty.
 - 12.2 Describe the main provisions of the different forms of Government-backed schemes to assist home buyers.
- 13. Understand the main requirements of the legislation affecting homeownership, tenure and mortgage finance.**
 - 13.1 Describe the legislation affecting all aspects of homeownership, tenure and mortgage finance in the United Kingdom.
- 14. Understand the key features and structure of mortgage products and their interest rate options.**
 - 14.1 Describe the main types of mortgage.
 - 14.2 Describe the different interest rate options available to lenders.
- 15. Understand the key features of the different types of mortgage capital and interest repayment options.**
 - 15.1 Describe the types of mortgage repayment options available.
 - 15.2 Describe the implications and obligations placed on the borrower.
- 16. Analyse consumers' circumstances and recommend appropriate mortgage solutions to specific consumers' circumstances.**
 - 16.1 Analyse consumers' circumstances and recommend appropriate mortgage solutions to specific consumers' circumstances.

Reading list

The following list provides details of additional resources which may assist you with your studies.

Note: The examination will test the syllabus alone.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

CII/PFS members can access most of the additional study materials below via the Knowledge Services webpage at www.cii.co.uk/knowledge.

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

CII study texts

Mortgage advice. London: CII. Study text CF6.

Books

Retail mortgages: law, regulation and procedure. Malcolm Waters et al. Sweet & Maxwell, 2013.

Factfiles and other online resources

CII fact files are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Written by subject experts and practitioners, the fact files cover key industry topics as well as less familiar or specialist areas of general insurance, life, and pensions and financial services, with information drawn together in a way not readily available elsewhere. Available online via www.cii.co.uk/ciifactfiles (CII/PFS members only).

The Insurance Institute of London (IIL) podcast lecture series features leading industry figures and subject experts speaking on current issues and trends impacting insurance and financial services. Available online at www.cii.co.uk/ciifactfiles (CII/PFS members only).

- Recent developments in mortgage product design. Brad Baker.
- The regulation of mortgage business. Brad Baker.
- The regulation of mortgage intermediaries. Brad Baker.

Additional articles and technical bulletins are available under the Mortgages section of the website at www.cii.co.uk/knowledge/mortgages.

Journals and magazines

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Available online at www.thepfs.org/financial-solutions-archive (CII/PFS members only).

Mortgage introducer. London: Publishing Group. Fortnightly. Also available online at www.mortgageintroducer.com.

Reference materials

International dictionary of banking and finance. John Clark. Hoboken, New Jersey: Routledge, 2005.*

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.*

Lamont's financial glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009.

* Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Examination guide

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate (www.revisionmate.com). Details of how to access Revisionmate are on the first page of your study text.

It is recommended that you only study from the most recent version of the examination guide.

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilrevision (CII/PFS members only).