Chartered Insurance Institute

R07

Advanced mortgage advice

Based on the 2021/2022 syllabus examined until 31 August 2022

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Contents

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Introduction

This examination guide has been produced by the Examinations Department at the Chartered Insurance Institute (CII) to assist students in their preparation for the R07 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves two hours to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time.

Although the specimen examination in this guide is typical of a R07 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the R07 reading list, which is located on the syllabus in this examination guide and on the CII website at **www.cii.co.uk.**

Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

1) Visit **www.cii.co.uk/qualifications/unit-advanced-mortgage-advice-r07**
2) Select 'exam guide update' on the right-hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

Syllabus

The R07 syllabus is published on the CII website at **www.cii.co.uk. Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the CII tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

Skill Specification

The examination syllabus categorises R07 learning outcomes into attainment levels. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested.

The syllabus requires that candidates have the ability to explain and recommend aspects of the subject matter. Each learning outcome begins with one of these cognitive skills:

Explain - Candidates must typically be able to demonstrate an understanding of the relationships between different aspects or concepts. They may be asked how one part may impact upon or be linked to another. They may also be asked to perform a calculation to evidence an explanation of how certain elements interact with one another.

Recommend - Candidates must typically be able to demonstrate judgement across a set of facts or circumstances. In doing this, they may be asked to identify the best course of action from the options presented. If they are not asked expressly to recommend a course of action, it is likely that some judgement or application (either by way of applying concepts or a calculation) would have to be exercised in order to ascertain the correct option.

Examination Information

The method of assessment for the R07 examination is 55 multiple choice questions (MCQs) and 4 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.

The R07 syllabus provided in this examination guide will be examined from 1 September 2021 until 31 August 2022.

Candidates will be examined on the basis of English law and practice in the tax year 2021/2022 unless otherwise stated. It should be assumed that all individuals are domiciled and resident in the UK unless otherwise stated.

The general rule is that the new tax year and changes arising from the Finance Act will be examined from 1 September each year. Other changes, not related to the Finance Act, will not be examined earlier than 3 months after they come into effect.

R07 examinations test the Financial Conduct Authority and Prudential Regulation Authority rules and regulations.

When preparing for the examination, candidates should ensure that they are aware of what typically constitutes each type of product listed in the syllabus and ascertain whether the products with which they come into contact during the normal course of their work deviate from the norm, since questions in the examination test generic product knowledge.

Extracts from tax tables will be provided at each examination, an example of which can be found in this examination guide. Candidates may find it beneficial to familiarise themselves with this information in advance of the examination. Candidates may **not** take their own tax tables into the examination.

Section A consists of 55 multiple choice questions. A multiple choice question consists of a problem followed by **four** options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only **one** correct or best response to the problem posed. One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

Section B contains four case studies each followed by five questions. **Four** options follow each question. The options are labelled A, B, C and D. Only **one** of these options will be correct or best. One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are not permitted, in any circumstances, to remove any papers relating to the examination from the examination room.

Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate’s examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

Chartered Insurance Institute

Advanced mortgage advice

Purpose

At the end of this unit, candidates should understand the:

- key elements of the mortgage process;
- specialist types of mortgage lending;
- appropriate mortgage advice to clients with complex needs and circumstances.

Summary of learning outcomes		Number of questions in the examination*
1.	**Explain the key elements of the mortgage process**	**25**
2.	**Explain specialised types of mortgage lending**	**15**
3.	**Explain the main challenges in the mortgage industry**	**4**
4.	**Explain the key elements of appropriate mortgage advice, including ethical approaches and positive customer outcomes**	**11**
5.	**Recommend appropriate mortgage solutions to clients with complex needs and circumstances.**	**20 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: 55 multiple choice questions (MCQs) and 4 case studies, each comprising 5 MCQs. 2 hours are allowed for this examination.
- This syllabus will be examined from 1 September 2021 until 31 August 2022.
- Candidates will be examined on the basis of English law and practice in the tax year 2021/2022 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 from the list provided
  4. Select qualification update on the right hand side of the page

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1. Explain the key elements of the mortgage process

1.1 Explain the house buying process and the roles of key parties involved.

1.2 Explain the different factors that enable the lender to assess the suitability of the property as security for a loan.

1.3 Explain the factors the lender will use to assess the suitability of the borrower.

1.4 Explain how to resolve issues arising post completion.

2. Explain specialised types of mortgage lending

2.1 Explain the features and risks of – Remortgaging; Further advances; Second charge loans; Buy to let mortgages; Bridging finance; Equity release.

3. Explain the main challenges in the mortgage industry

3.1 Explain the features and impact of the following on the mortgage industry – Sources of mortgage funding; Mortgage customer segmentation; National and household debt; Inflation and Government intervention; Mortgage and secured loan distribution.

4. Explain the key elements of appropriate mortgage advice, including ethical approaches and positive customer outcomes

4.1 Explain the following features of mortgage advice – Regulatory requirements; Positive customer outcomes; Consumer protection; The role of the mortgage adviser; Affordability; Taxation issues.

5. Recommend appropriate mortgage solutions to clients with complex needs and circumstances.

5.1 Analyse consumers' complex needs and circumstances.

5.2 Recommend appropriate mortgage solutions.

Reading list

The following list provides details of further reading 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 study texts

Advanced mortgage advice. London: CII. Study text R07.

Mortgage advice. London: CII. Study text CF6.

Journals and magazines

Personal finance professional (previously Financial solutions). London: CII. Six issues a year.

Financial adviser. London: FT Business. Weekly. Available online at *www.ftadviser.com*.

Investment week. London: Incisive Financial Publishing. Weekly. Available online via *www.investmentweek.co.uk*.

Mortgage strategy. London: Centaur Communications. Monthly. Also available online at *www.mortgagestrategy.co.uk*.

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

Money marketing. London: Centaur Communications. Weekly. Available online at *www.moneymarketing.co.uk*.

New model adviser. London: Citywire. Monthly. Also available online at *www.citywire.co.uk/new-model-adviser*.

Reference materials

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

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.

SECTION A

1. Max is moving to Scotland and has been told it is essential he is advised by a legal professional before making an offer on a property. The reason for this is **mainly** explained by the fact that Max is

A. legally bound to buy the property in all circumstances as soon as a conditional offer is accepted.
B. legally bound to buy the property in all circumstances as soon as an unconditional offer is accepted.
C. obliged to make an offer above the upset price without reference to a closing date.
D. obliged to submit a conditional or unconditional offer through a sealed bid to the vendor's estate agent.

2. Lily, a first-time buyer, paid for a basic valuation report that contained disclaimers in respect of the purchase price and condition of the property. She has since discovered defects within the property. In what circumstances would the valuer **more likely** be deemed professionally negligent?

A. The disclaimers were insufficiently prominent or Lily was deemed to be an inexperienced buyer.
B. The disclaimers were sufficiently prominent or Lily was not offered a more detailed valuation.
C. The property had not been valued or mortgaged previously.
D. The value of the property had fallen due to market conditions between valuation and litigation.

3. Eleanor is in the process of purchasing a property from John and he has received a deposit payment. John has decided that he would like to retain the property. In respect of a potential breach of contract, Eleanor and John should be aware that

A. John is not obligated to sell and Eleanor is not obligated to buy.
B. John is obligated to sell and Eleanor is not obligated to buy.
C. John is not obligated to sell and Eleanor is obligated to buy.
D. John is obligated to sell and Eleanor is obligated to buy.

4. Jack has purchased a property through private treaty. This means that the property was purchased

A. at an auction.
B. at a price that Jack had agreed with the vendor's estate agent.
C. in Scotland.
D. through the processes of formal tender where the property was marketed by inviting bids from potential buyers.

5. Grace is purchasing a property from James and has been informed by her solicitor that unconditional contracts have been exchanged. A storm subsequently damages the house before James vacates it. James does **NOT** have buildings insurance. Who is responsible for the cost of any repairs?

A. Both Grace and James are always jointly responsible.
B. Grace is ultimately responsible.
C. Grace's solicitor is responsible until James vacates the property.
D. James is ultimately responsible.

6. At an auction, Ian has successfully bid for a property he did **NOT** view prior to auction. His solicitor subsequently confirmed that the details of the property were misrepresented and Ian has decided **NOT** to proceed with the purchase. As a consequence, Ian has been advised that

A. he is not in breach of contract.
B. he will forfeit his deposit.
C. his only option is to resell the property to try to recover his money.
D. the auctioneer must find another purchaser within 28 days.

7. William has had an offer accepted on a property, but has waited until contracts are about to be exchanged to lower his offer. This is an example of

A. breach of contract.
B. gazanging.
C. gazumping.
D. gazundering.

8. Derek is purchasing an old windmill that he wishes to convert to a house. He has had the most detailed and comprehensive type of survey conducted by a qualified surveyor. This type of survey is **most likely** to be a

A. RICS Building Survey.
B. RICS Condition Report.
C. RICS HomeBuyer Report.
D. basic valuation report.

9. Alice, aged 50, has an existing mortgage. She wishes to extend the mortgage term into her retirement with a new interest rate, which will increase her mortgage repayments by £100 per month. In what circumstances, if any, is this permitted?

A. In no circumstances.
B. Only if the term does not extend beyond her State Pension age.
C. Only if ongoing affordability can be demonstrated.
D. Only if the original mortgage was arranged prior to April 2014.

10. Fatima wants to arrange a mortgage to purchase a residential property which is of non-standard construction. Fatima should be aware that

A. her choice of lender may be restricted.
B. a HomeBuyer Report will always be required by the lender.
C. a maximum term of 25 years will be imposed.
D. she will not be able to arrange a mortgage on the property.

11. The individual leaseholders of a block of flats have been advised that under the Commonhold and Leasehold Reform Act 2002 they do **NOT** have the right to take over the management of the building from the freeholder. This is because

A. the building contains three flats in total.
B. one leaseholder has a lease which expires within 10 years.
C. 30% of the internal floor area is for non-residential use.
D. two of the flats are owned by the same leaseholder.

12. Marcus has buildings insurance for £240,000 but the reinstatement value is £300,000. In the event of a claim for a total rebuild of the house, how much, if anything, will the insurer pay out?

A. Nothing.
B. £180,000
C. £192,000
D. £240,000

13. Aalia has been advised that a number of covenants and easements apply to the title of the property she is purchasing. She should be aware that these will **always** continue automatically except

A. a requirement for her to maintain a shared roof.
B. a restriction relating to business use of the property.
C. her neighbours' right of way over her property.
D. her right to run service pipes under her neighbours' property.

14. Under a debt management programme, what type of agreement does a borrower enter into?

A. A formal agreement with the creditors to reduce monthly payments over a longer period of time.
B. A formal agreement with the creditors to reduce monthly payments over a shorter period of time.
C. An informal agreement with the creditors to reduce monthly payments over a longer period of time.
D. An informal agreement with the creditors to reduce monthly payments over a shorter period of time.

15. Nicola is buying a property and has been advised by her conveyancer, Mark, that it is in a radon-impacted area. The seller has advised that no radon testing has been completed at the property. To fully protect Nicola's interests, Mark should advise that

A. a retention should be made until the results of a 3-month test are known.
B. the local authority must conduct an urgent test within 28 days.
C. she should have no concerns in proceeding with the purchase.
D. she should not proceed with the purchase in any circumstances for at least 12 months.

16. A new remortgage product launched by a building society is available via whole of market mortgage brokers associated with two national networks only. Under the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB), who is **ultimately** responsible for establishing that borrowers can afford the new product?

A. The lender only.
B. The brokers only.
C. The lender initially, but it can choose to delegate this to the broker.
D. The lender initially, but it can choose to delegate this to the network.

17. Roger is about to have his home repossessed. What **must** the lender do before applying to the court for a possession order?

A. Arrange an appointment for Roger at Citizens Advice.
B. Attend a joint mediation meeting with StepChange Debt Charity.
C. Provide at least two months' notice to Roger.
D. Refer Roger to the Local Authority housing department.

18. Chris owns a detached property with a large garden, which is subject to a mortgage. He has just obtained planning permission to build a home in part of the garden. Once the new house has been built, he wishes to split the title deeds and sell his current house. Chris should be aware that

A. he will require his lender's approval to split the title deeds.
B. he may proceed without notifying his lender.
C. he may only split the title deeds when the new house has been built.
D. he may only split the title deeds when he vacates his current house.

19. Two first-time buyers in London are able to put down a deposit including bonuses received from their Help to Buy ISAs. What is the **maximum** bonus the couple can receive?

A. £3,000
B. £4,500
C. £6,000
D. £9,000

20. David has moved his borrowings from an unsecured loan to a secured arrangement for debt consolidation purposes. Therefore the lender **must** treat him as what type of customer?

A. Credit-impaired.
B. Execution-only.
C. Insistent.
D. Vulnerable.

21. The right of a lender to sue a borrower on a personal covenant is a legal remedy specifically provided for by

A. common law.
B. European law.
C. statutory law.
D. subrogation.

22. Denis has an existing mortgage on his home as well as a secured loan. He is now arranging a further advance with his mortgage lender, which will result in the total loan to value on the property being 75%. What may the lender require?

A. A deed of postponement.
B. Mortgage indemnity insurance.
C. Title indemnity insurance.
D. A trust deed.

23. The priority of a second mortgage, or subsequent charge, is determined by the date of registration with the HM Land Registry in accordance with the

A. Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB).
B. Mortgage Market Review.
C. Law of Property Act 1925.
D. Leasehold Reform Act 1967.

24. Carolyn has viewed a property for sale, but feels that the quality of the house has been exaggerated. The estate agent responsible for the sale is accountable to her as a consumer due to the

A. Building Society Act 1986.
B. Consumer Protection from Unfair Trading Regulations 2008.
C. Property Misdescriptions Act 1991.
D. Trustee Act 2000.

25. Sue has reached the end of her two-year fixed-rate mortgage and has received details by email from her current lender of their retention products for which she is eligible. All of the retention products would result in higher monthly payments, but no increase in the amount outstanding. In accordance with the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB) Sue's position is that she **must**

A. complete an affordability assessment with her existing lender before making a decision.
B. obtain alternative quotations from other lenders.
C. obtain independent advice before changing her existing mortgage terms.
D. reply in writing if she wishes to make her selection on an execution-only basis.

26. The incentive for borrowers, who are unable to meet their mortgage payments, to leave their property and simply hand the keys to the lender, is mitigated by which feature of UK mortgages?

A. They are based on the principle of full recourse.
B. They are secured by a legal charge.
C. They are based on the principle of partial recourse.
D. They are secured by an equitable charge.

27. Jamal and Wendy's mortgage has been with the same lender for the last 22 years and they now want to increase the mortgage to allow them to extend their kitchen. Jamal contacts the lender to discuss taking out a further advance on their mortgage to pay for the extension. Why would the lender ask Jamal and Wendy to complete a deed of further charge?

A. The further advance will be categorised as a remortgage.
B. The further advance will be categorised as a second charge loan.
C. The original mortgage deed does not provide for further advances.
D. There is a second mortgage outstanding.

28. Paul and Luciana purchased their home in 2005 for £300,000 with a repayment mortgage of £210,000. The current value of their home is £500,000. They have made overpayments in the last five years and the mortgage outstanding is £90,000. They now want to purchase a holiday home in France, which they will let and require the lowest risk method of raising funds. What type of mortgage are they **most likely** to take out?

A. Buy-to-let mortgage.
B. Foreign currency mortgage.
C. Remortgage as they have 70% equity in their property.
D. Remortgage as they have 82% equity in their property.

29. Jane has a property valued at £300,000 with an outstanding mortgage of £285,000. She has approached another lender to raise a second mortgage of £20,000 to repay a £5,000 car loan and use the rest to improve her bathroom. What is the **most likely** reason for the lender to have declined Jane's application?

A. The property is a commonhold apartment.
B. Jane does not have enough equity in the property.
C. Jane wants to use some of the money to repay her car loan.
D. The lender is unable to tack on the second charge to the original deed.

30. Tony and Alex have a son, Mark, who is due to go to university for the next three years. Tony has decided to help Mark with accommodation by purchasing a flat for Mark and his girlfriend to live in. Tony's mortgage adviser makes him aware that if he arranges a mortgage it will be a

A. business buy-to-let mortgage.
B. commercial loan.
C. let-to-buy mortgage.
D. regulated mortgage contract.

31. Taletha is purchasing a five-bedroom house. She will live in the property herself, taking the small bedroom and letting out the other four bedrooms to non-related individuals. What will the mortgage adviser need to explain to Taletha in accordance with the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB)?

A. Affordability for the mortgage will only be assessed on her salary.
B. To obtain the mortgage, she will need to satisfy the lender that she has four tenants in place.
C. As she will only be occupying 20% of the property, the mortgage will always be treated as a regulated mortgage contract.
D. As she will only be occupying 20% of the property, the mortgage will not be treated as a regulated mortgage contract.

32. Christian is living in accommodation provided by his employer. He is purchasing a property which he may occupy as his main residence when he retires in 12 years' time, but in the meantime will let the property on a buy-to-let basis. The mortgage he is arranging to purchase the property will

A. be treated as a regulated mortgage contract from outset.
B. not be treated as regulated mortgage contract at all.
C. not be treated as a regulated mortgage contract initially, but will be converted to a regulated mortgage contract when Christian moves into the property.
D. be converted to a regulated mortgage contract if Christian is unable to find tenants with a 3-month period.

33. Martin has made an application for a closed bridging loan. What evidence will the lender require to see?

A. Contracts have already been exchanged on the sale of Martin's existing property.
B. Contracts will be exchanged on the sale of Martin's existing property within the next 30 days.
C. Martin has an exit strategy if the sale of his property falls through.
D. Martin is actively marketing his property with a recognised estate agent.

34. Santiago, aged 72, receives pension income of £15,000 per annum and has approached a mortgage adviser with the view to releasing equity from his residential property to pay for essential repairs. What should the mortgage adviser do in the first instance?

A. Ensure that Santiago has explored all alternative methods of funding the repairs to his property.
B. Inform Santiago he will always be subject to a higher rate of Income Tax on the additional income received from the equity released.
C. Inform Santiago he will not benefit from the protection of the Financial Ombudsman Service if he subsequently complains.
D. Inform Santiago that the extra money from the equity release will affect his State Pension income.

35. Eric, aged 72, and his wife Ina, aged 60, are both in good health. They are discussing the benefits and risks of a lifetime mortgage with their financial adviser, Richard. Richard has provided an estimated term for the lifetime mortgage. What is the term **normally** based on?

A. Eric's life expectancy only.
B. Ina's life expectancy only.
C. The average of both Eric's and Ina's life expectancy.
D. The term will automatically run to Eric's 85th birthday.

36. Maria, an 80-year-old widow, has no children or close relatives and intends to leave her estate to a number of charities. She is considering raising funds from her property and asks her mortgage adviser to explain the differences between a lifetime mortgage and a home reversion plan. Maria's mortgage adviser informs her that

A. the home reversion plan has a fixed rate of interest.
B. a lifetime mortgage will always provide a higher amount than a home reversion plan.
C. the monthly mortgage repayments on a lifetime mortgage can be very expensive.
D. she will receive a larger payment from the home reversion plan.

37. A new limited company has been formed recently to buy investment properties. The company has applied for a mortgage of £300,000 to purchase a block of four self-contained apartments for £400,000. The apartments will be let on an assured shorthold tenancy basis. The company directors should be aware that

A. affordability will need to be assessed using the directors' personal income.
B. Corporation Tax relief will not be available on the mortgage interest costs.
C. the properties will be regarded as a house in multiple occupation.
D. they are likely to be required to provide personal guarantees.

38. Damon has applied for bridging finance that will be secured on his new home only. The bank have agreed to offer finance for a term of one year, with the interest costs rolled up onto the loan. Damon still has a mortgage outstanding on his current home, which is **NOT** yet sold. He should be aware that under the terms of the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB), affordability will

A. need to be assessed, based on all existing costs, and new finance costs, using a stress-tested interest rate of 3% higher than the current rates.
B. need to be assessed, but this will exclude existing mortgage costs.
C. need to be assessed, including all existing costs and the new finance costs, using current interest rates only.
D. not need to be assessed.

39. Isla has a flexible mortgage and a secured loan outstanding on her home. She has now applied for a further drawdown from her mortgage lender, which is within a pre-approved limit. Her mortgage lender will

A. ask the secured loan company to postpone the second charge.
B. redeem all charges and establish the mortgage and drawdown together as a first charge.
C. release the drawdown without seeking permission from the secured loan company.
D. secure the drawdown as a third charge that will rank behind the current mortgage and secured loan.

40. Ethel and Sid have applied for a lifetime mortgage with interest rolled up into the mortgage. They would like to borrow £50,000 to buy a house for £200,000 on a tenants in common basis. The lender is a member of the Equity Release Council (ERC) and the loan is covered by the provisions of the ERC. Ethel and Sid should be aware that

A. if either one of them moves into permanent long-term care, the mortgage will need to be redeemed.
B. if Sid should die and leave his share of the house to their daughter, the mortgage will need to be redeemed.
C. the mortgage will only need to be redeemed on the death of the second party or if the surviving party should permanently leave the property.
D. affordability will always need to be assessed based on their pension income.

41. Tom inherited a property from his late mother and he has decided to raise a mortgage on the property to provide a deposit for a new buy-to-let (BTL) property. He will also need a BTL mortgage for the new property and already has two other BTL houses which are unencumbered. In accordance with the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB)

A. both of the new mortgages will be regulated.
B. only the mortgage secured on his late mother’s property will be regulated.
C. neither mortgage will be regulated.
D. affordability will need to be assessed using the rental income and his earned income.

42. Martine took out a sub-prime mortgage five years ago to purchase her first home. Her credit score is now very good and she is looking to remortgage her property. Martine should be aware that

A. her existing mortgage will always have extended early repayment charges.
B. a reduced interest rate is likely to be available when compared to her current mortgage.
C. the remortgage will always be assessed using a credit-impaired status.
D. she will always be treated as a vulnerable customer.

43. In the context of a mortgage lender, how is the term securitisation **best** defined?

- **A.** A means of removing the credit risk from mortgage assets by seeking to obtain third party guarantees.
- **B.** A process that allows a lender to sell its mortgage book to third parties in order to generate cashflow.
- **C.** A process that allows a lender to outsource the expensive ongoing administration of its lending portfolio.
- **D.** A scheme which enables lenders to sell its mortgage book to a different lender at a discount to generate cashflow.

44. What method of fiscal policy may the UK Government adopt to control inflation?

- **A.** Increasing Income Tax rates.
- **B.** Increasing interest rates.
- **C.** Quantitative easing.
- **D.** Reducing Government borrowing.

45. Kim and Ned are each arranging further advances on their residential mortgages. Only Kim's lender is legally required to formally assess the value of its security for the new borrowing. This is because

- **A.** Kim's further advance is being used for a non-property related purpose.
- **B.** Ned's further advance is being used to extend the property.
- **C.** Kim's lender is a building society.
- **D.** Ned's lender operates exclusively online.

46. An adviser has a mortgage appointment and it is unclear as to whether the applicant requires a regulated mortgage. To ensure compliance with the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB), the adviser should **always** ensure that his initial approach covers

- **A.** completing a full fact-find before making any initial disclosure.
- **B.** issuing a client agreement in place of the initial disclosure document details.
- **C.** issuing a client specific illustration.
- **D.** making the initial disclosure or seeking to obtain the required information to establish if the mortgage will be regulated.

47. Kofi and Tane have applied for mortgages with the same lender. Only Kofi is classified as being a high-net-worth customer. When considering the affordability assessment, the lender should deduce that

- **A.** both Kofi and Tane must always be treated the same when the assessment is carried out.
- **B.** more flexibility can be used in the assessment process for Kofi and his net assets can be taken into account.
- **C.** only Kofi may make a statement of affordability rather than being formally assessed.
- **D.** record-keeping requirements will always be less stringent for Kofi's application only.

48. Stephen owns two properties in England. Property X was his main residence, although he moved and let out the property in September 2018. Property Y is a holiday home. If he sold both of these properties simultaneously in March 2019, Capital Gains Tax may apply to which property(ies) if either?

A. Neither property.
B. Property X only.
C. Property Y only.
D. Both properties.

49. Nico, an accountant, wishes to sell his property to a company who will then immediately rent it back to him. His adviser should be aware that

A. Nico can choose to proceed on a non-advised basis.
B. Nico can proceed from outset as an execution-only customer.
C. Nico must receive advice and be treated as a vulnerable customer.
D. Nico's transaction will be classed as a non-regulated mortgage contract.

50. Adam and Anna are moving home and porting their mortgages. Adam requires an additional £5,000, whereas Anna does **NOT** require any additional lending. Both Adam and Anna are **NOT** increasing the terms of their mortgages. Their mortgage adviser should be aware that

A. both Adam and Anna can proceed without undertaking an affordability assessment.
B. both Adam and Anna can proceed after completing an affordability assessment.
C. only Adam can proceed without completing an affordability assessment.
D. only Anna can proceed without completing an affordability assessment.

51. When making an affordability assessment, which types of expenditure, if any, can be based upon modelled data?

A. Basic essential expenditure and basic quality of living costs.
B. Basic essential expenditure and committed expenditure.
C. Basic quality of living costs and committed expenditure.
D. No types of expenditure.

52. Terry and Allan each have high levels of debt. Terry has entered into an Individual Voluntary Arrangement, whilst Allan's issues are being dealt with via a trust deed. This confirms that

A. only Allan lives in Scotland.
B. only Allan is the beneficiary of a discretionary trust.
C. both Terry and Allan are dealing with a trustee in bankruptcy.
D. both Terry and Allan will be unable to secure mortgage lending in the future.

53. Imari is entering into a debt consolidation loan by way of a further advance with his mortgage lender. When assessing affordability, for what **minimum** period, if any, **must** the lender assess the impact of changes in interest rates on the arrangement?

A. The impact does not need to be assessed.
B. 3 years.
C. 5 years.
D. 10 years.

54. Under the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB), a high-net-worth customer is defined as having

A. a net income of at least £300,000 only.
B. assets in excess of £3,000,000 only.
C. no existing liabilities and a net income of at least £300,000, or assets in excess of £2,000,000.
D. a net income of at least £300,000 per annum or assets in excess of £3,000,000.

55. Charlotte has been categorised as a high-net-worth customer by her mortgage lender. For what **minimum** period **must** the lender retain evidence of how this categorisation was decided?

A. One year.
B. Three years.
C. Five years.
D. Six years.

SECTION B

Graham, aged 45, and Ivona, aged 43, are married. Graham was made redundant in October 2014 and subsequently set up his own business on a self-employed basis six months later. His first-year accounts for the period to April 2016 indicate a net profit of £15,000. His second-year accounts ending April 2017 show a net profit of £20,000 and Graham expects this figure to rise for the current and future years. Ivona is employed and earns a basic salary of £65,000 gross per annum.

Graham and Ivona purchased their current property for £225,000 in 2005 with the help of a £175,000 mortgage on an interest-only basis, repayable in 2030. The mortgage was on a fixed rate that has expired and is now at the lender's standard variable rate of 3.99%. Before Graham was made redundant, both he and Ivona fully funded their stocks and shares ISAs, but since Graham lost his job, only Ivona has been paying into her ISA.

When Graham was made redundant, their lender agreed to defer payment of the mortgage interest for three months. A payment plan to repay the deferred sum was agreed. This was conducted satisfactorily, with the arrears being repaid over the subsequent nine months.

Graham and Ivona have now seen a plot of land that they would like to purchase and build a new property on. They will move into the new property on completion after selling their current property. The plot of land has detailed planning permission for a single dwelling and is due to be sold at auction in three months' time, with a guide price of £200,000.

As a result, Graham and Ivona have put their current property on the market and have accepted an offer of £400,000 on the condition that their purchasers can complete within 60 days.

Graham and Ivona have a deposit of £45,000 and have engaged an architect who has indicated that their desired property could be built for £140,000. The completed property should be worth a minimum of £500,000.

Graham and Ivona have credit card balances totalling £15,000 but no other committed expenditure. Their current and deposit accounts are held with their mortgage lender.

56. Graham and Ivona have approached their existing lender to provide a self-build mortgage with the mortgage being drawn down after their current home is sold. How would the lender respond?

A. Decline any new lending as there has been a payment shortfall event within the past 36 months.
B. Insist that any new mortgage be in Ivona's name only due to Graham's period of self-employment.
C. Suggest that stage payments in arrears will always be more expensive than stage payments in advance.
D. Suggest that stage payments in arrears would be suitable in Graham and Ivona's circumstances.

57. As Graham and Ivona intend to purchase the plot of land at auction, their financial adviser should inform them that they

A. must include evidence of any mortgage offer with any proxy bid made on their behalf at auction.
B. will require closed bridging finance as they are planning to proceed with the purchase prior to exchanging contracts on the sale of their current property.
C. will be required to exchange contracts on the day of auction if their bid is successful.
D. will be required to pay a minimum deposit of 20% of any successful bid on the day of the auction.

58. When considering Graham's self-employment, their lender is

A. able to take into account projections for Graham's income if they form part of a credible business plan.
B. likely to insist that Graham must always have three years' accounts for his business.
C. not permitted to use Graham's current account statements to help identify his level of income.
D. not likely to accept any form of independent information that supports Graham's income.

59. In assessing affordability for a new mortgage application, Graham and Ivona's lender would

A. assume their basic essential expenditure would rise in line with the projections for Graham's net income.
B. calculate the maximum borrowing based upon the lender's current variable rate.
C. deem Ivona's contributions to her ISA as committed expenditure if she uses it as a repayment strategy.
D. require Graham to restart his ISA contributions in order to create a repayment strategy for the new mortgage.

60. In relation to Graham and Ivona's previous mortgage arrears, for what **minimum** period **must** the lender retain records of the dealings?

A. One year from the last date of dealing.
B. One year from the date of the first missed payment.
C. Three years from the last date of dealing.
D. Three years from the date of the first missed payment.

Anuj, aged 28, and Jas, aged 27, are looking to buy their first home together. Anuj is employed as a solicitor with a gross basic salary of £75,000 and Jas is employed as an accountant with a gross basic salary of £68,000.

Each of them have saved in cash ISAs for the last few years and each have a balance of £15,000. Neither of them have invested in their ISAs in the current tax year. Anuj inherited a house from his mother on her death in May 2010.

Anuj lived in the house until May 2012 and has let the house to his friend since that time for £750 per month. There is no mortgage outstanding. Anuj's friend is purchasing the property from Anuj for the current value and has already received a mortgage offer to proceed with this. Anuj currently rents a flat near to his workplace for £800 per month. Jas is a first-time buyer and lives at home with her parents.

Anuj and Jas have looked at three properties in the North of England and are considering the various assisted purchase schemes on offer. The first property they have found is a new build home at £300,000 with the Help to Buy Equity Loan scheme available. The second property is a five-year-old apartment on sale at £325,000. The final property is also a new build house and this property has a shared ownership scheme available. The full sale price for this home is £450,000 and they may purchase as little as 50% of this amount if they wish to use the shared ownership scheme.

Anuj and Jas are now considering which property to purchase and how they can take advantage of the different schemes available.

61. If Anuj and Jas wish to take advantage of a Lifetime ISA, they should be aware that

A. they can each contribute £20,000 to a cash ISA plus an additional £4,000 to a Lifetime ISA in the same tax year.
B. there will be a 25% bonus applied to the Lifetime ISA, up to a maximum of £1,000 per year.
C. the Lifetime ISA savings and bonus may be used as a deposit for a new home up to a maximum purchase price of £250,000.
D. the Lifetime ISA can continue to receive contributions up to age 40 only.

62. If Anuj and Jas use the Help to Buy Equity Loan scheme and proceed with the first property, they should be aware that if they take the maximum available equity loan

A. if they eventually sell the property for £400,000, they will need to repay £80,000 to clear the equity loan.
B. there will be payments of £1,050 per annum on the equity loan from year five onwards.
C. they will need a minimum deposit of £30,000.
D. this scheme will only be available to Jas, as Anuj is not a first-time buyer.

63. If Anuj and Jas proceed with the third property and purchase 50% of the property at outset, in respect of Stamp Duty Land Tax (SDLT) they should be aware that

A. if they make a market value election they will pay £2,500 in total.
B. if they pay the SDLT in stages they will pay £2,500 at outset and nothing more until they purchase at least 75% of the full value.
C. if they pay the SDLT in stages they will pay £2,500 at outset and nothing more until they purchase all of the property.
D. if they make a market value election and sell the property before buying a further share they will receive a pro rata refund.

64. If Anuj were to remortgage the home that he inherited, he should be aware that

A. he is unlikely to be able to raise a remortgage as the property is tenanted.
B. he may claim the cost of the mortgage interest against the rental income received for taxation purposes and claim tax relief at his highest marginal rate.
C. the lender would need to carry out a full affordability assessment for the mortgage.
D. this would always be treated as a non-regulated mortgage as it is rented to a non-family member.

65. Anuj and Jas have now discovered that the apartment they are considering is commonhold. They should be aware that

A. the maximum mortgage term will be the remaining term of the lease less 25 years.
B. they will have a maximum of a 99-year lease.
C. they will only have a lifetime interest in the apartment.
D. they will own the apartment in perpetuity.

Terry and Maria, both aged 50, have lived in their marital home for 10 years and owe £150,000 on their mortgage. The house is currently valued at £475,000. They have recently separated after 15 years of marriage and are trying to reach a financial settlement as part of their divorce.

Terry is self-employed and had taxable net profits in the last tax year of £14,629. Maria is employed and has a gross basic salary of £60,000 per annum. Neither of them have any debts outstanding, other than the mortgage.

They also own a holiday home as joint tenants, which is unencumbered. This was purchased in May 2006 for £140,000, and is now valued at £278,000. The holiday home has been rented commercially during that time. Maria moved into this property when they separated and there have been no lettings since then. She has **NOT** declared this house to be her primary residence.

Since Maria moved out of the marital home around six months ago, Terry has found it difficult to manage his finances, despite the fact that Maria has made regular payments into their joint bank account to fund the mortgage. Terry has let arrears build up on the mortgage account totalling around £2,200.

Recently Terry asked his friend, John, to move in with him to help with the monthly costs. John pays a monthly rent of £400 to Terry and Terry attributes £100 per month of this as costs.

Maria is considering purchasing the marital home from Terry as part of the divorce settlement. If she does so, she may let the property to tenants. She is aware that the rental income would be £1,200 per month.

Terry and Maria are considering all of their options as part of the divorce settlement.

66. If Maria was to acquire Terry's share of the marital home as part of the divorce settlement and agrees to take on the mortgage, how much Stamp Duty Land Tax would she pay, if any?

A. Nil.
B. £6,250
C. £10,000
D. £13,750

67. If Maria were to receive the holiday home as part of the divorce settlement and decided to continue to live in the property, in respect of private residence relief she should be aware that

A. before she can claim private residence relief, she will need to pay Capital Gains Tax on the increase in value up to the date of the divorce.
B. if she has claimed furnished holiday letting relief in the past, then this property cannot be categorised as her primary residence.
C. she may elect for this to be her primary residence and has up to two years to make the election from the date she occupied the property.
D. she may not elect for this property to be her primary residence unless Terry makes a joint nomination as part of the divorce settlement.

68. Maria and Terry have elected to sell the holiday home for £278,000. If they sold the property in May 2017, and assuming that Maria had already used her Capital Gains Tax (CGT) exemption in that tax year, how much CGT would Maria pay on her share of the sale proceeds?

A. £12,420
B. £16,212
C. £19,320
D. £35,532

69. In respect of the rental income Terry receives from John, Terry should be aware that

A. as this property is jointly owned, he may not claim rent-a-room relief.
B. if he elects not to use rent-a-room relief, he will pay Income Tax of £720 on the rent he receives from John.
C. if Terry charges John for any meals he makes he may not claim rent-a-room relief on the money received.
D. using rent-a-room relief, he may also rent another room to another tenant for an amount of £3,900 per annum without paying Income Tax on the proceeds.

70. In respect of the mortgage arrears, Terry and Maria should be aware that

A. if Maria proceeds to purchase the house outright, the current lender will always require that she and Terry remain as joint mortgagors.
B. the lender may only consider repossession after applying for a suspended possession order.
C. they may only offer peaceable possession once arrears amount to three monthly payments.
D. they will both remain responsible for the balance outstanding, irrespective of who is living at the property.

Simon and Amy are both aged 35. They currently live in a house that Amy bought in 2012 and have done so since Simon moved in with Amy in May 2015. Simon recently became a joint owner of the house and is also a joint mortgagor. Prior to that time, Simon lived in a house that he had bought in May 2004 for £200,000. Simon had lived in that house from the date of purchase, until he moved abroad with work in November 2008, returning to the house in November 2012. Since Simon moved in with Amy, he has let the house to tenants and received rent of £800 per month. The house was sold in May 2019 for £400,000.

Amy has a buy-to-let property with an interest-only mortgage of £156,000 at a variable rate of 3.99%. She receives rent of £600 per month. This is a house that Amy bought when she left university 14 years ago and lived there until 2012. Simon and Amy also jointly own a holiday home in France. Amy inherited this house from her father three years ago and Simon purchased a 50% share from Amy at that time. This is rented commercially and achieved rental income of £6,000 last year, from 26 weeks of rental occupancy. Amy and Simon used the property personally for six weeks last year.

Simon and Amy have decided to use the equity of £300,000 from the sale of Simon's former home to purchase a new holiday home in the North East of England. The house is listed at auction and will be sold using the Modern Method of Auction. The listed reserve price is £400,000. They plan to use the house for commercial lettings, but anticipate that they will only obtain lettings for around 120 days in the current tax year. They are concerned about how many lettings they may obtain in future years.

Simon is a company director and receives a gross basic salary of £85,000 and dividends of £30,000. Amy is a nursery nurse and has a gross basic salary of £20,000.

71. How much Capital Gains Tax would Simon have to pay on the proceeds from the sale of his former home, assuming that he had no other chargeable gains in the tax year of sale?

A. £3,840.00
B. £5,973.33
C. £9,333.33
D. £11,573.33

72. If Simon and Amy succeed with a bid at auction of 12% over the reserve price, how much Stamp Duty Land Tax will they pay?

A. £12,400
B. £18,340
C. £22,090
D. £25,840

73. In respect of her buy-to-let property income for the tax year 2021/22, Amy has confirmed that she has allowable expenses of £800, in addition to her mortgage interest costs. Taking into account the mortgage interest basic rate 'tax reduction' that Amy will benefit from, how much Income Tax will Amy pay?

A. £35.12
B. £70.24
C. £175.60
D. £195.12

74. In respect of the auction property that Simon and Amy are considering, they should be aware that

A. if their auction bid is successful, they must proceed to purchase and may be sued by the vendor if they subsequently withdraw.
B. they must submit their bid by proxy along with a 5% deposit.
C. they will need to pay a deposit of 10% on the day of the auction and complete the purchase within 28 days.
D. they will need to pay a non-refundable reservation fee on the day of the auction and exchange contracts within 28 days.

75. In respect of claiming furnished holiday letting relief for their current and planned new holiday home, Simon and Amy should be aware that

A. capital allowances for white goods cannot be claimed for.
B. if in subsequent years they do not achieve the required number of days of lettings, they will be able to claim a period of grace for a maximum of one year.
C. they need to achieve lettings of at least 105 days per year to claim the relief on the new property.
D. they will be able to average out the days of letting between the two properties to claim the relief.

INCOME TAX

RATES OF TAX	2021/2022
Starting rate of 0% on savings income up to*	£5,000
Personal Savings Allowance	
Basic rate	£1,000
Higher rate	£500
Basic rate of 20%	£0 to £37,700
Higher rate of 40%	£37,701 to £150,000
Additional rate of 45%	£150,001 and over

**For other income less than £17,570 only. The starting rate for savings is a maximum of £5,000.*

Dividend Allowance	£2,000
Dividend tax rates	
Basic rate	7.5%
Higher rate	32.5%
Additional rate	38.1%
Trusts	
Standard rate band	£1,000
Rate applicable to trusts	
- Dividends	38.1%
- other income	45%

MAIN PERSONAL ALLOWANCES AND RELIEFS

Income limit for Personal Allowance §	£100,000
Personal Allowance (basic) §	£12,570
Marriage Allowance	£1,260
Rent-a-room scheme - tax-free income allowance	£7,500

§ *Reduced allowance of £1 for every £2 of adjusted net income over and above £100,000*

NATIONAL INSURANCE CONTRIBUTIONS

Class 1 Employee	**per week**
Lower Earnings Limit (LEL)	£120
Primary threshold	£184
Upper Earnings Limit (UEL)	£967

Class 1	**Employee**	**Employer**
NICs rate	12%	13.8%
No NICs on the first (per week)*	£184	£170**
NICs rate charged up to (per week)	£967	No limit
2% NIC charged on earnings over	£967	n/a

**This is the primary threshold below which no NI contributions are payable. However, the lower earnings limit is £120 per week. This £120 to £184 band is a zero rate band introduced in order to protect lower earners' rights to contributory State benefits e.g. the new State Pension.*
*** Secondary earnings threshold.*

Class 2 (self-employed)	Flat rate per week £3.05 where profits exceed £6,515 per annum.
Class 3 (voluntary)	Flat rate per week £15.40.
Class 4 (self-employed)	9% on profits between £9,568 and £50,270. 2% on profits above £50,270.

CAPITAL GAINS TAX

TAX RATES	**2021/2022**
Individuals:	
Up to basic rate limit	10%
Above basic rate limit	20%
Surcharge for residential property and carried interest	8%
Trustees and Personal Representatives	20%
Business Asset Disposal Relief* – Gains taxed at:	10%
Lifetime limit	£1,000,000

**For trading businesses and companies (minimum 5% employee or director shareholding) held for at least two years.*

EXEMPTIONS	
Individuals, estates etc	£12,300
Trusts generally	£6,150
Chattels proceeds (restricted to five thirds of proceeds exceeding limit)	£6,000

PENSIONS

	2021/2022
Lifetime Allowance	£1,073,100
Annual Allowance*	£40,000
Money Purchase Annual Allowance	£4,000

** Tapered by £1 for every £2 of 'adjusted income' over £240,000 to a minimum of £4,000 if 'threshold income' is also over £200,000.*

INHERITANCE TAX

RATES OF TAX ON TRANSFERS	2021/2022
Transfers made on death	
- Up to £325,000	Nil
- Excess over £325,000	40%
- Reduced rate (where appropriate charitable contributions are made)	36%
Chargeable lifetime transfers to trusts	20%

MAIN EXEMPTIONS

Transfers to	
- UK-domiciled spouse/civil partner	No limit
- non-UK-domiciled spouse/civil partner (from UK-domiciled spouse)	£325,000
- main residence nil-rate band*	£175,000
- UK-registered charities	No limit

** Available for estates up to £2,000,000 and then tapered at the rate of £1 for every £2 in excess until fully extinguished.*

Lifetime transfers	
- Annual exemption per donor	£3,000
- Small gifts exemption	£250
Wedding/civil partnership gifts by	
- Parent	£5,000
- Grandparent/bride or groom	£2,500
- other person	£1,000

100% relief: businesses, unlisted/AIM companies, certain farmland/building
50% relief: certain other business assets

Reduced tax charge on gifts within 7 years of death:					
- Years before death	0-3	3-4	4-5	5-6	6-7
- Inheritance Tax payable	100%	80%	60%	40%	20%

Quick succession relief:					
- Years since IHT paid	0-1	1-2	2-3	3-4	4-5
- Inheritance Tax relief	100%	80%	60%	40%	20%

CORPORATION TAX

	2021/2022
Standard rate	19%

VALUE ADDED TAX

	2021/2022
Standard rate	20%
Annual registration threshold	£85,000
Deregistration threshold	£83,000

STAMP DUTY LAND TAX

	Residential
Value up to £125,000	0%
£125,001 - £250,000	2%
£250,001 - £925,000	5%
£925,001 - £1,500,000	10%
£1,500,001 and over	12%

Important Note regarding Stamp Duty Land Tax (SDLT) and residential property purchases:

- **For purchases between 1 July 2021 and 30 September 2021, SDLT does not apply up to £250,000. For purchases above £250,000, the band rates above apply as normal.**
- **For purchases from 1 October 2021, the band rates above apply as normal.**

Additional SDLT rules still apply as below.

- *Stamp Duty Land Tax (SDLT) is payable in England and Northern Ireland only. Land Transaction Tax (LTT) is payable in Wales and Land and Buildings Transaction Tax (LBTT) is payable in Scotland. The rates for LTT and LBTT are different to the rates shown above.*
- *Additional SDLT of 3% may apply to the purchase of additional residential properties purchased for £40,000 or greater.*
- *SDLT may be charged at 15% on interests in residential dwellings costing more than £500,000 purchased by certain corporate bodies or non-natural persons in some circumstances.*
- *First-time buyers benefit from SDLT relief on purchases up to £500,000 when purchasing their main residence. On purchases up to £300,000, no SDLT is payable. On purchases between £300,000 and £500,000, a flat rate of 5% is charged on the balance above £300,000.*
- *Additional rates of LBTT and LTT apply in Scotland and Wales respectively for the purchase of additional residential properties. First-time buyers benefit from LBTT relief in Scotland. There is no LTT relief for first-time buyers in Wales.*

MAIN SOCIAL SECURITY BENEFITS

		2021/2022
Child Benefit	First child	£21.15
	Subsequent children	£14.00
	Guardian's allowance	£18.00
Basic State Pension	Single	£137.60
	Married	£275.20
the new State Pension	Single	£179.60
Pension Credit	Single person standard minimum guarantee	£177.10
	Married couple standard minimum guarantee	£270.30
Bereavement Support Payment	Higher rate - lump sum	£3,500
	Higher rate - monthly payment	£350
	Standard rate – lump sum	£2,500
	Standard rate – monthly payment	£100

Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
STANDARD FORMAT						**SCENARIO FORMAT**		
Learning Outcome 1			**Learning Outcome 2**			**Learning Outcome 5**		
1	B	1.1	27	C	2.1	56	D	5.2
2	A	1.1	28	D	2.1	57	C	5.2
3	D	1.1	29	B	2.1	58	A	5.1
4	B	1.1	30	D	2.1	59	C	5.1
5	B	1.1	31	D	2.1	60	C	5.2
6	A	1.1	32	B	2.1	61	B	5.2
7	D	1.1	33	A	2.1	62	A	5.1
8	A	1.1	34	A	2.1	63	C	5.1
9	C	1.4	35	B	2.1	64	C	5.1
10	A	1.2	36	D	2.1	65	D	5.1
11	C	1.2	37	D	2.1	66	A	5.1
12	C	1.2	38	D	2.1	67	C	5.1
13	A	1.2	39	C	2.1	68	C	5.2
14	C	1.4	40	C	2.1	69	B	5.2
15	A	1.2	41	C	2.1	70	D	5.1
16	A	1.3	**15 Questions**			71	B	5.1
17	D	1.4				72	D	5.1
18	A	1.3	**Learning Outcome 3**			73	A	5.2
19	C	1.3	42	B	3.1	74	D	5.2
20	D	1.4	43	B	3.1	75	C	5.1
21	A	1.4	44	A	3.1	**20 Questions**		
22	A	1.3	**3 Questions**					
23	C	1.4						
24	B	1.1	**Learning Outcome 4**					
25	D	1.3	45	C	4.1			
26	A	1.4	46	D	4.1			
26 Questions			47	B	4.1			
			48	C	4.1			
			49	C	4.1			
			50	D	4.1			
			51	A	4.1			
			52	A	4.1			
			53	C	4.1			
			54	D	4.1			
			55	B	4.1			
			11 Questions					