

# 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 2017 to 31 August 2018.
- Candidates will be examined on the basis of English law and practice in the tax year 2017/2018 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](http://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 rules regulating mortgages according to the Mortgages and Home Finance: Conduct of Business Sourcebook (MCOB) and when they apply.
  - 1.2 Understand the legal and regulatory definitions of mortgages and second charge loans.
- 2. Understand the house-buying process, the key parties involved and their roles.**
  - 2.1 Describe the house-buying process, methods of purchase and the roles of key parties involved.
- 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 Explain what factors may prevent individuals from borrowing.
  - 4.4 Describe the principles and implications of different forms of additional security that may be taken to support a mortgage application.
- 5. Understand the economic context for giving mortgage advice.**
  - 5.1 Describe the UK property and mortgage market and the main conditions that affect them.
- 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 a customer's affordability.
  - 6.4 Calculate a customer's affordability.
  - 6.5 Explain the principles and methods 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 transactions.
- 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 requirements for advising on 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 and 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 legislation and regulations regarding reposessions.
- 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 and homebuyers.
- 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 various publications 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 publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto: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 factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via [www.cii.co.uk/ciifactfiles](http://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](http://www.cii.co.uk/knowledge/mortgages).

## Journals and magazines

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Also available at [www.thepfs.org/knowledge](http://www.thepfs.org/knowledge) (CII/PFS members only).

Mortgage introducer. London: Publishing Group. Fortnightly. Also available online at [www.mortgageintroducer.com](http://www.mortgageintroducer.com).

## Reference materials

Dictionary of banking and finance. P H Collin. A&C Black, 2005.\*

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

Lamont's glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009. Also available online via [www.cii.co.uk/lamont](http://www.cii.co.uk/lamont) (CII/PFS members only).

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

## Examination guides

An examination guide, which includes a specimen paper, is available to purchase via [www.cii.co.uk](http://www.cii.co.uk).

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([www.revisionmate.com](http://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 versions of the examination guides.

## 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](http://www.cii.co.uk/iilrevision) (CII/PFS members only).