

CERTIFICATE IN MORTGAGE ADVICE AND PRACTICE (CEMAP) 1 PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Mortgage advice records should be retained for how long?**
 - A. Typically six years or more
 - B. One year
 - C. Ten years
 - D. Indefinitely
- 2. Within what period should mortgage arrears information be provided?**
 - A. Immediately
 - B. 7 working days
 - C. 15 working days
 - D. 30 working days
- 3. Which type of tax does a limited company pay on their profits?**
 - A. Capital Gains Tax
 - B. Corporation tax
 - C. Internal tax
 - D. VAT
- 4. What is an Agreement in Principle (AIP) and its use?**
 - A. A preliminary indication from a lender about whether they would consider a loan amount.
 - B. An agreement between broker and client.
 - C. A formal mortgage offer.
 - D. A payment in principle required by the lender.
- 5. The options available for handling a dispute under an alternative dispute resolution scheme include the following, except:**
 - A. Adjudication.
 - B. Arbitration.
 - C. Mediation.
 - D. Litigation.

- 6. Which of the following lists common mortgage-related fees a borrower might encounter?**
- A. Arrangement fee, valuation fee, product fee, broker fee.
 - B. Early repayment charges and exit fees.
 - C. Arrangement fee, valuation fee, product fee, broker fee, early repayment charges, exit fees.
 - D. Legal fees and stamp duty.
- 7. Which statement is true regarding investment products bought on an execution-only basis?**
- A. Best execution rules will apply.
 - B. No product charges will be payable.
 - C. No advice will be required.
 - D. Suitability rules will always apply.
- 8. Which purpose best describes a Key Facts Illustration (KFI) in mortgage comparisons?**
- A. To summarize tax implications of the mortgage.
 - B. To regulate loan-to-value limits.
 - C. To provide a legal guarantee of terms.
 - D. To present key features, costs, and terms in a standardised format for comparison.
- 9. Which of the following is NOT typically a factor influencing property value?**
- A. Location
 - B. Market conditions
 - C. The interior decor style
 - D. Size
- 10. Which of the following pieces of information does not need to be included when presenting a product recommendation to a client?**
- A. The benefits that the client will enjoy.
 - B. Client needs that the product will address.
 - C. Other products considered but discounted.
 - D. Risks inherent to the product.

Answers

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1. A
2. C
3. B
4. A
5. D
6. C
7. C
8. D
9. C
10. C

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Explanations

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1. Mortgage advice records should be retained for how long?

A. Typically six years or more

B. One year

C. Ten years

D. Indefinitely

Recording mortgage advice for a sufficient period is about regulatory compliance and having a clear audit trail. In the UK, firms typically must keep client files for a minimum period after advice is given, commonly six years or longer. This duration supports handling any future questions or disputes, and it aligns with general limitation periods for bringing claims (often around six years). It also ensures there's enough evidence if regulators or the client later review the advice journey. So, keeping records for six years or more reflects standard practice, rather than a shorter period like one year, a much longer indefinite retention, or ten years unless specific circumstances require it.

2. Within what period should mortgage arrears information be provided?

A. Immediately

B. 7 working days

C. 15 working days

D. 30 working days

When a mortgage account moves into arrears, there's a requirement to communicate with the borrower in writing within a specific timeframe. The standard period is 15 working days. This ensures the borrower receives clear details about the arrears, the outstanding amount, and the options available to resolve the situation, such as forbearance or a repayment plan, in a timely and structured way. Providing information immediately isn't always practical because it takes time to compile accurate arrears figures and outline appropriate options. A shorter window like 7 working days would be too tight to ensure all required information is correct and complete, while 30 working days would delay crucial guidance and support. The 15-working-day rule strikes a balance between promptness and clarity, supporting early contact and fair handling of the borrower's circumstances.

3. Which type of tax does a limited company pay on their profits?

A. Capital Gains Tax

B. Corporation tax

C. Internal tax

D. VAT

When a limited company earns profit, it's treated as a separate taxpayer, so the tax sits at the company level rather than on the individuals who own it. The tax charged on the company's profits is corporation tax, which applies to both trading profits and gains on assets (charged as part of profits). Capital Gains Tax, by contrast, applies to individuals (and some trusts), not to companies, so a company's gains are not taxed under CGT. VAT is a tax on turnover—value added to goods and services—collected by the business, not a levy on its profits. An "internal tax" isn't a standard term used for company taxation. So the profits of a limited company are taxed through corporation tax.

4. What is an Agreement in Principle (AIP) and its use?

- A. A preliminary indication from a lender about whether they would consider a loan amount.
- B. An agreement between broker and client.
- C. A formal mortgage offer.
- D. A payment in principle required by the lender.

An Agreement in Principle is a preliminary indication from a lender about the amount they would be willing to lend, based on a quick check of your finances and the information you've provided. It doesn't commit you to the loan or guarantee that it will be approved; it's subject to fuller underwriting, income verification, a formal credit check, and a valuation of the property. This is useful because it gives you and anyone involved in the purchase a sense of affordability and a credible upper limit to use when searching for a property or making offers. It helps you, and the seller, see that financing is feasible up to a certain amount, without waiting for a full application to be processed. It's not a formal mortgage offer, and it's not an agreement between you and a broker. It also isn't a payment or fee required by the lender.

5. The options available for handling a dispute under an alternative dispute resolution scheme include the following, except:

- A. Adjudication.
- B. Arbitration.
- C. Mediation.
- D. Litigation.

Dispute resolution outside the courtroom is the essence of ADR. Mediation, arbitration, and adjudication are all ways to settle a dispute without going through formal court proceedings: mediation uses a neutral mediator to help the parties reach a voluntary agreement; arbitration involves a neutral arbiter who hears evidence and issues a binding decision, similar to a private judgment; adjudication provides a quick, interim decision often used within specific schemes or contracts. Litigation, however, is the formal process of bringing a case to court where a judge (and sometimes a jury) decides the outcome according to court procedures. It tends to be more time-consuming and costly and results in a court judgment. Since ADR aims to resolve disputes outside court, litigation is not an ADR option.

6. Which of the following lists common mortgage-related fees a borrower might encounter?

- A. Arrangement fee, valuation fee, product fee, broker fee.
- B. Early repayment charges and exit fees.
- C. Arrangement fee, valuation fee, product fee, broker fee, early repayment charges, exit fees.
- D. Legal fees and stamp duty.

Understanding the range of charges that can come with a mortgage. When you take out a loan, you may face several lender-related fees: an arrangement fee to set up the loan, a valuation fee for the property check, a product fee for selecting a specific mortgage deal, and a broker fee if a broker is used. Many deals also carry charges if you repay early, known as early repayment charges, and exit charges if you move away from the product before its term ends. This combination covers the common costs a borrower might encounter from the lender side. Legal fees and stamp duty are tied to buying the property itself rather than the mortgage arrangement, so they aren't typically listed as mortgage-related fees.

7. Which statement is true regarding investment products bought on an execution-only basis?

- A. Best execution rules will apply.
- B. No product charges will be payable.
- C. No advice will be required.**
- D. Suitability rules will always apply.

Execution-only means you instruct the firm to buy or sell a product without receiving any personalized advice or a suitability assessment. The defining point is that no one is recommending a product or confirming it fits your needs; you're making the decision and the firm is simply executing the order. So, the statement that no advice will be required is true. The other options don't fit for this context: there can be product charges from the provider or service, so saying no charges would be payable isn't correct; suitability rules aren't applied because there's no advisory process evaluating whether the product is appropriate for you; and while best execution is a separate obligation related to how orders are fulfilled, it's not the aspect being tested here about the nature of execution-only services.

8. Which purpose best describes a Key Facts Illustration (KFI) in mortgage comparisons?

- A. To summarize tax implications of the mortgage.
- B. To regulate loan-to-value limits.
- C. To provide a legal guarantee of terms.
- D. To present key features, costs, and terms in a standardised format for comparison.**

A Key Facts Illustration is meant to present the essential features, costs and terms of a mortgage in a uniform, standardised format so you can compare products easily. It lays out things like the interest rate, how you repay (whether capital and interest or interest-only), the loan term, monthly payments, and any fees or charges, plus the overall cost of the loan. Because the information is shown in the same way for different offers, you can make an apples-to-apples comparison and see which mortgage suits you best. It isn't about tax implications, doesn't regulate loan-to-value limits, and isn't a legal guarantee of terms—final offers depend on underwriting and formal approval.

9. Which of the following is NOT typically a factor influencing property value?

- A. Location
- B. Market conditions
- C. The interior decor style**
- D. Size

Property value is driven by factors that reflect long-term desirability and the fundamental attributes of the home. Location sets the baseline for how much a property is worth, since different areas have different price levels. Market conditions determine how much buyers are willing to pay at a given time, influenced by demand, supply, and broader economic factors. Size matters because more usable space generally increases utility and value. Interior decor style is largely cosmetic and can be changed without altering these core attributes; a home can be redecorated or remodeled to suit tastes, so the intrinsic value isn't tied to current styling.

10. Which of the following pieces of information does not need to be included when presenting a product recommendation to a client?

- A. The benefits that the client will enjoy.
- B. Client needs that the product will address.
- C. Other products considered but discounted.
- D. Risks inherent to the product.

When presenting a product recommendation, the emphasis is on how the product meets the client's needs and what they gain from it, including the benefits and the risks involved. You explain why this choice is suitable for their situation by linking the product's features to their objectives, showing how it addresses their needs, and outlining the potential downsides so they understand the full picture. The information about other products considered but discounted is not a required part of the client presentation. While you may have done that analysis and can reference it in your records or discuss it briefly if asked, the formal presentation should concentrate on the chosen product's benefits, how it meets the client's needs, and the inherent risks.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://cemap1.examzify.com>

We wish you the very best on your exam journey. You've got this!

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