

CeMAP Practice Test Questions and Answers

1. Gilt: what is it?

- A) An investment in the form of a loan to a local authority
- B) An equity-based investment guaranteed by the Government
- C) An investment in the form of a loan to the Government
- D) An investment in the Bank of England

2. What is a home reversion plan?

- A) A plan designed to reverse the negative equity position of an existing mortgage
- B) A scheme where the homeowner sells part or all of their property to a provider in return for a lump sum or regular income, while retaining the right to live there
- C) A government loan for funding home improvements in later life
- D) A type of interest-only mortgage available to retirees

3. What is a capped rate mortgage?

- A) A mortgage with a maximum amount that can be borrowed
- B) A variable rate mortgage with a ceiling above which the interest rate cannot rise during the capped period
- C) A mortgage that caps monthly payments regardless of rate changes
- D) A fixed-rate mortgage with a maximum term

4. What is a 'drawdown lifetime mortgage'?

- A) A lifetime mortgage where the entire loan is released as a single lump sum at the start
- B) A lifetime mortgage where the borrower can draw funds from a pre-agreed facility in stages as needed
- C) A mortgage where the lender draws down funds on the borrower's behalf
- D) A lifetime mortgage product that reduces in size over time

Answers: 1-C 2-B 3-B 4-B

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