

NZQA Assessment Support Material

Unit standard	28103				
Title	Analyse and select personal financing options for purchasing a property				
Level	3	Credits	4	Version	2

Note

The following guidelines are supplied to enable assessors to carry out valid and consistent assessment using this internal assessment resource.

Assessors must manage authenticity for any assessment from a public source, because students may have access to the assessment schedule or student exemplar material. Use of this assessment resource without modification may mean that students' work is not authentic. The assessor will need to change figures, measurements or data sources or set a different context or topic.

While this resource exemplifies written assessment, there are other assessment activities and approaches that could be taken.

See Generic Resources and Guidelines at <https://www.nzqa.govt.nz/providers-partners/assessment-and-moderation-of-standards/assessment-of-standards/generic-resources/>.

Assessor guidelines

Assessors need to be very familiar with the outcome being assessed by the unit standard. The evidence requirements and the explanatory notes contain information, definitions, and requirements that are crucial when interpreting the standard and assessing learners against it.

Over the weeks prior to this assessment, learners should have had sufficient teaching and learning opportunities to be familiar with the following:

- Borrowing options.
- Mortgage types and providers.
- Deposits (including KiwiSaver information about withdrawing part of the fund to make a deposit on a house).
- Calculation of interest.
- House purchase options, including mortgage establishment fees, lawyer fees, Land Information Memorandum report, builder's report, and predicted ongoing costs (such as rates, repairs and maintenance, insurance, property management fees, body corporate fees).

AWARD OF GRADES



- For award with **Achieved**, learners must: describe factors that influence purchasing a property and explain the advantages and disadvantages; describe other considerations for purchasing a property in terms of their influence on the purchasing decision; analyse property financing and purchasing options in relation to a purchase and select options according to their suitability for personal financial circumstances.
- For award with **Merit**, learners must include reasons for the selection of the property financing and purchase options which link those options to personal financial circumstances.
- For award with **Excellence**, learners must: include justification for selection of property financing and purchasing options in terms of their suitability relative to personal financial circumstances, over other options.

CONDITIONS OF ASSESSMENT



Task one is a **closed book** assessment activity that will take place over a timeframe set by the assessor.

Task two is an **open book** assessment that will take place over a timeframe set by the assessor. You can use class materials and independent research to complete the task. Learners can use any information to help them complete the tasks. Answers must be in their own words.

Assessment activity

This assessment activity has two (2) tasks.

The first task requires learners to complete two tables to describe financing and purchasing options that need to be considered when buying a house.

In the second task they are given a scenario to:

- A. Find a suitable property purchase for.
- B. Research financing and purchasing options for the buying of the property.
- C. Select the options most suitable for the scenario, and explain their selections.

Assessors will need to adjust scenario prices and values to reflect current market and location conditions.

Resources

Resources that may help with this are:

- Bank/Financial institution prospectuses and websites;
- KiwiSaver, <http://www.kiwisaver.govt.nz>;
- Commission for Financial Capability, <http://www.cffc.org.nz/>;
- The New Zealand Network for Financial Literacy, <http://www.financialliteracy.org.nz/>;
- Sorted Your independent money guide, <https://www.sorted.org.nz/>;
- Bamzonia Personal Financial Education, <http://www.bamzonia.co.nz>.

Assessment Schedule

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Task	Evidence/Judgements for achievement	Evidence/Judgements for achievement with merit	Evidence/Judgements for achievement with excellence
Task 1 Question 1 ER 1.1	<ul style="list-style-type: none"> Completed table includes descriptions, and explanation of advantages and disadvantages that influence purchasing a property for each of the eight factors: <p>Sample answer for Table mortgage type:</p> <p>Description – <i>Repayment rates are set and include principal and interest payments.</i></p> <p>Advantages – <i>The repayment amount is the same each time, so it makes it easier to budget for than if the amount changed every payment.</i></p> <p><i>Can opt for fixed or floating interest rate.</i></p> <p>Disadvantages – <i>Fixed regular repayments can be difficult if income is irregular. Not much principal is paid off in the early stages of the loan period.</i></p>	<ul style="list-style-type: none"> Completed table includes descriptions, and explanation of advantages and disadvantages that influence purchasing a property for each of the eight factors: <p>Sample answer for Table mortgage type:</p> <p>Description – <i>Repayment rates are set and include principal and interest payments.</i></p> <p>Advantages – The repayment amount is the same each time, so it makes it easier to budget for than if the amount changed every payment.</p> <p>Can opt for fixed or floating interest rate.</p> <p>Disadvantages – <i>Fixed regular repayments can be difficult if income is irregular. Not much principal</i></p>	<ul style="list-style-type: none"> Completed table includes descriptions, and explanation of advantages and disadvantages that influence purchasing a property for each of the eight factors: <p>Sample answer for Table mortgage type:</p> <p>Description – <i>Repayment rates are set and include principal and interest payments.</i></p> <p>Advantages – <i>The repayment amount is the same each time, so it makes it easier to budget for than if the amount changed every payment.</i></p> <p><i>Can opt for fixed or floating interest rate.</i></p> <p>Disadvantages – <i>Fixed regular repayments can be difficult if income is irregular. Not much principal is</i></p>

	<p>Note: Sample answer is provided for one factor only. Sample answers will need to be developed by the assessor for the other seven factors.</p>	<p><i>is paid off in the early stages of the loan period.</i></p> <p>Note: Sample answer is provided for one factor only. Sample answers will need to be developed by the assessor for the other seven factors.</p>	<p><i>paid off in the early stages of the loan period.</i></p> <p>Note: Sample answer is provided for one factor only. Sample answers will need to be developed by the assessor for the other seven factors.</p>
<p>Task 1 ER 1.2 Question 2</p>	<ul style="list-style-type: none"> Completed table includes descriptions for each of the six considerations when purchasing a property and includes their influence on the purchasing decision. <p>Sample answer for Lawyer fees:</p> <p>Description – <i>Fees charged for conveyancing work – usually \$xxx for a purchase.</i></p> <p>Influence on the purchasing decision – <i>Need to use a lawyer to ensure legal transfer is done properly, so fee is unavoidable if wanting to purchase. Best to shop around.</i></p> <p>Note: Sample answer is provided for one consideration only. Sample answers will need to be developed by the assessor for the other five considerations.</p>	<ul style="list-style-type: none"> Completed table includes descriptions for each of the six considerations when purchasing a property and includes their influence on the purchasing decision. <p>Sample answer for Lawyer fees:</p> <p>Description – <i>Fees charged for conveyancing work – usually \$xxx for a purchase.</i></p> <p>Influence on the purchasing decision – <i>Need to use a lawyer to ensure legal transfer is done properly, so fee is unavoidable if wanting to purchase. Best to shop around.</i></p> <p>Note: Sample answer is provided for one consideration only. Sample answers will need to be developed by the assessor for the other five considerations.</p>	<ul style="list-style-type: none"> Completed table includes descriptions for each of the six considerations when purchasing a property and includes their influence on the purchasing decision. <p>Sample answer for Lawyer fees:</p> <p>Description – <i>Fees charged for conveyancing work – usually \$xxx for a purchase.</i></p> <p>Influence on the purchasing decision – <i>Need to use a lawyer to ensure legal transfer is done properly, so fee is unavoidable if wanting to purchase. Best to shop around.</i></p> <p>Note: Sample answer is provided for one consideration only. Sample answers will need to be developed by the assessor for the other five considerations.</p>
<p>Task 2 ER 1.3 Part A, B and C</p>	<ul style="list-style-type: none"> Evidence presented shows: <p>A Details for a real proposed property purchase (advertisement and any other supporting documentation).</p>	<ul style="list-style-type: none"> Evidence includes reasons for selection of the property financing which link those options to personal financial circumstances. <p>C Sample partial answers:</p>	<ul style="list-style-type: none"> Evidence includes justification for the selection of property financing and purchasing options in terms of their suitability to personal financial circumstances, over other options. <p>C Sample partial answers:</p>

<p>B Details of financing and purchasing options researched that are relevant to the potential purchase and personal financial circumstances including:</p> <p>Different mortgage provider options Different mortgage type(s), term(s), repayment amount(s) and frequency(ies), costs</p> <p>Different deposit amount(s) and source(s) Other (if relevant) purchase costs such as lawyer fees, LIM report, builder's report, toxicity report.</p> <p>Other (if relevant) predicted ongoing costs such as rates, repairs and maintenance, insurance (compulsory).</p> <p>C Identification of the mortgage provider(s), type(s), terms(s), repayment amount(s) and frequency(ies), deposit amount and source, and other costs that have been selected as a most suitable option to the personal financial circumstances.</p>	<p><i>They could be eligible for a KiwiSaver Home Start grant so if application successful would mean less to borrow. Could also withdraw some KiwiSaver funds to lessen amount of borrowing particularly if want to be able to lower repayment rates in future with any change in income (ie starting a family).</i></p> <p><i>ABC Bank because it offers a cash contribution to lawyer fees which means they have more money available for other expenses (or can keep as savings).</i></p> <p><i>This bank also offers a good rate on both home and contents insurance if borrowings are with them, and a further discount on home insurance if paid yearly (which Toni and Caleb can afford).</i></p> <p><i>Borrowings: Selected X proportion on floating interest rate, X proportion at a fixed interest rate to balance exposure to changing interest rates as have security of two incomes.</i></p> <p><i>Total weekly amount to be repaid on the loan equals 90% of what they can afford (ie \$650 per week) allowing a 10% buffer for interest rates to change.</i></p>	<p><i>They should make the most of the opportunities available to them through KiwiSaver as first time home buyers as access to such grants and funds will not be available on another purchase.</i></p> <p><i>ABC Bank has the best longer term interest rate. Also, the offer of a cash contribution from the bank as opposed to the other bank who gave a free TV is more appropriate for the situation. Although it would be nice they probably don't need a new TV. The money would be better used for other costs associated with purchasing and maintaining a home rather than an appliance they don't need.</i></p> <p><i>While the bank insurance excesses are slightly higher than other options, taking advantage of the lower premiums could outweigh the cost in the long term (particularly if not needing to claim).</i></p> <p><i>If Toni's builder cousin can assess the property they might not need to get a Builder's report and put that money towards a toxicity report.</i></p>
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Note: Lateral thinking leading to a strategy of deferring the house financing to save further while renting to pay less mortgage interest would also be legitimate in a response, however research and analysis would need to support this.

Final grades will be decided using professional judgement based on a holistic examination of the evidence provided against the criteria in the unit standard.