

## 40652 Process a residential property loan application to meet client needs

<b>Kaupae   Level</b>	5
<b>Whiwhinga   Credit</b>	10
<b>Whāinga   Purpose</b>	<p>This skill standard is intended for people who want to work as a financial adviser in the provision of residential property lending.</p> <p>This skill standard will provide learners with the knowledge and skills to process a residential property loan application to meet client needs using knowledge of lending products and services.</p> <p>This skill standard can be used in programmes leading to the New Zealand Certificate in Financial Services (Level 5) with strand in Residential Property Lending [Ref: 2315-3].</p>

### Hua o te ako me Paearu aromatawai | Learning outcomes and assessment criteria

Hua o te ako   Learning outcomes	Paearu aromatawai   Assessment criteria
1. Apply knowledge of client and residential property lending products and services to meet client needs.	a. Analyse the features, benefits, risks, and limitations of products and services to identify those that meet the needs and circumstances of the client.
	b. Complete calculations to determine eligibility against the lender's criteria.
	c. Adjust specific terms of products or services to meet client circumstances and needs.
	d. Assess the relevance of the legal structure of the client in relation to any special requirements imposed by the lending frameworks.
2. Prepare and process documentation for residential property loan application.	a. Prepare and process documentation for the residential property loan application in accordance with lending frameworks.

### Pārongo aromatawai me te taumata paearu | Assessment information and grade criteria

#### Assessment specifications:

Assessment should use real or realistic documentation where appropriate. Simulated examples are permitted.

Learners are not expected to use tools and systems that are only available to a licenced financial advice provider or requiring a licence to use.

Any use of digital advice tools or artificial intelligence will need to be in accordance with relevant organisational and industry codes of conduct and practice.

All activities must comply with legislation, regulations, and best practice, including any guidance notes published by the agency responsible for the relevant enactment or code.

*Client* also includes potential clients. *Client* is intentionally broad to capture all types and include, individuals, partnerships, businesses, families, companies, trusts, charities, organisations, body corporates, and associations as current examples.

Evidence of three different residential property lending structures. At least two different interest structures and at least two different capital structures.

#### *Definition*

*Lending frameworks* refer to organisational policies, procedures, and guidelines that set out requirements and criteria that apply to loan application, assessment, approval, management, reassessment, collections and/or recoveries. Policies may cover trigger points for activation of policy, process to initiate action, and escalation triggers.

#### ***Ngā momo whiwhinga*** | *Grades available*

Achieved.

#### **Ihirangi waitohu** | Indicative content

##### Residential property lending structures

- interest structures
- capital structures
- part or fully capitalised loans
- bridging loans
- reverse equity borrowing

##### Calculations

- Loan-to-value ratio (LVR)
- Uncommitted monthly income (UMI)
- Debt to income (DTI)
- statement of position
- settlement position

##### Legal structures

- trusts
- companies
- sole traders
- partnerships
- limited liability companies
- look-through companies.

**Relevant financial ratios**

- gross yield
- net yield
- debt coverage ratio
- debt/equity ratio.

Common valuation methodologies: registered, desktop, Quotable Value (QV).

**Documentation for the lending application**

- diary notes
- application form
- authority and declaration
- proof of income
- proof of identity
- key dates
- details of other professional parties
- financial history
- registered valuation
- sale and purchase agreement
- building contract
- trust deed
- certificate of incorporation
- proof of residency
- rental agreement.

**Rauemi | Resources**

- Anti-Money Laundering and Countering Financing of Terrorism Act 2009
- [Code of Banking Practice, April 2021](#);
- [Code of Professional Conduct for Financial Advice Services](#)
- Consumer Guarantees Act 1993
- Customer vulnerability and expectations for providers - [CustomerVulnerability-ourexpectationsforproviders.pdf \(fma.govt.nz\)](#)
- Fair Trading Act 1986
- [Financial Markets Authority - Developing cyber resilience for financial advice providers \(July 2024\)](#)
- Financial Markets Authority- [Understanding Artificial Intelligence in Financial Services \(July 2024\)](#) by Mikayla Pakinga-Lawson, Amie White, Stuart Johnso
- Financial Markets Conduct Act 2013
- Financial Services Legislation Amendment Act 2019

- ISO 22222 Personal Financial Planning - Requirements for personal financial planners, available from <https://www.iso.org>
- KiwiSaver Act 2006
- Reserve Bank of New Zealand Act 2021
- Responsible Lending Guidelines, published by the Financial Services Federation, Wellington, 2019. Available at <http://www.fsf.org.nz/>
- Relevant industry codes of conduct;  
and all subsequent amendments and replacements.

### Pārongo Whakaū Kouna | Quality assurance information

<b>Ngā rōpū whakatau-paerewa  </b> Standard Setting Body	Ringa Hora Services Workforce Development Council
<b>Whakaritenga Rārangi Paetae Aromatawai  </b> DASS classification	Service Sector> Financial Services> Financial Services - Professional Practice
<b>Ko te tohutoro ki ngā Whakaritenga i te Whakamanatanga me te Whakaōritenga  </b> CMR	0112

<b>Hātepe  </b> Process	<b>Putanga  </b> Version	<b>Rā whakaputa  </b> Review Date	<b>Rā whakamutunga mō te aromatawai  </b> Last date for assessment
<b>Rēhitatanga  </b> Registration	1	29 May 2025	N/A
<b>Kōrero whakakapinga  </b> Replacement information	This skill standard replaced unit standard 31877.		
<b>Rā arotake  </b> Planned review date	31 December 2030		

Please contact Ringa Hora Services Workforce Development Council at [qualifications@ringahora.nz](mailto:qualifications@ringahora.nz) to suggest changes to the content of this skill standard.