

Title	Develop personal lending solutions to meet lending framework requirements and process a personal loan application		
Level	5	Credits	5

Purpose	<p>People credited with this unit standard are able to:</p> <ul style="list-style-type: none"> – develop personal lending solutions for a client with reference to the lending frameworks; – explain matters relating to borrowers, security assets, and loan guarantees; and – process a personal loan application.
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Classification	Financial Services > Financial Services - Professional Practice
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Available grade	Achieved
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Guidance Information

1 References

Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
 Code of Banking Practice 2018;
 Code of Professional Conduct for Financial Advice Services;
 Consumer Guarantees Act 1993;
 Credit Contracts and Consumer Finance Act 2003;
 Fair Trading Act 1986;
 Financial Markets Conduct Act 2013;
 Financial Services Legislation Amendment Act 2019;
 KiwiSaver Act 2006;
 Reserve Bank of New Zealand Act 1989;
 Responsible Lending Guidelines, published by the Financial Services Federation, Wellington, 2019, available at www.fsf.org.nz;
 relevant industry codes of conduct;
 and all subsequent amendments and replacements.

2 Definitions

Existing loan context – management, reassessment, collections and recoveries of personal loans already made.

Lending frameworks – 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.

New loan context – application, assessment, and approval of new personal loans.

- 3 Assessments requiring application or demonstration of skills and knowledge may be performed using workplace evidence or evidence derived from simulation or scenario based activities.

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.

Outcomes and performance criteria

Outcome 1

Develop personal lending solutions for a client with reference to the lending frameworks.

Range evidence of three examples with a range of needs and complexities is required; at least one example must come from a new loan context and at least one example must come from an existing loan context.

Performance criteria

- 1.1 Analyse the client's financial situation and compare it to the requirements of the lending frameworks.
- 1.2 Match lending products and/or services with client's borrowing needs and validate the match with reference to the lending frameworks.

Outcome 2

Explain matters relating to borrowers, security assets, and loan guarantees.

Performance criteria

- 2.1 Explain the attributes of a potential borrower's profile that determine whether a loan is offered at standard or non-standard rates.
- Range may include but is not limited to – credit history, employment history, other financial commitments.
- 2.2 Explain the impact of different types of security asset and value, and appropriate form of charge.
- Range may include but is not limited to – consumer whitegoods, motor vehicles, discretionary lifestyle needs.
- 2.3 Explain loan guarantees in terms of the guarantor's risks and obligations.
- 2.4 Explain loan guarantees in terms of how a remedy is obtained from the guarantor.

Outcome 3

Process a personal loan application.

Performance criteria

3.1 Prepare and process documentation for the personal loan application in accordance with lending frameworks.

Range cover sheet and diary note, application form, authority and declaration, proof of income, proof of identity, key dates, details of other professional parties;
may also include but is not limited to – financial history, trust deed, certificate of incorporation, proof of residency.

3.2 Identify and apply relevant financial ratios and to evaluate the financial impact of borrowing on the client.

Range may include but is not limited to – serviceability calculations, statement of position, settlement position.

Planned review date	31 December 2024
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Status information and last date for assessment for superseded versions

Process	Version	Date	Last Date for Assessment
Registration	1	19 February 2015	31 December 2022
Review	2	23 January 2020	N/A

Consent and Moderation Requirements (CMR) reference	0003
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This CMR can be accessed at <http://www.nzqa.govt.nz/framework/search/index.do>.

Comments on this unit standard

Please contact The Skills Organisation reviewcomments@skills.org.nz if you wish to suggest changes to the content of this unit standard.