



**Australian Government**

**Department of Education, Employment and Workplace Relations**

# **FNSFMB402A Provide finance and mortgage broking services**

**Revision Number: 1**

## FNSFMB402A Provide finance and mortgage broking services

### Modification History

Not applicable.

### Unit Descriptor

<b>Unit descriptor</b>	<p>This unit describes the performance outcomes, skills and knowledge required to determine a client's finance broking requirements and explain capabilities, legal and compliance related issues so the client is aware of their rights.</p> <p>This unit may apply to job roles subject to licensing, legislative, regulatory or certification requirements so Commonwealth, State or Territory requirements should be confirmed with the relevant body.</p>
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### Application of the Unit

<b>Application of the unit</b>	This unit applies to job roles in the finance and mortgage broking industries.
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### Licensing/Regulatory Information

Not applicable.

### Pre-Requisites

<b>Prerequisite units</b>		

## Employability Skills Information

<b>Employability skills</b>	This unit contains employability skills.
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## Elements and Performance Criteria Pre-Content

Elements describe the essential outcomes of a unit of competency.	Performance criteria describe the performance needed to demonstrate achievement of the element. Where bold italicised text is used, further information is detailed in the required skills and knowledge section and the range statement. Assessment of performance is to be consistent with the evidence guide.
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## Elements and Performance Criteria

ELEMENT	PERFORMANCE CRITERIA
1. Educate client and build rapport	<p>1.1. The <b><i>finance and mortgage broking process</i></b> is explained to the client in a clear and unambiguous way with the <b><i>background, credentials and role</i></b> of the broker clarified to build rapport</p> <p>1.2. The <b><i>services, values and capacity</i></b> of the organisation are presented to the client and the client's understanding of the <b><i>fees and charges</i></b> are confirmed</p> <p>1.3. <b><i>Procedures for complaints handling and resolution</i></b> are identified and confirmed with the client</p>
2. Determine client's existing financial situation	<p>2.1. Client is asked to disclose relevant facts to begin determining their <b><i>personal and financial situation</i></b> and the current income, expenditure and liabilities of the client are established</p> <p>2.2. Current investment and assets position of the client are determined and an initial analysis of client's financial position undertaken based on the extent of client disclosure</p>
3. Determine client goals and priorities with respect to finance broking	<p>3.1. Client is asked to clarify their <b><i>investment goals and expectations</i></b></p> <p>3.2. <b><i>Risk issues and tolerance</i></b> are explored comprehensively with client and <b><i>client concerns</i></b>, if any, are identified and responded to promptly and appropriately</p> <p>3.3. Client priorities are established and confirmed</p> <p>3.4. Specialist advice is sought where necessary or client is referred to appropriate sources where required advice or services cannot be provided</p>
4. Prepare necessary documentation follow-up	<p>4.1. All relevant client facts, information, financial and personal histories are documented, checked and managed confidentially in accordance with organisation policy and guidelines and <b><i>relevant legislation and industry codes of practice</i></b></p> <p>4.2. Client records are created or updated where necessary in a clear and concise format and securely filed in a format and location readily accessible to other appropriate advisers</p>

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

This section describes the skills and knowledge required for this unit.

#### Required skills

- well-developed communication skills to:
  - determine and confirm client requirements, using questioning and active listening as required
  - build rapport with the client and clearly explain financial and mortgage broking services
  - liaise with others, share information, listen and understand
  - use language and concepts appropriate to cultural differences
- customer service skills such as:
  - providing appropriate contact with client throughout the broking procedure
  - dealing with emotive situations as required
  - appropriate timing of events in the broking process
- research and analysis skills for accessing, interpreting and managing complex information and analysing client needs
- numeracy and IT skills to:
  - access and use appropriate software such as organisational broking systems, spreadsheets and databases
  - calculate client debt and risk quickly and accurately
  - access internet information
- literacy skills to:
  - read and interpret organisational and industry information
  - prepare client records and related documentation
- organisational skills, including the ability to plan and sequence work

#### Required knowledge

- basic financial and accounting terms and concepts relating directly to mortgage or finance broking such as:
  - interest rates
  - flexible and fixed rates
  - types of mortgage accounts
  - procedures and principles of deposit bonds
  - financial records relating to different ownership models
- complaint resolution processes, complaint handling procedures, relevant legislation and the roles of the various alternative disputes resolution schemes and services
- credit and credit reporting services
- economic environment, business cycle and role financial markets, interest rates,

**REQUIRED SKILLS AND KNOWLEDGE**

- exchange rates and inflation
- legal environment and relevant legislation affecting finance and mortgage broking services around such issues as:
  - disclosure
  - compliance and ethical requirements in terms of privacy
  - industry codes of practice
  - Uniform Consumer Credit Code (UCCC)
- lender's mortgage insurance
- loan transaction terminology and definitions of the parties involved such as:
  - lender
  - borrower
  - lessor
  - lessee
  - mortgagee
  - mortgagor
- real estate terms and concepts such as:
  - land titles and searches
  - strata title versus company title
  - multiple securities
  - securing second mortgages
  - subdivisions of title and partial discharge of mortgage where multiple securities are held by lender
- the legal environment for the finance industry and how to keep currency with the changes occurring, and the issues and laws relating to disclosure and compliance
- the roles of the various players in the finance broking market such as associations and government authorities
- types of calculations such as deferred establishment fees and early repayment penalties

## Evidence Guide

<b>EVIDENCE GUIDE</b>	
<p>The Evidence Guide provides advice on assessment and must be read in conjunction with the performance criteria, required skills and knowledge, range statement and the Assessment Guidelines for the Training Package.</p>	
<b>Overview of assessment</b>	
<b>Critical aspects for assessment and evidence required to demonstrate competency in this unit</b>	<p>Evidence of the ability to:</p> <ul style="list-style-type: none"> <li>• communicate knowledge of the finance and mortgage broking industries effectively with clients</li> <li>• apply analytical skills to assess client needs</li> <li>• apply knowledge of investment opportunities, risk, company policies and relevant legislation so clients can make informed decisions.</li> </ul>
<b>Context of and specific resources for assessment</b>	<p>Assessment must ensure:</p> <ul style="list-style-type: none"> <li>• competency is demonstrated in the context of the financial services work environment and conditions specified in the range statement either in a relevant workplace or a closely simulated work environment</li> <li>• access to and the use of a range of common office equipment, technology, software and consumables</li> <li>• access to finance and mortgage product information</li> <li>• access to relevant software system and data.</li> </ul>
<b>Method of assessment</b>	<p>A range of assessment methods should be used to assess practical skills and knowledge. The following examples, in combination, are appropriate for this unit:</p> <ul style="list-style-type: none"> <li>• evaluating an integrated activity which combines the elements of competency for the unit or a cluster of related units of competency</li> <li>• observing processes and procedures in workplaces or role plays</li> <li>• verbal or written questioning on underpinning knowledge and skills</li> <li>• setting and reviewing workplace projects and business simulations or scenarios</li> <li>• evaluating samples of work</li> <li>• accessing and validating third party reports.</li> </ul>
<b>Guidance information for assessment</b>	

## Range Statement

### RANGE STATEMENT

The range statement relates to the unit of competency as a whole. It allows for different work environments and situations that may affect performance. Bold italicised wording, if used in the performance criteria, is detailed below. Essential operating conditions that may be present with training and assessment (depending on the work situation, needs of the candidate, accessibility of the item, and local industry and regional contexts) may also be included.

<p><b><i>Finance and mortgage broking process</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• assessment of loan and pre-approval</li> <li>• complaints procedures</li> <li>• exchange of contracts</li> <li>• follow-up service and information</li> <li>• interview</li> <li>• letter of offer</li> <li>• needs analysis</li> <li>• regulators' guidelines</li> <li>• relevant industry standards and codes of conduct</li> <li>• settlement</li> <li>• the overall loan process</li> <li>• unconditional approval.</li> </ul>
<p><b><i>Background, credentials and role of the broker</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• broker commitment to service</li> <li>• educational qualifications</li> <li>• participation in related professional associations</li> <li>• responsibilities of the broker</li> <li>• roles played by intermediaries such as lenders.</li> </ul>
<p><b><i>Services, values and capacity</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• organisational commitment to service</li> <li>• pricing and fee structures</li> <li>• printed organisation information such as:             <ul style="list-style-type: none"> <li>• history</li> <li>• mission statement</li> <li>• client charter</li> </ul> </li> <li>• range of services provided</li> <li>• relevant industry standards and codes of conduct</li> <li>• relevant legal requirements</li> <li>• the relationship between ethics and regulatory requirements such as good faith</li> <li>• types of classes of mortgage products</li> <li>• what to expect from broker.</li> </ul>
<p><b><i>Fees and charges</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• commissions from lenders</li> <li>• commissions paid to franchisees</li> </ul>



<b>RANGE STATEMENT</b>	
	<ul style="list-style-type: none"> <li>• loan establishment fees</li> <li>• loan value fees</li> <li>• trailing commissions.</li> </ul>
<i>Procedures for complaint handling and resolution</i> may include:	<ul style="list-style-type: none"> <li>• contact with client relations officer</li> <li>• contact with the mortgage industry ombudsman</li> <li>• in-house procedures.</li> </ul>
<i>Client's relevant facts</i> may include:	<ul style="list-style-type: none"> <li>• age</li> <li>• business needs</li> <li>• debt position</li> <li>• family income or support</li> <li>• investment history</li> <li>• marital status</li> <li>• savings.</li> </ul>
<i>Personal and financial information</i> may include:	<ul style="list-style-type: none"> <li>• details of the client's needs and objectives for:               <ul style="list-style-type: none"> <li>• income</li> <li>• security</li> <li>• liquidity</li> <li>• the time period they hope to hold property for.</li> </ul> </li> </ul>
<i>Investment goals and expectations</i> may include:	<ul style="list-style-type: none"> <li>• approach to investing:               <ul style="list-style-type: none"> <li>• speculative</li> <li>• passive</li> <li>• active</li> </ul> </li> <li>• beliefs about performance, security and fluctuations in income and capital</li> <li>• income expectations</li> <li>• long-term or short-term goals</li> <li>• return expectations</li> <li>• security.</li> </ul>
<i>Risk issues and tolerance</i> may include:	<ul style="list-style-type: none"> <li>• access restrictions of product</li> <li>• attitude to risk:               <ul style="list-style-type: none"> <li>• conservative</li> <li>• moderate</li> <li>• high</li> </ul> </li> <li>• borrowing risk or gearing</li> <li>• flexibility of product</li> <li>• market and sector risks:               <ul style="list-style-type: none"> <li>• economic cycle</li> </ul> </li> </ul>

<b>RANGE STATEMENT</b>	
	<ul style="list-style-type: none"> <li>• interest rates</li> <li>• property values</li> <li>• property management</li> <li>• specific product risk</li> <li>• volatility of income and capital.</li> </ul>
<i>Client concerns</i> may include:	<ul style="list-style-type: none"> <li>• possible accrued debt</li> <li>• price or interest resistance</li> <li>• resistance to organisation or broker</li> <li>• risk</li> <li>• timing issues</li> <li>• uncertainty about the product.</li> </ul>
<i>Relevant legislation and industry codes of practice</i> may include:	<ul style="list-style-type: none"> <li>• Australian Securities and Investments Commission (ASIC) Act</li> <li>• Corporations Act</li> <li>• jurisdiction of various regulators</li> <li>• Privacy Act</li> <li>• relevant legal principles</li> <li>• Uniform Consumer Credit Code (UCCC)</li> </ul>

### Unit Sector(s)

<b>Unit sector</b>	Finance/mortgage broking
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<b>ELEMENT</b>	<b>PERFORMANCE CRITERIA</b>

### Competency field

<b>Competency field</b>	
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## Co-requisite units

<b>Co-requisite units</b>		