



**Australian Government**

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

# **FNSFMB501A Settle applications and loan arrangements in the finance and mortgage broking industry**

Release: 1

## **FNSFMB501A Settle applications and loan arrangements in the finance and mortgage broking industry**

### **Modification History**

Not applicable.

### **Unit Descriptor**

<b>Unit descriptor</b>	<p>This unit describes the performance outcomes, skills and knowledge required to settle applications and loan arrangements for debt finance and undertaking the final arrangements to secure and complete the lending transaction for a client applying for a mortgage or related finance.</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. Prepare for settlement	<p>1.1. All <i>pre-settlement conditions of finance approval</i> are confirmed with lender providing funds and the <i>various parties</i> to settlement are communicated with to confirm that <i>documentation</i> and any other <i>settlement issues</i> are in order</p> <p>1.2. In the case of a second mortgage advance, confirmation is obtained that prior mortgagee has consented to the subsequent mortgage</p> <p>1.3. Documents are checked to ensure they are correctly executed, witnessed and dated before sending to <i>approving personnel</i></p>
2. Register securities	<p>2.1. Loan approval is checked for <i>conditions</i> relating to the taking of security</p> <p>2.2. Party acting for the lender is instructed to liaise with all parties to the settlement and attend <i>settlement</i></p> <p>2.3. Securities are registered and stamped in accordance with lender's procedures and <i>relevant legislation</i> with all security actions taken confirmed as correct and complete</p>
3. Arrange for the disbursement of funds	<p>3.1. Drawdown of the funds is arranged by the lender or solicitor acting for the lender</p> <p>3.2. Funds are <i>disbursed</i> in accordance with the requirements of loan approval and instructions received from the client</p> <p>3.3. Relevant client correspondence is activated to advise client of disbursement of funds, date of settlement, manner of disbursement and other relevant details</p>

## Required Skills and Knowledge

### REQUIRED SKILLS AND KNOWLEDGE

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

#### Required skills

- communication skills to:
  - determine and confirm client and lender requirements, using questioning and active listening as required
  - 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 settlement procedure
  - appropriate timing of events in the settlement process
- research and analysis for accessing, interpreting and managing complex information and analysing client needs and lender requirements
- numeracy and IT skills to:
  - access and use appropriate loan assessment software, organisational templates plus spreadsheets and databases
  - access internet information
- well-developed literacy skills to:
  - read and interpret organisational and industry information
  - proofread documentation
  - prepare settlement documentation and related documentation
- organisational skills, including the ability to plan and sequence work

#### Required knowledge

- current industry codes of practice including:
  - Consumer Credit Code
  - Privacy Act
  - Credit Act
- loan application process
- organisational current loan products and services, their features and requirements
- process of registering security documentation
- relevant current legislation and statutory requirements
- relevant policies and procedures in regard to:
  - opening an account
  - storage
  - registration
- settlement procedures

## 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>accurately complete loan settlement tasks and disbursement of funds within agreed timelines as required by the organisation</li> <li>interpret and comply with relevant legislation, statutory requirements and organisational procedures.</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 lending product information</li> <li>access to relevant specialist software 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>verbal or written questioning on underpinning knowledge and skills</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>Pre-settlement conditions of finance approval</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• checking for existence of existing registered company charges and obtaining consent to subsequent charge where appropriate</li> <li>• checking that the original approval has not expired through passage of time (most approvals are only valid for three months, then subject to review)</li> <li>• confirming amount required to discharge other debts or registered encumbrances</li> <li>• gaining consent of prior mortgagee if second mortgage security is being taken</li> <li>• ensuring borrowing parties have verified their identity to avoid fraud</li> <li>• ensuring contracts for the sale of land, including land transfer documents, have been properly executed to ensure the legal transfer of title and are in accordance with the original loan application</li> <li>• lender's interest</li> <li>• obtaining copy of approval to commence development or construction</li> <li>• obtaining copy of signed and stamped lease of property</li> <li>• obtaining copy of signed building contract</li> <li>• obtaining evidence that any necessary independent legal or financial advice has been obtained</li> <li>• obtaining evidence that other undertakings by the borrower have been met such as:             <ul style="list-style-type: none"> <li>• sale and settlement of other property</li> <li>• repayment of other debts</li> </ul> </li> <li>• provision of evidence of insurance.</li> </ul>
<p><b><i>Various parties</i></b> may include:</p>	<ul style="list-style-type: none"> <li>• parties holding land titles required for registration of documents, including prior mortgagee</li> <li>• parties holding encumbrances that are to be lifted and relodged, discharged or withdrawn:             <ul style="list-style-type: none"> <li>• caveats</li> <li>• warrants</li> </ul> </li> </ul>

<b>RANGE STATEMENT</b>	
	<ul style="list-style-type: none"><li>• memorials</li><li>• other forms of encumbrance</li><li>• solicitors or settlement agents arranging the transfer of land</li><li>• parties whose existing mortgages or company charges are to be discharged.</li></ul>



<b>RANGE STATEMENT</b>	
<b>Documentation</b> may include:	<ul style="list-style-type: none"> <li>• Credit Reference Association of Australia (CRAA) authority signed</li> <li>• guarantees</li> <li>• loan contract</li> <li>• periodical payment authority</li> <li>• signed application form.</li> </ul>
<b>Settlement issues</b> may require that the broker:	<ul style="list-style-type: none"> <li>• confirm the amounts required by the various parties to the settlement, identify the sources of the funds required to achieve settlement, and confirm availability of the funds in time for the proposed settlement date</li> <li>• ensure arrangements have been made by one or more of the parties to the settlement to ensure that all existing encumbrances, caveats, registered company charges, etc. will be discharged, satisfied or withdrawn at settlement</li> <li>• ensure that there are no arrears of rates or taxes from local authorities or government utilities that, if unpaid, remain as a first ranking charge over the title.</li> </ul>
Relevant <b>approving personnel</b> may include:	<ul style="list-style-type: none"> <li>• credit manager</li> <li>• loans approval officer</li> <li>• relationship manager.</li> </ul>
<b>Conditions</b> of the loan approval may include:	<ul style="list-style-type: none"> <li>• change of term</li> <li>• amount financed</li> <li>• balloon or residual value initially stated in application</li> <li>• deposit or additional equity in the purchase</li> <li>• insurance over asset mortgaged or financed</li> <li>• loan guarantor</li> <li>• security over debtor assets or asset purchased through the loan.</li> </ul>
<b>Settlement</b> may take place:	<ul style="list-style-type: none"> <li>• at the lender's site or another site.</li> <li>• with loans settled by lending organisations such as: <ul style="list-style-type: none"> <li>• banks</li> <li>• building societies</li> <li>• credit unions</li> <li>• mortgage managers and originators.</li> </ul> </li> </ul>
<b>Relevant legislation</b> may include:	<ul style="list-style-type: none"> <li>• Chattels and Securities Act</li> <li>• Cheques and Payment Orders Act</li> <li>• codes of practice</li> <li>• Consumer Credit Code</li> <li>• Credit Reference Association of Australia (CRAA)</li> <li>• Electronic Funds Transfer (EFT) Code of Conduct</li> </ul>

<b>RANGE STATEMENT</b>	
	<ul style="list-style-type: none"> <li>• Financial Institutions (FI) Code</li> <li>• Financial Transaction Reports Act</li> <li>• Privacy Act</li> <li>• prudential legislation.</li> </ul>
<i>Methods of funds disbursement</i> may include:	<ul style="list-style-type: none"> <li>• crediting an account</li> <li>• top-up of existing debt</li> <li>• issuing a cheque to third party</li> <li>• issuing a cheque to applicant</li> <li>• marking up a limit</li> <li>• property settlement.</li> </ul>

### **Unit Sector(s)**

<b>Unit sector</b>	Finance/mortgage broking
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### **Competency field**

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

<b>Co-requisite units</b>		