

# FINANCIAL SERVICES: ALTERNATIVE PATHWAY FOR INDIVIDUALS

## EVIDENCE CHECKLIST:

### CORE + RESIDENTIAL PROPERTY LENDING STRAND

This is the Evidence Checklist referred to in the Alternative Pathway for Individuals - Application Evidence Guide.

The checklist sets out the criteria against which you will be assessed and provides guidance on the type of evidence you need to supply to show how you meet the criteria. Evidence can be in the form of the 3 client files you need to provide, or other relevant documents. You can also make notes in the “notes” column of the table. If there are gaps in the evidence provided, your assessor will discuss this with you.

You need to complete and submit this checklist as part of your application, along with other documentation such as:

- Evidence of training in current New Zealand legislation pertaining to Financial Services
- At least 2 professional referees
- Evidence of your Disclosure Statement (or equivalent)
- 3 complete client files
- A detailed work history
- Evidence of continuing professional development

## Core - Outcome 1

You will need to show evidence of how you apply good conduct obligations in client interactions, including the advice process and the key elements of legal, ethical, and professional obligations.

Evidence Required - what you need to show	✓	Notes to show how/ where you can demonstrate each requirement
Hold US 31855 <b>OR</b>  Proof of training with an approved and accredited NZ training provider		

## Core - Outcome 2

You will need show how you have provided a range of financial advice solutions to clients using knowledge of key financial institutions, systems, markets, and products/services.

Evidence Required - what you need to show		✓	Notes to show how/ where you can demonstrate each requirement
1.	Demonstrate knowledge of financial markets, systems, and market participants		
	<p>You will need to show evidence of the following, specific to the Strand you are completing:</p> <ul style="list-style-type: none"> <li>▪ The current market, participants, cycle, trends, and impact on clients</li> <li>▪ Products, providers, and intermediaries, e.g. Agencies or binders explained</li> <li>▪ License type, FAs, and other information as required for disclosure</li> </ul>		
2.	Demonstrate knowledge of financial products and services		
	<p>Client files/ evidence of the following:</p> <ul style="list-style-type: none"> <li>▪ Description of event risks that may impact on a family/individual</li> <li>▪ Evidence that you have discussed each of these event risks with the client</li> <li>▪ Financial analysis and requirements for each event risk</li> <li>▪ Recommendations for the range of suitable products</li> <li>▪ Recommendations on policy ownership which shows an understanding of estate planning</li> <li>▪ Commentary on any relevant tax considerations for policy premiums and impact of tax at claim time</li> <li>▪ Commentary on other related estate matters e.g. EPA's, up to date wills etc</li> <li>▪ What markets were approached</li> </ul>		

	<ul style="list-style-type: none"> <li>▪ Which products were identified as potentially suitable?</li> <li>▪ Any comparisons done for the various products</li> <li>▪ If overseas placements, was tax addressed if applicable</li> <li>▪ Are levies calculated correctly and shown clearly e.g. Fire service or EQC and explained?</li> <li>▪ Were any other relevant tax implications relevant</li> </ul>		
3.	Apply knowledge of financial markets, systems, participants, and services and products to provide financial advice solutions in a general financial services context		
	<p>Client files/ evidence of the following:</p> <ul style="list-style-type: none"> <li>▪ Risk File showing risk management techniques identified</li> <li>▪ Similar as above for products, pricing, research. Any comparisons done for the various products and recommendations as appropriate for client needs</li> <li>▪ Clarity on products which are insurable but not taken up by customer based on scope</li> <li>▪ Advice meets client's needs, links back to quantified needs identified in fact find etc.</li> </ul>		

## Core - Outcome 3

You will need show how you provided a range of financial advice solutions using knowledge of key factors in the economic environment that impact participants in the financial services sector.

Evidence Required - what you need to show		✓	Notes to show how/ where you can demonstrate each requirement
1.	Demonstrate knowledge of factors in the economic environment that impact participants in the financial services sector		
	<p>Client files/ evidence of the following:</p> <ul style="list-style-type: none"> <li>▪ Commentary on the market and current cycle</li> <li>▪ Reinsurance</li> <li>▪ Claims experience or legislation impacting the client or insurance sector which may impact costs or capacity</li> <li>▪ New providers or existing ones</li> <li>▪ Overseas factors</li> <li>▪ Changes in things like EQC limits, fire service levies, Wellington capacity etc.</li> <li>▪ Investment returns, global impacts, insurer financial security/claims paying ability, global economic issues</li> <li>▪ Client file notes, evidence of broad discussion re factors &amp; how they might impact on client.</li> </ul>		

2.	Apply knowledge of key factors in the economic environment to provide financial advice solutions		
	As above		

## Core - Outcome 4

You will need show how you interpreted applicable provisions in the regulatory framework to use when providing Financial Advice and Financial Advice Services.

Evidence Required - what you need to show	✓	Notes to show how/ where you can demonstrate each requirement
Hold US 31858 <b>OR</b>  Proof of training with an approved and accredited NZ training provider		

## Residential Property Lending Strand – Outcome 20

You will need to show how you provided residential property lending services using knowledge of residential property lending concepts and principles, legislation, regulations, codes of conduct, and the purpose, responsibilities, and roles of participants.

Evidence Required - what you need to show		✓	Notes to show how/ where you can demonstrate each requirement
1.	Explain and apply knowledge of the regulatory framework when providing residential property lending services.		
	Client files/ evidence that shows the compliance with applicable code, conditions, and disclosure requirements.		
2.	Explain key roles in residential property lending organisations.		
	Client files/ evidence show SOA, involving other specialist/s and stating the rationale for involvement.		
3.	Explain key lending concepts and their relevance to typical residential property lending situations.		
	Client files/ evidence showing the following: <ul style="list-style-type: none"> <li>▪ Diary notes: Calculations including lending value ratio and repayment based on income and over timeline - type of property being secured.</li> </ul>		
4.	Demonstrate knowledge of lending frameworks related to residential property lending.		
	Client files/ evidence that shows the policies and criteria that were taken into account in loan recommendations (e.g. apartment lending policy, leasehold policy, low deposit criteria, Kianga Ora first home policy, bank valuation policy, use of overtime income, offshore income, etc.)		



## Residential Property Lending Strand – Outcome 21

You will need to show how you established, analysed, and reviewed a range of residential property lending needs, objectives, risk tolerance, and priorities.

Evidence Required - what you need to show		✓	Notes to show how/ where you can demonstrate each requirement
1.	Gather client information to determine client residential property borrowing needs.		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ Evidence of the fact-finding stage</li> <li>▪ Documented file notes where the adviser has had a robust discussion with the client and identified any factors that may impact on their ability to repay the loan.</li> <li>▪ Evidence will be via a completed loan application form and extensive file notes</li> </ul>		
2.	Analyse client information to determine any potential impacts on client residential property borrowing needs.		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ Statement of position and file notes e.g. identified the impacts of events such as Covid 19, changes to lender's criteria, interest rates.</li> <li>▪ SOA recommendations address any changes for the client.</li> <li>▪ The loan structure recommended provides flexibility to cover any changes.</li> <li>▪ Evidence of the adviser reviewing lender products</li> <li>▪ Recommendations identify the need to involve other specialists i.e. lawyer to update wills/EPOAs, insurances etc.</li> <li>▪ Evidence in file notes and data collection of any risks to the client, along with recommendations to seek appropriate advice.</li> </ul>		

	<ul style="list-style-type: none"><li>▪ The advice includes appropriate links to research of the lender's products</li></ul>		
--	--	--	--

## Residential Property Lending Strand – Outcome 22

You will need to show how you analysed residential property lending products, structures, and options, when developing solutions to a range of residential property lending needs.

Evidence Required - what you need to show		✓	Notes to show how/ where you can demonstrate each requirement
1.	Apply knowledge of residential property lending products and services to develop solutions that meet client residential property lending needs.		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ The SOA sets out the features of the loan structure and recommendations demonstrate how it meets the client's needs.</li> <li>▪ Advice includes the risks and disadvantages of the loan structure recommended.</li> <li>▪ Research by the adviser demonstrates how the loan structure meets the client needs.</li> <li>▪ The needs will be identified in loan application form and file notes from adviser.</li> <li>▪ The serviceability calculator is attached and shows LVR, UMI, NSR, LRR (ASB) calculations. A minimum should be LVR &amp; UMI.</li> <li>▪ The advice explains KiwiSaver provisions. Evidence of the adviser discussing KiwiSaver provisions is included.</li> </ul>		

2.	Apply knowledge of client and adviser circumstances that are relevant to creating residential property lending solutions that meet client needs.		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ The legal structure was identified upfront with the client e.g. individual or Trust.</li> <li>▪ Evidence of the adviser requesting a Trust Deed, name, ID, IRD number, number of trustees and names, DOBs of beneficiaries.</li> <li>▪ Evidence of the adviser discussing ownership structure and what the implications of the structure mean</li> </ul>		
3.	Process a residential property loan application		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ Loan application is provided and includes lender's checklist, diary note, loan application form, authority and declaration, SnP agreement, bank statements, credit card statements, gifting, boarders, ID, employment, valuation (this includes the 2 valuation methodologies), rental income, proof of residency , WFF.</li> <li>▪ Evidence required is subject to the client's situation.</li> <li>▪ Evidence for a complaint loan application and evidence that the adviser has validated, or cross checked the information.</li> <li>▪ The serviceability calculator shows UMI.</li> <li>▪ If an investor, evidence of the adviser calculating net and gross yield.</li> </ul>		

## Residential Property Lending Strand – Outcome 23

Developed solutions to residential property lending needs using knowledge of the relationship between the economic environment and events, the residential property market, and the impacts on residential property lending.

Evidence Required - what you need to show		✓	Notes to show how/ where you can demonstrate each requirement
1.	Demonstrate knowledge of the effects of economic, political, demographic, and geographic factors on the residential property market.		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ Notes demonstrating a discussion has occurred with each client.</li> <li>▪ What solutions have been considered - term and rate.</li> <li>▪ The impacts of up and coming events such as elections, covid-19, the housing market in the specific area and what sort of property is being used for security.</li> </ul>		
2.	Explain key residential property concepts that impact property values and availability of lending.		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ Notes demonstrating discussion has occurred with each client.</li> <li>▪ Diary notes clearly state the purpose of the loan and legal structure of the client</li> </ul>		

3.	Apply knowledge of market factors and key lending concepts to meet client residential property borrowing needs.		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ SOA recommendations demonstrate how advice meets client's needs</li> <li>▪ File should include the research undertaken to come up with the advice which may include comparison of property values in the same area.</li> </ul>		

## Residential Property Lending Strand – Outcome 24

Applied the Six Step advice process to provide advice in a residential property lending context.

Evidence Required - what you need to show		✓	Notes to show how/ where you can demonstrate each requirement
1.	Provide advice in a residential property lending context using the Six Step Process.		
	<p>Client files/ evidence that shows the following:</p> <ul style="list-style-type: none"> <li>▪ Evidence of receiving disclosure statement, agreeing scope of service, limitations of advice identified.</li> <li>▪ Goals are quantified, evidence of analysis of the client's situation &amp; researching lender's products.</li> <li>▪ Involvement of other specialists identified, with rationale.</li> <li>▪ Recommendations are specific and demonstrate link back to client goals &amp; needs.</li> <li>▪ Benefits, risks, and disadvantages are clearly identified.</li> <li>▪ SOA contains implementation plan setting out adviser and client responsibilities, with timeframes.</li> <li>▪ Records of feedback from client, evidence of adviser ensuring client understands the recommendations, in file notes.</li> <li>▪ Evidence of client accepting the letter of offer and records of communications throughout the process.</li> <li>▪ Evidence of the adviser advising when the next contact will be and identifying when the client needs to contact the adviser e.g. material changes.</li> <li>▪ Evidence of adviser reviewing advice with client. This would be a templated letter and records of discussions.</li> <li>▪ Where required, if the advice has been updated, a new SOA has been completed.</li> </ul>		