



Responsible Lending Part A – Learning Assessment

Mortgage Managers

Responsible Lending Part A – Learning Assessment

The assessment set out below has been designed for use only by those who have read the Responsible Lending Part A Learning Guide prepared by Advantedge in June 2010.

No.	Question	Answer Options (only one is right)	Answer
1	The National Consumer Credit Protection Act (NCCP) will apply	<p>A. only in those States where existing legislation is not in place to regulate the consumer credit industry</p> <p>B. in all States and Territories of Australia</p> <p>C. in Western Australia, Victoria, New South Wales and the Australian Capital Territory</p>	
2	One of the major changes resulting from the replacement of the Uniform Consumer Credit Code with the National Credit Code is	<p>A. expansion to include credit provided wholly or predominantly to finance the purchase, renovation or improvement, or to refinance an existing credit contract entered into for the purchase, of residential property for investment purposes</p> <p>B. expansion to include credit provided wholly to finance the purchase, renovation or improvement, or to refinance an existing credit contract entered into for the purchase, of residential property for investment purposes</p> <p>C. expansion to include credit provided wholly or predominantly to finance the purchase, renovation or improvement, or to refinance an existing credit contract entered into for the purchase, of residential property for owner-occupied purposes</p> <p>D. expansion to include credit provided wholly to finance the purchase, renovation or improvement, or to refinance an existing credit contract entered into for the purchase, of residential property for owner-occupied purposes</p>	
3	The National Credit Code replaces the Uniform Consumer Credit Code on what date	<p>A. 1st July, 2010</p> <p>B. 1st October, 2010</p> <p>C. 1st December, 2010</p> <p>D. 1st January, 2011</p>	

No.	Question	Answer Options (only one is right)	Answer
4	<p>Which option provides the most comprehensive completion to this sentence:</p> <p>The consumer credit regime has been established to protect consumers by introducing a comprehensive national licensing regime...</p>	<p>A. for businesses and people that provide credit assistance to consumers</p> <p>B. for businesses and people that provide credit advice to consumers</p> <p>C. for businesses and people who engage in credit activities</p> <p>D. for businesses and people who provide credit to consumers</p>	
5	<p>All Representatives must be authorised in writing</p>	<p>A. True</p> <p>B. False</p>	
6	<p>A consumer's borrowings to fund the purchase of a small office block located in a suburb that is predominantly residential would be classed as consumer credit</p>	<p>A. True</p> <p>B. False</p>	
7	<p>What is the date from which reasonable steps must be taken to ensure consumers are not disadvantaged by any conflict of interest that may arise in relation to credit assistance in which a person/business is engaged</p>	<p>A. 30 June, 2010</p> <p>B. 1 January, 2011</p> <p>C. 1 July, 2010</p> <p>D. 1 July, 2011</p>	
8	<p>Which of the following actions would satisfy the conflicts of interest obligations of a registrant or licensee and their representatives</p>	<p>A. taking appropriate steps to ensure that a recommended credit contract or consumer lease is not unsuitable for the consumer's financial situation, requirements and objectives, and that the broker has not favoured his or her own interests at the expense of the consumer, and disclosing the conflict to the consumer</p> <p>B. disclosing the conflict of interest to the consumer and gaining the consumer's consent to proceed with the credit contract or consumer lease with that knowledge</p> <p>C. disclosing the conflict of interest to the consumer in writing</p>	

No.	Question	Answer Options (only one is right)	Answer
9	What are the three steps a registrant or licensee should take or ensure their representatives take to assist in meeting the responsible lending obligations	<p>A.</p> <ul style="list-style-type: none"> i. making reasonable enquiries about the consumer’s financial situation, requirements and objectives; ii. taking reasonable steps to verify the consumer’s financial situation, requirements and objectives; iii. making an assessment as to whether the credit contract or consumer lease is ‘not suitable’ for the consumer based on the information from the first two steps <p>B.</p> <ul style="list-style-type: none"> i. making reasonable enquiries about the consumer’s financial situation; ii. taking reasonable steps to verify the consumer’s financial situation; iii. making an assessment as to whether the credit contract or consumer lease is ‘not unsuitable’ for the consumer based on the information from the first two steps <p>C.</p> <ul style="list-style-type: none"> i. making reasonable enquiries about the consumer’s financial situation, requirements and objectives; ii. taking reasonable steps to verify the consumer’s financial situation; iii. making an assessment as to whether the credit contract or consumer lease is ‘not unsuitable’ for the consumer based on the information from the first two steps 	
10	Responsible lending obligations do not apply if a credit assistance provider recommends a consumer remain in their current loan facility	<p>A. True</p> <p>B. False</p>	

No.	Question	Answer Options (only one is right)	Answer
11	Reasonable inquiries about a consumer's financial situation must be made to determine their ability to meet	A. the repayments, fees, charges and transaction costs associated with the credit contract or consumer lease B. the repayments on the credit contract or consumer lease C. the fees, charges and transaction costs associated with the credit contract or consumer lease	
12	A consumer seeks a loan of \$385,000. The credit assistance provider makes reasonable inquiries to establish that \$250,000 will be used to refinance the consumer's existing home loan and \$55,000 will be used to payout an existing car lease, but makes no inquiries into the purpose of the remainder of the funds. Has the credit assistance provider met the criteria for making reasonable inquiries in to the consumer's requirements and objectives	A. Yes B. No	
13	ASIC have stated in RG202 that what constitutes taking reasonable steps to verify information is scalable and that "the assessment made by a credit assistance provider is considered to be a 'preliminary assessment' based on the information available to the credit assistance provider". This means that a credit assistance provider (eg a broker) doesn't have to be concerned about verifying a consumer's income and that ultimately the onus is on the credit provider to ensure that a consumer can meet the financial obligations of the loan.	A. True B. False	

No.	Question	Answer Options (only one is right)	Answer
14	Which of the following documents may be used when verifying a consumer's income	A. recent payslips B. phoning the consumer's employer C. recent tax returns D. statement from the consumer's accountant E. all of the above	
15	What two considerations should be made when undertaking an assessment to ascertain if a credit contract or consumer lease is not unsuitable for a consumer	A. <ul style="list-style-type: none"> i. Will the consumer be unable to meet their financial obligations under the proposed credit contract or consumer lease? ii. Will the proposed credit contract or consumer lease meet most of the consumer's requirements and objectives? B. <ul style="list-style-type: none"> i. Will the consumer be unable to meet their financial obligations under the proposed credit contract or consumer lease, or only be able to do so with substantial hardship? ii. Will the proposed credit contract or consumer lease meet the consumer's requirements and objectives? C. <ul style="list-style-type: none"> i. Will the consumer be able to meet their financial obligations for the next ten years under the proposed credit contract or consumer lease? ii. Will the proposed credit contract or consumer lease meet the consumer's requirements and objectives? D. <ul style="list-style-type: none"> i. Will the consumer be unable to meet their financial obligations under the proposed credit contract or consumer lease, or only be able to do so with substantial hardship? ii. Will the proposed credit contract or consumer lease meet most of the consumer's requirements and objectives? 	

No.	Question	Answer Options (only one is right)	Answer
16	A consumer does not need to be provided with a copy of the assessment on request and within certain timeframes until 1st January, 2011	A. True B. False	
17	Should a consumer's future prospects, including any significant change to their financial circumstances, be considered when undertaking an assessment	A. No, there is no way to tell what is going to happen in the future B. Yes, but only those changes which are reasonably foreseeable can be considered	
18	If a consumer could only comply with a credit contract by selling their principal place of residence, there is a presumption that the consumer can comply only with substantial hardship	A. True B. False	
19	When determining if a credit contract or consumer lease is likely to result in substantial hardship to a consumer, the following may be considered	A. Other debt obligations B. Whether the consumer is likely to have to sell an asset to repay the loan C. Consistency and reliability of the consumer's income D. All of the above	
20	If a broker's preliminary assessment revealed that a consumer could not meet the financial obligations of a particular credit contract being sought to assist with the purchase of a first principal place of residence, but the consumer still wished to proceed with the loan application, can the broker assist the consumer without breaching the NCCP Act	A. Yes B. No	