From: S 9 (2) (a)
Sent: 30 April 2018 16:44
To: code secretariat
Subject: RFA Certification and clarification - queries re": Level 5 through 7 for Mortgage Brokers etc 30.4.2018

To whom it may concern,

I apologise before I begin , as this has likely turned out to be a little mangled, but we the "minority RFA's " Brokers need to be heard too.

As one of the "mortgage broker RFA's " , it is greatly concerning RFA's like myself are being shovelled under the carpet on ability etc & doing level 5 papers- yet again, we started down that road, then it seemed everything stopped.

Myself I have a long history of mortgages, working in paid and community budgeting , generally helping a lot fo people get of hard places, no amount of degrees etc, are going to replace the knowledge we have nor the assistance we give to people who are looking for homes or Welcome Home Loans etc, we have trained on these for years, right from the beginning for example of the Welcome Home Loans, we have to go through every part of the signing on ritual with clients , explain in depth why they are required to supply certain information and their commitment to the entire process- the disclosure factor is drummed into us constantly, but we are fully aware of it, but we do it not for the financial reward, but the ability to assist these clients to a better home & life.

We know there are still cowboy brokers out there that frustrate us "mundane" brokers as well- but most of us work with good reputable organisations that give us constant up to date CPD Training , meetings etc- Webinars.

Note this line from one of the advisers , who hopefully has submitted his take – but this sums us up really , Every life agent, mortgage broker, fire and general agent who does anything more than execution only (the client comes to you and tells you exactly what they want) or pure sales - and I reckon the greatest majority of RFAs do more than that!

If we are going to need an additional set of qualifications for what a majority of us have already trained for, issue disclosure statements for , give hours of non paid time for listening , sorting and assisting clients, what would you call the CPD Points training and Other training we have done? A lot of the papers I recall last time were not really functional to a particular area – as these days with the Robot world, excellent applications, more rigorous accountability for us through the AML Changes etc- a majority being hassled for a poor few makes no sense- or needs more rigorous discussion, as clearly it is a no from a lot of RFA's who work hard and diligently , keep up with the various banking industry standards and then some, plus the other Lending Institutions rules and regulations .

For the CWG & FMA ETC and your working committees if some degree of thought went into the ABC of people who actually sit on the front line doing the "mahi" of mortgages, sorting out huge messes of personal debt, a level of understanding with the Responsible Lending Code since its inception, so you pass on to the clients, who really never cared, until they got in the mess in the first place- this is where we are invaluable-
A person who works for a Bank or a another entity will only tell them to go away – so they see sharks, if you penalise us smaller advisers- or refer them to a budgeting Agency or other entity that does not still have the relevant qualifications, we are expected to have- see next paragraph on budgeters..

A lot of us smaller Brokers are affected by location, myself is a good example, but I offer fair and comprehensive mortgage advice as requested on whatever product a clients is wanting or best suited too , we deal with a lot of people coming back to NZ, who have not been under the new (latest) advice regime before, plus we have to deal with mortgagee sales, stressed mortgages , we deal with a lot of these a lot- whilst I was budgeting for years, I spent much time cleaning up peoples budgets and fixing up their messes as best we could- this means under the planned submissions- are Budgeters going to be made to follow the same set of advice that RFA's etc are subject too? Reason: often we are met with clients who have had major things happen because for example a budgeter has cancelled a contents insurance- or recommended a NAP-(Non Asset Procedure), or bankruptcy to atone for their debt, which in many cases would have been, so perhaps the Budgeting faction also requires an overhaul of its training and education best practices.

The product Advice often does not come to the mortgage broker- personally we refer the life insurance to an AFA, who is fully qualified to offer the advice and risks etc- but bound by getting it right for the client's needs- not a monetary gain for ourselves, if we try and do that, we are left with a dissatisfied client and clawback for the agent-
It makes no sense to lock all RFA Mortgage brokers into a Product rated system thought , seemingly when banks do exactly that that, they have KPI's to reach- why are we being penalised for their behaviours, we do not have KPI's we have businesses to run, consumers too look after.

On that point, I have had many a Bank jump on a client when signing up for "new to Bank " mortgage and take the insurance's etc themselves, plus it would be remiss not to mention the fact, that when getting a client to get information from the bank- banks will try and retain those clients, no matter what, so the fact little fish like us have to compete against big corporate banks, but their staff can hide behind the apron strings of the QFE Regime is somewhat weighted against us.

Investment advice- always referred to an appropriate AFA related investment advice or- ditto Kiwisaver

The "churn" seems un related to a lot of us RFA's , it is endemic for some advisers apparently, but apparently the "innocent " RFA's have to pay for the insurance driven RFA or AFA misdemeanours-
How do we differentiate when the Banks do exactly that?

Basically for each small business like us , who offer a clean open service , plus a definitive caring ear- plus professional also – most consumers want you to know more about them, they come often frustrated with their current bank, or no knowledge of what to do with their bank or situation, I can seriously say at least 80% of clients come to us, as they fall outside of standard bank criteria, we remedy this by putting into short term mortgages, so their act is cleaned up- only they can do that- then get them back into main stream banking when they qualify – plus have remained on task- this is not something that can be done by Banks etc, people need to have choices and freedom of this- if it gets too PC they will withdraw and lose their houses because they do not understand the protocols, some people of course will be just fine, but those people will either come directly to us with their needs or go straight to their banks to negotiate a deal- - so how far is too far?
People need certainly from small advisers as well as other advisers- but not because an adviser is a suit or having to pay for a large corporate office – it should be based on the needs solely of the clients.

We need consumers to come to us and have confidence of what we do by the current rules , but to stray into , too top heavy will push a lot of consumers over the limit of their capabilities- I think fair too say most advisers are not responsible for the mess most consumers get into – plus again in this day and age a good Life Insurance Broker gives a sage deal based on current circumstances of the consumer as opposed to trying to rip them off for big commissions- clients have all the rights now as opposed to being forced into anything.

Grandfathering is a good idea for long term mortgage/life brokers etc – because as above much to be gained from the experience that a younger generation has not quite learnt how to handle- but they are raised on KPI's etc-

In our succession plans- we wish to keep adding staff, plus a suitable younger Family Member, whom is currently studying Law in housing etc- , but it is better that it is not too constrained for the more experienced people , as they will go by natural attrition , but pushing them to do big papers that may last 5 to 10 years of work life is a bit OTT.

I think the CPD way and the people doing this and other structured study etc, I a great way for the "older" more experienced RFA 's, I suspect doing the rounds of a few Funders – ie: 2nd and 3rd Tier may weed out some callous, non-productive, money driven Brokers, who just keep taking monies and not resolving the issues-
Best practice would be to consult more to the little places also- as a lot of businesses are 5 or less people- or have RFA's tacked on somehow-

I have run out of time to put in a more orderly submission – but please do not throw away the need for good solid brokers- who actually get the clients & their needs- not treat them as a number and so forth- which this may well lead too.

Thank you

Kind Regards

Carol Mosen
RFA
S 9 (2) (a)