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| Title | **Interpret and demonstrate knowledge of the legal requirements for contracts in credit management** |
| Level | **4** | **Credits** | **10** |

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| Purpose | People credited with this unit standard are able to demonstrate knowledge of:– interpret contracts for credit management;– demonstrate knowledge of business entities in relation to contracts for credit management;– demonstrate knowledge of the law of ownership and transfer of real property; and– demonstrate knowledge of consumer legislation and its application to contracts for credit management. |

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| Classification | Financial Management > Credit Management |

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| Available grade | Achieved |

**Guidance Information**

1 Legislation applicable to this unit standard includes:

Companies Act 1993;

Consumer Guarantees Act 1993;

Contract and Commercial Law Act 2017;

Contractual Remedies Act 1979;

Credit Contracts and Consumer Finance Act 2003;

Fair Trading Act 1986;

Income Tax Act 2007;

Partnership Law Act 2019;

Personal Property Securities Act 1999;

Privacy Act 2020;

Property Law Act 2007;

associated regulations;

and all subsequent amendments and replacements.

2 This unit standard may be assessed on-job in the workplace using naturally occurring evidence or in off-job simulated work situations designed to draw upon similar performance to that required in work in a credit administration and/or credit management context.

**Outcomes and performance criteria**

**Outcome 1**

Interpret contracts for credit management.

**Performance criteria**

1.1 Identify types of contract, with consideration of their similarities and differences.

Range includes – simple contracts, deeds, guarantees.

1.2 Interpret contracts in terms of elements required for validity.

Range includes – offer, acceptance, consideration, intention to create contractual relationships.

1.3 Interpret contracts in terms of the authority of agents.

Range includes – express authority, ostensible authority.

1.4 Interpret contracts in terms of elements required for discharge.

Range may include but is not limited to – accord and satisfaction, agreement, performance.

1.5 Interpret breaches of contracts in terms of remedies available.

**Outcome 2**

Demonstrate knowledge of business entities in relation to contracts for credit management.

**Performance criteria**

2.1 Describe types of business entities in terms of their legal characteristics.

Range business entities may include but are not limited to – sole trader, partnership, company, joint venture, incorporated society, charitable trust, trading trust, Māori trust, limited partnerships;

legal characteristics may include but are not limited to – formation, limited liability, name, capital, continuity, transferability of ownership, control, taxation.

2.2 Explain the effect of types of business entities on contracts in credit management.

**Outcome 3**

Demonstrate knowledge of the law of ownership and transfer of real property.

**Performance criteria**

3.1 Explain transfer of ownership and risk, of real property, from seller to buyer in terms of legislation.

3.2 Explain the *nemo dat* principle and its exceptions in terms of ownership and possession.

**Outcome 4**

Demonstrate knowledge of consumer legislation and its application to contracts for credit management.

**Performance criteria**

4.1 Explain provisions relating to credit contracts in terms of the Fair Trading Act.

4.2 Explain provisions relating to credit contracts in terms of the Consumer Guarantees Act.

4.3 Explain provisions relating to credit contracts in terms of the Credit Contracts and Consumer Finance Act.

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| Planned review date | 31 December 2030 |

**Status information and last date for assessment for superseded versions**

| Process | Version | Date | Last Date for Assessment |
| --- | --- | --- | --- |
| Registration | 1 | 28 August 2000 | 31 December 2013 |
| Review | 2 | 28 June 2005 | 31 December 2021 |
| Rollover and Revision | 3 | 15 November 2012 | 31 December 2021 |
| Rollover and Revision | 4 | 22 May 2014 | 31 December 2021 |
| Review | 5 | 18 June 2015 | 31 December 2023 |
| Review | 6 | 24 September 2020 | N/A |
| Review | 7 |  | N/A |

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| Consent and Moderation Requirements (CMR) reference | 0121 |

This CMR can be accessed at [www.nzqa.govt.nz/framework/search/index.do](file:///C%3A/Users/josephr/Desktop/200122%20One%20on%20One%20Meetings/www.nzqa.govt.nz/framework/search/index.do).

**Comments on this unit standard**

Please contact Ringa Hora Services Workforce Development Council qualifications@ringahora.nz if you wish to suggest changes to the content of this unit standard.