



Mortgage loans

PROFICIENCY REQUIREMENTS LICENSING EXAMINATION

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Introduction

Background

Swedsec's mission is to create a high level of knowledge, regulatory compliance and good ethics among employees on the finance market by demanding licensing as well as compliance as a condition for continued licensing. Swedsec's vision is to maintain a high level of confidence in the finance market. A prerequisite for such confidence is that personnel working on the finance market possess adequate knowledge and skills to carry out their duties. The licensing requirement covers various categories of employees with different functions and roles at firms affiliated to Swedsec.

The licensing examination for mortgage loans has been developed in order to satisfy statutory and regulatory proficiency requirements.

Target group

The target group for the licensing examination for mortgage loans comprises those individuals whose work includes structuring, offering, granting, brokering or providing advice to consumers regarding mortgage loans, e.g. advisers and loan officers. More information about the target group is provided in Swedsec's Rules and Regulations, Chapter 3, section 1, category D.

Proficiency requirements constitute a basic level of proficiency which licence holders in the target group must possess irrespective of work duties and position. An employee's function and role may be such as to require the employee to possess in-depth and/or additional knowledge over and above that which is covered by these proficiency requirements. It is the responsibility of the affiliated company to assess what is sufficient based on the employee's work duties.

Structure and function of the proficiency requirements

The proficiency requirements are divided into sections (subject areas), subsections, and checkpoints. A checkpoint specifies what the licence holder is expected to master within a given relatively small field of knowledge. Every single item in the licensing examination is directly linked to a checkpoint in this document.

The proficiency requirements are intended to function as a support when developing relevant syllabuses and also to serve as a basis when setting examination questions. In addition, they are designed to give an overview of what is expected of a licence holder. It is the task of each professional training provider to interpret the proficiency requirements and develop a relevant and instructive course based on such interpretation.

Changes to proficiency requirements

The applicable proficiency requirements are available on www.Swedsec.se. A review is conducted annually before the end of the year. Changes to the proficiency requirements are published on www.Swedsec.se after a decision has been taken. It is the responsibility of each individual professional training provider to stay abreast of the most recent version.

Structure of the proficiency requirements

Proficiency requirements are divided into sections (subject areas), subsections and checkpoints. The sections included in the licensing examination for mortgage loans are:

- Products and processes
- Finances and market
- Advisory services, ethics and rules and regulations

The section 'Ethics and rules and regulations' covers knowledge of the rules applicable to the operations as well as ethical issues such as privacy, maintaining a distance from impermissible activities, and deciding what may be appropriate. In contrast to the area of rules and regulations, the ethics area is not suitable in all respects for a proficiency examination based essentially on questions with multiple-choice answers. Therefore, as a supplement to the examination the annual proficiency update will normally include ethics/practical cases where the licence holder is given the opportunity to discuss and take decisions regarding ethical issues and the dilemma, where there is not always any obvious right or wrong answer.

Examination structure

The licensing examination for mortgage loans comprises 30 standard questions from each section. The examination comprises in total 90 standard questions. All standard questions have undergone thorough quality control in terms of facts, quality, and language. In addition, all questions have been trialled and analysed using statistical methods. This is done by including five as yet unapproved questions from each section, the answers to which do not influence the final score. The candidates' answers to these questions will be stored for statistical analysis and, following careful assessment, may thereafter be included in tests as ordinary questions. It is not evident from the test which questions are standard and which are being trialled. The candidate thus answers a total of 105 questions, 90 of which determine the candidate's score.

To pass the licensing examination, a candidate must have an overall score of at least 70% correct answers and at least 60% correct answers in each section.

Cognitive levels

The cognitive levels are aimed at describing the degree of complexity of the questions.

Level	Definition
Recall (R)	A candidate is required to recognise and remember concepts, definitions, and facts.
Comprehend (C)	A candidate is required to understand and be able to explain various connections and contexts.
Apply (A)	A candidate is required to be able to apply, for instance, formulae, rules, statutes, and methods

For each checkpoint, there is a mark defining the cognitive level that the candidate must achieve regarding the knowledge in question. The level is denoted by the initial letter in the name of the level: R, C, or A. The cognitive levels are interrelated and closely connected. If, for instance, a checkpoint refers to the cognitive level Apply, there will be marks in the columns for Recall, Comprehend and Apply. It is thus assumed that if a licence holder is able to apply a certain piece of knowledge, he or she is also able to understand it and explain it. If more than one cognitive level is marked, this means that the checkpoint contains parts which are on different cognitive levels.

In the matrix for each checkpoint, the checkpoint's size and weight are stated. A major checkpoint has more extensive proficiency requirements, and consequently the licensing examination probably contains more questions on such checkpoints. A checkpoint can either have weight 1 or 2, with weight 2 indicating the higher weight, which also affects the number of questions in the licensing examination.

Section 1 – Products and processes

Section 1 focuses on various aspects of mortgage loans, security, mortgaging and the procedure concerning mortgage loans with which a licence holder is deemed to be familiar. In practice, this means basic knowledge on certain areas, such as products and the pricing of mortgage loans, various definitions concerning real property, and relatively in-depth knowledge of mortgage loans and the procedure concerning mortgage loans.

Mortgage loans

Products

The licence holder must understand the definition of consumer and mortgage loans pursuant to the Consumer Credit Act and which loan products are covered by the term. The licence holder must also understand the various loan products – bottom loans, top loans, unsecured loans, equity release loans, down-payment loans, bridging loans, building loans and green mortgage loans – and must be able to generally explain the difference between the products in terms of loan to asset ratios, repayment periods, price and purpose.

Marketing, etc.

The licence holder must, on a general level, be aware of the purport of so-called general information about mortgage loans which must be provided, and the purpose of the information. The licence holder must also be familiar with the requirements imposed concerning the content of loan marketing in general and mortgage loans in particular and be able to explain what is meant by the requirement that marketing of loans must be measured.

Prices

The licence holder must understand how the price (the rate of interest) is set and the components or factors that are included in, or affect, the price, namely borrowing costs, administrative costs, capital adequacy costs, ex ante contributions to resolution, selling costs and loan losses. In addition to these costs, the licence holder must understand and be able to explain the fact that consumer-specific factors (loan to asset ratio, disposable income, savings, wealth, other security, customer relations) affect the price of a mortgage loan. The licence holder must be able to explain to the customer that these factors affect the price the customer is required to pay. The licence holder must be familiar with which rules govern changes in interest rates on mortgage loans and understand the meaning of list price and average actual price.

Loan commitment

The licence holder must understand what a loan commitment entails, and the difference between a loan commitment, mortgage loan application, and granted loan.

Interest terms, changes to conditions and early repayment

The licence holder must understand the implications of variable and fixed interest rates, interest caps and interest hedging, as well as various fixed interest alternatives. The licence holder must understand what changes to conditions entail and be able to explain what applies if the client wishes to redeem a loan prematurely and understand how early redemption charges are calculated.

Assumption of payment liability for existing loans

The licence holder must understand what assumption of an existing loan entails and the consequences thereof for the parties involved, and understand how the mortgage repayment requirement can affect the pace of mortgage repayment.

New construction

The licence holder must understand when it is relevant to offer a building loan, how it works, and differences compared with a mortgage loan or other loans. The licence holder must also know what an escrow commitment is and how it works.

Debt instruments and loan documents

The licence holder must understand and be able to explain the basic principles as to when an agreement is entered into and terminated and the difference between, and purport of, negotiable and non-negotiable debt instruments. The licence holder must understand and be able to explain the content of debt instruments and other loan documents and explain the purport of joint and several payment liability.

Limitations

The licence holder must be generally acquainted with what limitation of a claim entails and the manner in which limitation of a claim may be precluded. The licence holder must be familiar with the limitations periods applicable to mortgage loans and how they are affected by whether a non-negotiable or negotiable instrument is involved. The licence holder must also be familiar with limitations in respect of a guarantee commitment and a security interest in residential property.

Checkpoint	Weight	Size	Cognitive level	
Products	2	Large		C
Marketing, etc.	1	Small	R	C
Prices	2	Large	R	C
Loan commitments	2	Small		C
Interest terms, changes to conditions and early payments	2	Large		C
Assumption of payment liability for existing loans	1	Small		C
New construction	1	Small	R	C
Debt instruments and loan documents	2	Large		C
Limitations	1	Small	R	

Security

Verification of security

The licence holder must understand which information is available in the property register and understand the concepts of titled owner, mortgage registrations and mortgage lien priority, and understand the purport of notations, rights of use, easements and reservations.

In addition, the licence holder must understand what excess security entails and be able to calculate its value, understand what a tenant-owners' association's apartment register is and how an extract from the register can be obtained, and must understand and be able to explain relevant information from the register, such as owner and mortgages, and understand what a second mortgage on a tenant-owner apartment entails and be able to calculate its value.

Mortgage registration procedure, titled ownership and mortgage deeds

The licence holder must be able to apply the rules as to how and where applications are made regarding titled ownership and mortgage registration, understand the difference between mortgage deeds and registration, and be familiar with the most common registration measures such as cancellation and renewed affirmation, and understand the concepts of pending title registration and pending mortgage registration, as well as partial cancellation and replacement of mortgage deeds.

Hijacking of title deeds

The licence holder must be familiar with what hijacking of title deeds entails and measures taken by *Lantmäteriet* (the Swedish National Land Survey) to prevent hijacking of title deeds. In this context, the licence holder must also be familiar with the various notice services provided by *Lantmäteriet* regarding, for example, changes of ownership. The licence holder must also be generally familiar with the way in which a property owner who is affected by hijacking of title deeds should act and which possibilities for compensation are available.

Mortgage loan cap

The licence holder must understand the rules regarding the Swedish Financial Supervisory Authority's cap on mortgage loans. When applying the rules regarding mortgage loan caps, the licence holder must also understand and be able to explain the difference between loans secured by a mortgage and unsecured loans.

Security substitution

The licence holder must understand what is meant by security substitution and the consequences thereof as regards the loan agreement, and understand how the mortgage repayment requirement can affect the pace of mortgage repayment.

Guarantees

The licence holder must be familiar with what a guarantee entails and the payment liability of a guarantor and how this affects the loan decision. The licence holder must also know what information must be provided to the guarantor.

Checkpoint	Weight	Size	Cognitive level	
Verification of security	2	Large	C	
Mortgage registration procedure, titled ownership and mortgage deeds	2	Large	C	A
Hijacking of title deeds	1	Small	R	
Mortgage loan cap	2	Small	C	
Security substitution	1	Small	C	
Guarantees	1	Small	R	

Mortgaging

How mortgages are created

The licence holder must be able to apply the rules governing how valid mortgages are created and understand the importance of all owners' signatures. The licence holder must understand what mortgaging means for the client and also be able to apply the rules governing consent by a spouse/live-in partner/registered partner

Mortgaging of tenant-owner apartments, properties and condominiums

The licence holder must understand the rules governing the way in which a property, tenant-owner apartment or condominium is mortgaged. The licence holder must be able to apply the rules regarding notification to the tenant-owners' association and the surrender/registration of mortgage deeds. The licence holder must be familiar with the difference between mortgaging an apartment in a housing association or housing cooperative (*Sw. bostadsaktiebolag*) compared with a tenant-owners' association. The licence holder must also be familiar with how buildings on non-freehold property and leaseholds are mortgaged.

Different types of mortgage deeds

The licence holder must be familiar with the rules governing written mortgage deeds and dematerialised mortgage deeds and possess basic knowledge regarding how the mortgage deed system works. The licence holder must be familiar with the priority ranking in the case of mortgages carrying the same rights and be familiar with the purport of joint mortgage registrations.

Insolvency

The licence holder must be generally familiar with the summary and executive processes as regards both buyer and seller, and what happens after the mortgaged property is sold and a debt remains. The licence holder must be aware of which interested parties are involved and what is meant by an executive auction, summary payment order, attachment, bankruptcy, executive purchase and valuation.

Checkpoint	Weight	Size	Cognitive level		
How mortgages are created	2	Small	C	A	
Mortgaging of tenant-owner apartments, properties and condominiums	2	Large	R	C	A
Different types of mortgage deeds	1	Small	R		
Insolvency	2	Large	R		

Insurance

Cover for deterioration in payment capability

The licence holder must be familiar with insurance policies that provide cover to address a deterioration in payment capability in the event of, e.g. illness, accident, death or unemployment, and understand when these policies are suitable for the borrower or whether other types of insurance policies should be offered.

Home and holiday home insurance

The licence holder must understand why demands are imposed as regards insurance and the importance of home insurance (tenant-owner apartments, condominiums, single-family homes and holiday homes).

Checkpoint	Weight	Size	Cognitive level		
Cover for deterioration in payment capability	2	Small	R	C	
Home and holiday home insurance	1	Small		C	

The procedure in buying a home

Purchase procedure, homes

The licence holder must understand the formal requirements in conjunction with the acquisition of real property and tenant-owner apartments. The licence holder must also understand the difference between a

deed of sale and purchase contract and must understand the consequences of title passing between buyer and seller. In addition, the licence holder must understand and be able to explain a closing settlement statement and be aware of the buyer's obligation to inspect the property and possibility to carry out an inspection and must understand the role and responsibilities of the real estate agent.

Loan offers

The licence holder must understand the purport of loan commitments, pre-contractual information, offers with an interest rate offering, binding offers as well as reflection period. The licence holder must also understand where in the procedure various temporary financing solutions are relevant, for example down-payment loans and bridging loans, and how they work.

Mortgage loans in foreign currency

The licence holder must understand the definition of loans in foreign currency and be familiar with the regulatory framework for loans in foreign currency and the risks for the client. The licence holder must also understand the regulatory framework for managing currency risks.

Foreign clients/security in another country

The licence holder must be familiar with differences and any risks involved in a client residing abroad or security being located abroad, for example how a credit assessment is made and the fact that the mortgage may be governed by the laws of another country.

Checkpoint	Weight	Size	Cognitive level	
Purchase procedure, homes	2	Large	R	C
Loan offers	2	Small		C
Mortgage loans in foreign currency	1	Small		C
Foreign clients/security in another country	1	Small	R	

Real property, etc.

Definition of real and personal property

The licence holder must be familiar with the definition of, and difference between, real and personal property and what a tenant-owner's apartment, a condominium or site leasehold entails. The licence holder must be familiar with the provisions of the Land Code governing real property. The licence holder must be aware of the legal differences between different types of property.

Property formation

The licence holder must know what is meant by land subdivision, division, partitioning, re-allotment and amalgamation, and how subdivision affects existing and new mortgage registrations, and must know how borrowing against property and mortgaging take place in the case of property subdivision.

Easements and reservations

The licence holder must be familiar with what is meant by an easement and reservation in conjunction with a gift, and what this means for the borrower and the lender.

Types of property

The licence holder must be familiar with the most common types of property such as single-family houses, land and condominiums, as well as other types such as leaseholds and site leaseholds. The licence holder must know that properties are classified by different type codes. The licence holder must also know what they

mean and be familiar with the difference between them. The licence holder must also know which authority is to be contacted in order, for example, to change a type code.

Tenant-owner rights

The licence holder must understand how rights to a tenant-owner apartment are granted and be familiar with the provisions of the Tenant-Owners Act regarding first-hand contracts, formal requirements in conjunction with sales and notification in conjunction with mortgaging, as well as the rights and obligations of the tenant-owner. The licence holder must also be familiar with other forms of tenure such as housing associations and housing cooperatives.

Checkpoint	Weight	Size	Cognitive level	
Definition of real and personal property	2	Large	R	
Property formation	1	Small	R	
Easements and reservations	1	Small	R	
Types of property	2	Small	R	
Tenant-owner rights	2	Large	R	C

Section 2 – Finances and market

Section 2 focuses primarily on personal finances and their connection to credit assessments in connection with mortgage loans; these are the key areas. The connection to mortgage repayments is also included. In addition, basic financial knowledge is addressed, involving general economic theory and basic concepts as well as how the theory functions in practice within the housing market and interest rate market areas.

The housing market

Pricing on the housing market

The licence holder must know which factors influence pricing of housing on the market, such as supply and demand, interest rate levels, taxation, new construction, urbanisation, rent control, demography and the conversion of rental apartments into tenant-owner apartments. The licence holder must understand how these factors affect pricing.

Parties on the housing market

The licence holder must be familiar with the most important parties and their roles on the housing market, as well as different types of housing.

Checkpoint	Weight	Size	Cognitive level	
Pricing on the housing market	2	Large	R	
Parties on the housing market	1	Small	R	C

The interest rate market

Fundamental concepts

The licence holder must understand key concepts and definitions used within macroeconomics, such as gross national product, consumption, public expenditure, investments, balance of trade and inflation.

Economic growth and business cycles

The licence holder must understand what is meant by macroeconomic growth and business cycles. The licence holder must understand the normal characteristics of a boom economy or an economy in recession with respect to growth in GNP and rate of inflation. The licence holder must understand what is meant by stabilisation policy measures and the aims of such measures.

Monetary policy and inflation

The licence holder must understand the concepts of inflation, CPI, CPIF, and underlying inflation. The licence holder must be familiar with the Central Bank of Sweden's monetary policy objectives and the corresponding goals of the ECB and the Federal Reserve. The licence holder must understand what is meant by monetary policy measures and be familiar with the instruments that a central bank has at its disposal in order to conduct active monetary policy. The licence holder must understand how the monetary policy affects inflation and the real economy via the monetary policy transmission mechanism and its various channels.

Finance policy

The licence holder must understand what is meant by finance policy measures. The licence holder must understand why a government may wish to conduct an active finance policy.

Interest rate concepts

The licence holder must understand and be able to explain, and make calculations of, concepts such as interest, compound interest, nominal interest, inflation-linked interest and interest day bases, and understand the situations in which each measurement can be used. The licence holder must also understand and be able to explain how Stibor works and is used. The licence holder must also understand and be able to explain the connection between the various interest rate concepts and the mortgage loan products and the difference between interest rates for different tenors

Lender borrowing and financing

The licence holder must be familiar with the instruments that banks and credit institutions can use for their borrowing, such as covered housing bonds, non-covered bonds, deposits and overnight deposits. The licence holder must be familiar with factors that can affect the lender's borrowing cost, such as rating and market or credit risks. The licence holder must also know that derivative instruments can be used to change the interest flow (interest rate swaps) and to manage currency risks (currency swaps).

Checkpoint	Weight	Size	Cognitive level	
Fundamental concepts	1	Large	C	
Economic growth, business cycles and inflation	2	Large	C	
Monetary policy and central banks	1	Large	R	C
Finance policy	2	Large	C	
Interest rate concepts	2	Small	C	
Lender borrowing and financing	1	Large	R	

Personal finances

The household budget

The licence holder must understand guidelines as regards living expenses, understand how to draw up a household budget, the impact of the family becoming larger with children, and how to apply this when calculating the client's possibility to borrow money and the client's scope to make mortgage repayments. The licence holder must understand why a buffer should be in place for contingencies. The licence holder must understand an assets and liabilities analysis in order to arrive at the client's net worth, and also understand different types of assets.

Housing costs

The licence holder must understand what constitute regular housing costs in addition to interest and mortgage repayments, for example heating, insurance, garbage collection, property maintenance, property fees, monthly fees for tenant-owner apartments, etc. and must understand the difference in operating costs between different types of housing and between new housing and older single-family homes.

Other consumer credits

The licence holder must understand on an overall basis what types of consumer credits are available alongside mortgage loans, e.g. short-term loans, account loans, repayment loans and unsecured loans, how they operate and their terms. The licence holder must be familiar with the basic and important concepts within the consumer credit area such as high cost loans, credit purchases, repossession clauses and right of

cancellation. Finally, the licence holder must understand how other consumer credits affect the household's finances and how these credits can affect the customer's creditworthiness when applying for a mortgage loan.

Checkpoint	Weight	Size	Cognitive level	
The household budget	2	Large	C	A
Housing costs	2	Small	C	
Other consumer credits	2	Large	R	C

Credit assessment

Housing calculation

The licence holder must understand what is included in a housing calculation and generally be able to explain what is meant by the concept of 'amount to live on'. The licence holder must understand what cost of borrowing means and the difference between different interest rates used in different calculations.

Repayment capability

The licence holder must understand the concept of repayment capability and the data on which this is based in accordance with the Swedish Financial Supervisory Authority's general advice. The licence holder must also understand the fact that the assessment of repayment capability should have a forward-looking perspective. The licence holder must also understand how the repayment capability in accordance with the aforementioned general advice can be determined when the credit assessment relates to a loan with several borrowers.

What is meant by credit history information?

The licence holder must understand what credit history information includes and why the bank obtains information about the client. The licence holder must also be able to explain to the client what it involves.

Credit risk

The licence holder must understand how credit risk affects the credit assessment and the loan decision. The licence holder must understand how the credit risk can be measured and calculated.

Analysis of tenant-owners' associations, housing associations and co-operatives

The licence holder must understand that, in connection with borrowing secured by an apartment in a tenant-owners' association, housing association or co-operative, the finances of the association must also be analysed. The licence holder must understand how the analysis of the association's finances is carried out and how the association's finances affect the client's finances.

The joint property unit's finances

The licence holder must understand what a joint property unit involves. The licence holder must understand that, in connection with borrowing secured by residence that is included in a joint property unit, the finances of the joint property unit must be analysed. The licence holder must understand how the analysis of the joint property unit's finances is carried out and how the joint property unit's finances affect the client's finances.

Checkpoint	Weight	Size	Cognitive level
Housing calculation	2	Small	C
Repayment capability	2	Small	C
What is meant by credit history information?	2	Small	C
Credit risk	2	Small	C
Analysis of tenant-owners' association, housing associations and cooperatives	2	Large	C
The joint property unit's finances	2	Small	C

Valuation

When must a valuation be carried out?

The licence holder must understand when and why a valuation must be carried out and what a valuation is used for by the lender. In addition, the licence holder must be able to state which requirements are imposed as regards the performed valuation and who may perform a valuation. The licence holder must be aware of the importance of independence between the valuation and the loan decision process.

Valuation models

The licence holder must understand which valuation models are applied, the factors that affect the value in these models, and why a particular model has been chosen. The licence holder must be familiar with the tools and statistics available in order to assess the value of homes as well as the price trend on the local housing market.

Interpreting valuations

The licence holder must be able to interpret and assess the reasonableness of a valuation and the reasons for the valuation and must be able to explain the valuation to the client.

Checkpoint	Weight	Size	Cognitive level	
When must a valuation be carried out?	2	Large	R	C
Valuation models	2	Large	R	C
Interpreting valuations	2	Large	C	A

Mortgage repayments

Mortgage repayments

The licence holder must understand what mortgage repayments involve and the effect of mortgage repayments. The licence holder must also understand the pace of repayment of the mortgage loan based on the individual client's circumstances and understand the importance of mortgage repayments as regards reduced interest expenses, in the event housing prices fall, and in order to have a reasonable level of indebtedness at the time of, e.g. retirement. The licence holder must also understand what must be included in a mortgage repayment plan.

Types of mortgage repayment

The licence holder must understand different types of mortgage repayment. The licence holder must understand the difference between the types of mortgage repayment and be able to assess and explain the effects of the different types of mortgage repayment based on the client's circumstances.

Mortgage repayment requirement

The licence holder must understand why there is a mortgage repayment requirement and must be able to apply it and thereby understand which loans are subject to the requirement. The licence holder must also understand the possibilities available to grant exemptions from the mortgage repayment requirement if certain special circumstances pertain and what, according to the mortgage repayment rules, applies with respect to additional loans in accordance with the alternative rule.

The licence holder must understand and be able to explain the concept of repayment-base value (*Sw. amorteringsgrundande värde*), debt ratio and the rules governing it and know how to calculate the debt on which mortgage repayments are based and the debt ratio on which the loan amount is based.

The licence holder must understand and be able to explain which incomes may be included in 'gross income'.

The licence holder must be familiar with the mortgage repayment rules applicable when switching bank and with respect to newly built homes. The licence holder must also understand which loans are regarded as new in accordance with the regulations.

The licence holder must be able to apply the regulations as to when a new valuation may be made.

Checkpoint	Weight	Size	Cognitive level		
Mortgage repayments	2	Large	C		
Types of mortgage repayment	2	Large	C		
Mortgage repayment requirement	2	Large	R	C	A

Section 3 – Advisory services, ethics and rules and regulations

Section 3 covers in depth knowledge as to how the provision of advice in connection with mortgage loans is to be handled. Major focus is also placed on the laws, regulations and self-regulation existing in the area as well as family law and tax knowledge, that are relevant to mortgage loans.

Advisory services – methodology, pedagogy and ethics

The adviser's role and responsibilities

The licence holder must understand when an advisory situation arises and must be able to distinguish it from situations when the adviser provides general information and/or when marketing is involved. The licence holder must also know which demands are imposed regarding the licence holder's competence. The licence holder must also understand which information the adviser needs to obtain about the client in order to be able to make a credit assessment and to provide appropriate advice, and must generally understand what risk entails for the client and for the bank. The licence holder must be able to adapt the explanations/advice so that the client is able to assess whether the loan agreement is appropriate for his or her needs and financial circumstances.

The licence holder must understand what it means to be a borrower and, in particular, explain to borrowers who do not own the pledged security, the situation as regards payment liability and how the specific borrower is subject to a credit assessment.

Concepts used when providing advice

The licence holder must be able to make calculations in respect of the concepts of level of indebtedness, interest payments as a percentage of disposable income and loan to asset ratio, and posit these variables in relation to the individual client's circumstances, and compare the client's circumstances with the macro level.

Documentation

The licence holder must understand what aspects of the loan documents and information used when providing advice must be documented. The licence holder must also understand why documentation is required and be able to explain to the client why documents such as loan applications, credit history information, advice, ESIS and the loan agreement must be documented, and what they entail.

Packaging of products

The licence holder must be familiar with the rules as regards transparency with respect to the pricing of mortgage loans. The licence holder must understand and be able to explain to the client how the interest on the mortgage loan relates to other products offered to the client, i.e. how price and charges are affected by the products that the client chooses. The licence holder must also be familiar with the laws and regulations governing the packaging of mortgage loan products or services with other products or services.

Responsible loan advice

The licence holder must be able to apply the rule that the adviser may only provide advice and/or loans that are appropriate for the client based on the information that the adviser has obtained about the client. Based on the result of the credit assessment process, the licence holder must be able to apply the information in

order to assess the client's repayment capability and whether the loan should be granted or denied. The licence holder must also be able to explain the decision to the client.

Bias

The licence holder must understand which situations result in bias and know how to act in such situations.

Conflicts of interest

The licence holder must understand which situations result in conflicts of interest and know how to act in such situations.

Bank secrecy/duty of confidentiality

The licence holder must be able to apply the rules governing the duty of confidentiality (secrecy) applicable to employees and service providers of financial undertakings.

The licence holder must be aware that a person who, without authorisation, violates the secrecy rules may

- be subject to employment law sanctions;
- be convicted of an offence of violation of secrecy (however, not employees/service providers of credit institutions); and
- be subject to disciplinary measures by Swedsec, if the person is a licence holder.

The licence holder must be aware that the financial undertaking may

- be liable to pay damages to the client;
- be subject to sanctions imposed by the Swedish Financial Supervisory Authority.

Checkpoint	Weight	Size	Cognitive level		
The adviser's role and responsibilities	2	Large	R	C	A
Concepts used when providing advice	2	Small		C	A
Documentation	2	Large		C	
Packaging of products	1	Small	R	C	
Responsible loan advice	2	Large			A
Bias	2	Small		C	
Conflicts of interest	2	Small		C	
Bank secrecy/duty of confidentiality	2	Small	R		A

Laws and regulations

The Consumer Credit Act

The licence holder must know which parts of the Consumer Credit Act are applicable to mortgage loans and understand the meaning of the Act being mandatory to the benefit of consumers. This applies, among other things, as regards rules on accepted lending practice, marketing, pre-contractual information, credit assessments, binding offers, the loan agreement, interest rate changes, reflection period, early redemption, rules governing early termination, early redemption charges, advisory services, loans in foreign currency, and informational requirements incumbent on credit brokers.

Self-regulation

The licence holder must be familiar with the Swedish Bankers' Association; how self-regulation is structured, and how it differs from laws and other ordinances; the most important advantages and disadvantages of self-regulation; and the most important recommendations that have arisen through self-regulation, e.g.

concerning notification of assignment of debt and delisting of mortgages on tenant-owner apartments, reply period in conjunction with loan redemption, etc.

Swedsec

The licence holder must understand which individuals are subject to Swedsec's Rules and Regulations, the rights and obligations of affiliated companies and licence holders resulting from the Rules and Regulations, and the sanctions which may be imposed on licence holders and affiliated companies.

The Swedish Financial Supervisory Authority's supervision and general guidelines

The licence holder must know that the Swedish Financial Supervisory Authority is a regulatory authority; which categories of undertakings are under its supervision; why undertakings are under its supervision; how the Authority generally conducts supervision, and how supervision is carried out within the mortgage loan area. The licence holder must also be aware of the Authority's supervision in respect of consumer protection and also be aware of measures taken to strengthen the financial system. The licence holder must be familiar with the Authority's general guidelines regarding consumer credits.

The Swedish Consumer Agency's general guidelines regarding consumer credits

The licence holder must be familiar with the purport of the Swedish Consumer Agency's general guidelines regarding consumer credits.

Complaints management and filing of complaints

The licence holder must understand how complaints must be handled at financial undertakings. The licence holder must be familiar with the various roles of the Swedish Consumers' Banking and Finance Bureau, the Swedish Consumers' Insurance Bureau, the National Board for Consumer Complaints and courts of general jurisdiction regarding handling of complaints and information about practice.

Checkpoint	Weight	Size	Cognitive level
The Consumer Credit Act	2	Large	R
Self-regulation	1	Small	R
Swedsec	1	Small	C
The Swedish Financial Supervisory Authority's supervision and general guidelines	1	Large	R
The Swedish Consumer Agency's general guidelines regarding consumer credits	1	Small	R
Complaints management and filing of complaints	2	Small	R C

Money laundering and terrorist financing

Customer due diligence, etc.

Sufficient knowledge about the customers constitutes a fundamental condition for possibilities for undertakings to render more difficult and prevent their business being used for money laundering or terrorist financing and for being able to report suspected activities and transactions.

The licence holder must be able to apply the measures that must be taken in respect of customer due diligence, i.e. which information about the customer must be compiled (including identification, beneficial owner and the purpose and nature of commercial ties).

The licence holder must understand

- the situations which require that customer due diligence measures be taken;
- the situations in which simplified or enhanced customer due diligence measures may/must be taken;
- the consequences of failing to achieve sufficient knowledge about the customer;
- the obligation to review transactions and report suspected transactions to the Financial Intelligence Unit; and
- the purpose of the money laundering rules.

Checkpoint	Weight	Size	Cognitive level	
Customer due diligence, etc.	2	Large	R	C

Family law and civil law

Property relationships and rules governing the division of marital property

The licence holder must understand basic concepts such as matrimonial property and separate property, and how such property is apportioned in the event of divorce or death. The licence holder must also understand the basic concepts in corresponding rules governing live-in partnerships, i.e. when a residence is subject to the estate division rules in the Live-in Partnerships Act and the way in which co-owned property is apportioned in the case of separation or death.

Rules regarding joint residence of spouses and live-in partners

The licence holder must be able to apply the rules as to which restrictions, referred to as restrictions on alienation, apply with respect to spouses and live-in partners regarding assignment of registration or pledging of property which constitutes a joint residence, and when the approval of a spouse or live-in partner is required. The licence holder must also understand and be able to explain the situations in which a spouse or live-in partner is entitled to take over a residence which is owned by the other party, pursuant to the so-called takeover right.

Inheritance rules, including wills

The licence holder must be able to apply the statutory inheritance rules (i.e. who inherits in family relationships involving spouses, joint children, children from another relationship and live-in partners). The licence holder must be familiar with the extent to which it is possible to disapply the statutory inheritance rules by means of a will, be familiar with the formal requirements for wills, and the relationship between the designation of a beneficiary and the inheritance rules.

Representatives for minors and others

The licence holder must understand who represents (a legal representative) a minor and the restrictions in place regarding the rights of parents, guardians and custodians to acquire, sell, pledge and mortgage real property, including site leaseholds and tenant-owner apartments, on behalf of children, e.g. the role of the Chief Guardian. In addition, the licence holder must understand the rules regarding an adult for whom a legal representative has been appointed and the restrictions in place regarding the rights of guardians and custodians to acquire, sell, pledge and mortgage real property, including site leaseholds and tenant-owner apartments, on behalf of the adult. Finally, the licence holder must be aware of who is entitled to represent a decedent's estate.

Powers of attorney

The licence holder must be able to apply fundamental rules regarding powers of attorney, i.e. who is the grantor of a power of attorney and who is the grantee; what is required in order for a power of attorney to

be valid; the ways in which a power of attorney can be issued; how a power of attorney is terminated or revoked, and the difference between ostensible authority and actual authority.

The licence holder must also understand what an enduring power of attorney is, the formal requirements applicable to an enduring power of attorney, what it can cover, when it enters into force and when it can be revoked. The licence holder must understand what relative's authority entails.

Checkpoint	Weight	Size	Cognitive level	
Property relationships and the rules governing the division of estate property	2	Large	C	
Rules regarding joint residences of spouses and live-in partners	2	Large	C	A
Inheritance rules, including wills	2	Large	R	C
Representatives for minors and others	2	Large	R	C
Powers of attorney	2	Small	C	A

Taxes

Property tax/charges and stamp duty

The licence holder must be able to apply the rules governing property charges and property tax with respect to both homes and site leaseholds. The licence holder must also understand the rules regarding stamp duty, in conjunction with both acquisitions and mortgage registrations.

Income from employment and tax calculation rules

The licence holder must understand how income from employment is taxed and how the tax is calculated for a person who is a taxpayer in Sweden. In addition, the licence holder must understand how tax on income from employment is affected by losses from capital.

Income from capital and tax calculation rules

The licence holder must understand the rules in conjunction with calculation of tax with respect to deductions for interest expenses and site leasehold ground rent. In addition, the licence holder must be able to apply the rules governing how homes and recreational homes are taxed upon sale and the rules regarding deferment of capital gains taxation.

Checkpoint	Weight	Size	Cognitive level	
Property tax/charges and stamp duty	2	Large	A	
Income from employment and tax calculation rules	2	Small	C	
Income from capital and tax calculation rules	2	Large	C	A

Deposit guarantee scheme

Deposit guarantee scheme upon sale of home

The licence holder must understand the special rules applicable to the so-called deposit guarantee scheme regarding special life events such as, e.g. sale of a private residence. The rules intended here are primarily the possibility to obtain enhanced compensation and the way in which the deposit guarantee scheme works with respect to funds deposited on a client funds account in the estate agent's name. The licence holder must know which amount limits apply and other factors which are to be included in an assessment of an entitlement to compensation in this context. The licence holder must be able to apply the rules in practice.

Checkpoint	Weight	Size	Cognitive level		
Deposit guarantee scheme upon sale of home	2	Small	R	C	A

General Data Protection Regulation

The General Data Protection Regulation (GDPR)

The licence holder must be familiar with the General Data Protection Regulation and its purpose and be familiar with the lawful grounds for processing of personal data, what is meant by sensitive personal data, and the rights of the data subject.

Checkpoint	Weight	Size	Cognitive level		
The General Date Protection Regulation, GDPR	2	Small	R		