

Sandhurst Commercial Lending Partner Handbook

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Bendigo and Adelaide Bank and Sandhurst Trustees Limited acknowledges Aboriginal and Torres Strait Islander peoples as the First Peoples of this nation and the Traditional Custodians of the land where we live, learn and work. We pay our respects to Elders past and present as it is their knowledge and experience that holds the key to the success of future generations.

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Overview

Purpose & Application

The purpose of this document is to provide guidance to Sandhurst Trustees Limited (Sandhurst) Partners around how to work with Sandhurst when referring new lending business. The document includes information relating to both the Sandhurst commercial loan products and how to work with Sandhurst.

All lending activities are to be undertaken in accordance with the guidelines included within this document and the content of agreements executed in Steps 1 and 2 below.

Before a Partner can refer a new customer to Sandhurst for credit assessment, the following steps need to have been completed:

STEP 1 – Sandhurst’s application and accreditation process

STEP 2 – Executed Commercial Lending Referral Agreement and Aggregator Agreement (as required). Sandhurst will only accept borrower credit applications from Accredited Broker Partners.

Commission payments from Sandhurst for loans originated are paid in accordance with the individual ‘Commercial Lending Referral Agreement’. For Brokers who are members of an Accredited Aggregator Group, payments are made to the Aggregator.

Who is Sandhurst

Sandhurst Trustees Limited (ABN 16 004 030 737, AFSL 237906) (Sandhurst) is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL 237879) (Bank) and is part of the Bendigo Bank Group, which comprises Bendigo Bank and its related entities.

Formed in 1888, Sandhurst has a long history of managing financial products for Australian investors. Evolving from our grass roots of trustee services, we offer a number of solutions including managed funds, commercial loans and corporate trustee and custodial services.

Sandhurst has appointed National Mortgage Market Corporation Pty Ltd (ABN 52 006 325 640) (NMMC) to be its agent or manager for the purpose of managing Sandhurst Accredited Broker and Aggregated Broker (Broker) relationships and obligations.

Access to related banking facilities

Customers can apply to access the related banking facilities provided by the Bendigo Bank (approval subject to Bendigo Bank’s discretion), including Bendigo e-banking, Bendigo Phone Banking, and automatic payments. Phone 1300 BENDIGO (1300 236 344) or call into a Bendigo Bank branch to apply for access.

Supporting Documents

Below list of related documents can be obtained on our [Partner website](#), or by contacting Sandhurst:

1. Commercial Lending Application – Company, Trust, Partnership & Individual (OA492)
2. Commercial Lending Application – Annexure 1 – Statement of Position - Individuals (OA492b)
3. Commercial Lending Application – Annexure 2 – Corporate Guarantors (OA492c)
4. Commercial Lending Application – Annexure 3 – Loan Proposal Summary (OA492d[^])
5. Verification of Identity (OA716)
6. Declared Living Expenses (OA023)
7. Statutory Charges Declaration (OA108a)
8. Valuation Standing Instructions (OA575b)
9. Direct Debit Request Authority (OA018b)
10. Foreign Tax Details (OA761)
11. Foreign Tax Glossary (OA761a)
12. BEN Whistleblower Policy V3.0^{^^}

[^] includes the [Broker] Application Checklist, which must be completed in all instances.

^{^^} also accessible via the Bendigo Bank Web page, simply search: ‘whistleblower policy’.

Procedure

1 RESPONSIBILITIES

Responsibilities of Sandhurst and its partners are regulated by individual agreements. The below table provides a snapshot for some of these obligations

Obligation/Duty	Broker	Aggregator
Comply with the terms and conditions of the Sandhurst Commercial Lending Referral Agreement	X	X
Operate within Sandhurst's guidelines and procedures	X	X
Confirmation of Principals, Loan writers and contact information (Sandhurst will send you a note of our records to confirm with the Annual Compliance certification)	X	X
Comply with Design & Distribution Obligations (DDO)^ and provide customers with a Target Market Determination (TMD) on request.	X	X
Maintain Professional Indemnity Insurance (certify)	X	X
Maintain Credit Licence (certify) where applicable	X	X
Provide a network of Brokers who meet agreed requirements		X
Member of External Dispute Resolution Body (certify)	X	X
Maintain Mortgage & Finance Association of Australia (MFAA) or Finance Brokers Association of Australia Limited (FBAA)	X	X
Maintain confidentiality of Sandhurst	X	X
Maintain confidentiality of customers	X	X
Provide Sandhurst staff access to records	X	X
Distribute to Sandhurst Accredited (or otherwise nominated) Brokers Sandhurst Commercial lending: - Product information - Marketing material - Training - Procedures and guidelines.	X	X
Undertake, read and understand and operate within Sandhurst Commercial lending product: - Product information - Marketing material - Training - Procedures and guidelines.	X	
Advise Sandhurst immediately of: - A material complaint, impacting Sandhurst or Partner - A breach of agreement obligations - A breach of any legal or other regulatory obligation, where this may impact business operation, reputation etc.	X	X
Provide monthly listing of all Brokers no longer on Aggregator panel		X
Advise Sandhurst of a change of address, new contact number within 30 days	X	X
Advise Sandhurst of change of company or trading name, within 30 days	X	X

^ governed by ASIC Regulatory Guide 274 Product Design and distribution obligations.

1.1 Customer records & access

Brokers are required to:

1. Store customer information, including identification, in a secure location for at least seven years from the time the transaction is fully repaid
2. Provide Sandhurst representatives with access to relevant customer records and address reasonable information requests in relation to information relating to Sandhurst borrowers, in accordance with Section 24 of the Commercial Lending Referral Agreement ('Records and Access').

2 LOAN PRODUCT INFORMATION

Information detailed below may be varied from time to time, with changes communicated via email and updated to our [Partner website](#).

• Loan types & options

Sandhurst offers a **Term Loan** option tailored to customer needs, subject to lending criteria.

• Minimum loan amount

\$100,000.

• Maximum loan amount

\$15,000,000.

• Loan terms

Interest Only	1-7 years
Principal & Interest	Up to 20 years

Note: Maximum all up single loan term in 25 years i.e. 7 years interest only plus 18 years interest only.

2.1 Repayment options

- Principal & Interest – repayments to repay the principal balance over of a period (of time)
- Interest Only (ability to convert to principal & interest) - no reduction of principal is required during the approved facility term
- Fixed or variable interest rate available
- Maximum initial interest only period of 7 years
 - Approval may subsequently be given to a loan term extension/new loan term (at borrower's cost) to extend the maturity date e.g. for a further 7-year interest only period.

2.2 Interest rate options

Loans up to \$1,000,000	Carded rates
Loans greater than \$1,000,000	Negotiated rates (contact Sandhurst to discuss)

Interest Rate information is available on our [website](#), with rate changes communicated from time to time via a Sandhurst Commercial Lending newsletter or equivalent.

2.3 Securities & loan to value ratio (LVR)

LVR is the loan amount expressed as a percentage of the lower of valuation and purchase price.

Security	Maximum LVR permitted
Commercial & Light Industrial	70%
Commercial (specialised security)	50%
Industrial	50%
Residential	80%
Rural	40%

2.4 Asset acceptance

Prior to any application being submitted - Asset Acceptance and Pricing Authority needs to take place. The importance of this step is two-fold:

- Ensure that the asset is acceptable to Sandhurst
- Provide a Pricing quote for the transaction up front.

To obtain Asset Acceptance and Pricing Approval, Sandhurst requires the following:

- Borrower background information
- Asset address
- Asset description
- Lease information (tenants, lease income, terms etc).

2.5 Specialised securities

Certain specialised securities may be permitted where the freehold land and buildings are valued based on an in-demand and economic residential, industrial, commercial or retail alternate use.

For the following security types – contact to workshop:

- Apartments less than 40 sqm
- Boarding houses
- Childcare centres
- Complexes of greater than four properties
- Hotels/motels
- Licensed clubs/ reception centres
- Properties operating under the NDIS scheme (or any comparable government scheme)
- Rural properties
- Service/petrol stations
- Serviced apartments over 50sqm.

2.6 Unacceptable securities

The following security types are unacceptable:

- Caravan parks
- Company title or time share properties
- Englobo land
- Hospitals
- Nursing homes/retirement villages
- Properties adversely affected by contamination, subsidence or landslip
- Property zoned heavy industrial
- Property under construction.

2.7 Acceptable locations

Australian State capital cities and regional centers with a population of not less than 20,000.

2.8 Redraws

Redraw is available on Variable Rate loans – available for the funds in advance of schedule repayments, minus the next payment due and \$25 redraw fee (maximum amount of redraw).

Whilst redraws are typically not permitted on interest-only loans originated before November 2023 or loans subject to a fixed-rate, given these fall outside of the loan terms and conditions, we can consider requests on a case-by-case basis. Contact us to discuss your specific circumstances."

Redraw requests are subject to Sandhurst granting the redraw request. Generally, we will not agree to a redraw:

- a) During a Fixed rate period
- b) During an interest-in-advance period, or
- c) If any Default Event or Potential Default Event exists at that time.

NOTE:

- a) Interest will be charged on the new total loan balance which includes the redraw amount, from the date of redraw
- b) Manual redraw requests may take up to 24 hours to process.

2.9 Credit history

Loans will not be recommended for approval where the borrowers/guarantors are known to have any of the following adverse factors currently applicable:

- Bankruptcy, insolvency, receivership, administration, or liquidation
- Under a Part X arrangement under the Bankruptcy Act 1966 (Cth)
- Under an unsatisfied court judgment at time of (loan) settlement
- Major loan defaults listed with Equifax, or court judgment.

NOTE: An Equifax (credit) report is obtained on every proposed borrower and guarantor, which remains valid for 60 days. Delays to the provision of information required to assess a loan request will require an updated credit report, necessitating a new Privacy Consent.

2.10 Acceptable borrower structures

- Company applicants (personal guarantee by directors and major shareholders required)
- Individuals
- Trusts
- Partnerships (joint borrowers).

2.11 Third party loans

Third party loans are only acceptable in limited situations. Contact Sandhurst to workshop.

2.12 Fees - general

Sandhurst fees are listed in the Sandhurst Commercial Lending Fees and Charges booklet – available from our [Partner website](#).

2.13 Fees - ongoing

There are no ongoing fees relating directly to the facility, where a facility is maintained in accordance with the applicable Terms and Conditions and Letter of Offer (the Facility Agreement).

2.14 Penalties - expired facilities & late repayments

Where facilities have expired, the full balance becomes due and payable. The account is subject to the Default Rate, Existing business variable interest rate plus 2%p.a. Late payment fees are charged in addition to the Default Rate.

For facilities in arrears due to missed payments, a Late Payment Fee of \$65 may apply.

2.15 Early repayment & break costs

For transactions exited before the contract has expired costs may be incurred by the customer. Factors impacting on costs related to early repayment include, product, remaining length of term and interest rate environment, the total costs can be significant.

For an accurate payout quote, please contact our friendly team.

2.16 Expired loans

For facilities approaching expiry, Sandhurst requires Partners to work with the borrower to renew or exit the facility.

Where facilities do expire the facility falls into a state of default and default interest may be charged to the borrower. In addition, trail commission payments to our Partner will cease in accordance with the Partner Agreement.

2.17 Scheduled reviews

Scheduled reviews are completed:

- Annually for loans over \$1million – short form – Up to date evidence of insurance for any secured properties will be required.
- Annually for loans with applicable conditions subsequent; or
- Upon request from Sandhurst where conditions around the transaction have triggered a review, for example disqualification of a Director where the Borrower is an entity.

2.18 Security property - valuations

Security property is required to be re-valued every seven years, in line with the Sandhurst Valuation Policy – security properties. More regular valuations may be required in certain circumstances, e.g. loan falls in arrears. Costs associated with the re-valuation are payable by the borrower.

The Valuation Policy is available from the [Bank website](#) > search 'Valuation Policy' ([Sandhurst Valuation Policy December 2023](#)).

2.19 Building insurance

All security properties supporting a Sandhurst loan facility must be insured, evidenced by a valid Certificate of Currency (Cover notes are not acceptable). This is required to support facility settlement and is to be current annually, thereafter.

The insurance must:

- Be a comprehensive cover
- Be for an amount not less than that nominated by Sandhurst, as recommended within the security property valuation.
- Provide a minimum of \$5million cover for public risk, and
- Nominate Sandhurst as 'interested party.'

3 LOAN APPLICATIONS

3.1 How to submit

Loans can be submitted to Sandhurst by email to SandhurstCommercialLending.Mailbox@sandhursttrustees.com.au

NOTE: Any detailed workshopping of a potential deal that includes customer names or any other identifying information will require the provision to Sandhurst of a signed Privacy and Consent form (available on our [Partner website](#)).

3.2 Loan submission supporting documents

Minimum requirements for loan assessment

- Application Forms
 - Commercial Lending Application (OA492) – *fully completed and signed by all parties*
 - Commercial Lending Application – Annexure 1– Statement of Position – Individuals (OA287) – *as required*
 - Commercial Lending Application – Annexure 2 – Corporate Guarantors (OA492c)
 - Commercial Lending Application – Annexure 3 – Loan Proposal Summary (OA492d).
- Verification of Identity (OA716)
- Foreign Tax Details Form (OA761) – *mandatory where Borrower declares as a Foreign Tax Resident*
- Certified copy of stamped executed Trust Deed and amendments (*where applicable*)
- Statutory Charges Declaration (OA108)
- Copy of Integrated Client Account Statement - *confirming nil ATO debt*
- Copy of executed Lease/s (*where applicable*)
- Valuation Report - assigned to Sandhurst Trustees Ltd for mortgage purposes (*unless conditional*).

Plus - for Fully Disclosed applications

- Declared Living Expenses Form (OA023) – *Broker to confirm accuracy against statements*
- Copies of last 12 months bank statements for all existing debt
- Full Financial Statements* for 2 years and any interim figures certified and signed by Directors (**TFN's removed**)
- Personal & Business Tax Returns* for 2 years for all related parties (**TFN's removed**).

* Previous financial year tax returns and financial statements are acceptable for applications prior to end of calendar year. Most recent financial year tax returns and financial statements are required with applications after end of calendar year.

Plus - for property purchase

- Copy of executed Contract of Sale (*where applicable*)
- Evidence of deposit funds.

Plus - for Re-finance

- 12 months loan facility bank statements.

3.3 Collection of & certifying borrower identification

Sandhurst Partners are responsible for collecting appropriate customer identification, copying and certifying as an accurate copy of the original document, as well as managing storage and archiving of this information for a minimum of seven years after the complete repayment of a transaction.

Sandhurst requires this identification to meet Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) obligations under the Anti-Money Laundering (AML) and Know Your Customer (KYC) legislative requirements.

KYC requirements:

- Verification of Identity form (OA716)
- Certified colour copies of permissible identification for all Individual Borrowers/Directors/Guarantors
- Certified copy of executed Trust Deed and any amendments (where applicable).

3.4 Valuation process

The requirements for Security properties valuations are defined in the Sandhurst Trustees Valuation Policy that can be found on our [Partner website](#).

Valuation requests are completed by the Partner on the Borrowers behalf using the Sandhurst Valuation Standing Instructions form (OA575b) (**available on request to Sandhurst**). Valuers must be on the Bendigo and Adelaide Group Commercial Property valuers panel; our team will provide options for valuers upon request.

Valuations must be completed on an as-is basis and be:

- Addressed to Sandhurst Trustees for the purpose of mortgage lending
- No older than 3 months at the time of application
- No older than 6 months at the time of settlement of the loan.

Sandhurst monitors the use of specific valuers with the expectation that one valuer will not be favored above others. Additionally, when a single property is valued multiple times within the course of the Lender Borrower relationship, the valuer engaged must be alternated.

4 LOAN REPAYMENT ARRANGEMENTS

Loan payments are due on the first day of the calendar month. Borrowers can make monthly repayments by way of:

- a) direct deposit – internet banking or in branch (Bendigo Bank) deposits
- b) direct debit.

Sandhurst prefers that direct debit arrangements are put in place, set to the minimum monthly payment amount. This can be arranged through completion of the Direct Debit Authority form, supplied by Sandhurst at the time of issue of the Letter of Offer, for return together with the executed Letter of Offer.

The benefit of a direct debit arrangement is that the loan repayment debits are auto adjusted in line with interest rate changes, removing the need by borrowers to amend internet banking auto payments, in order to ensure loan repayments are met as outlined within the Letter of Offer.

5 COMMUNICATIONS

5.1 Communications from Sandhurst

Sandhurst will communicate by regular newsletters, plus ad hoc updates to ensure Partners remain up to date with current rates, product information and credit policy. Up to date information is available on our [Partner website](#).

5.2 Borrower communications

Sandhurst will communicate with the Borrower and referring Partner throughout the life of the facility, sending regular communications including:

- Statements
- Loan contracts
- Notification for Loan expiries, annual reviews and default events
- Other letters to provide required notice throughout the term of the facility.

6 HOW TO CONTACT US

Phone: 1800 634 969 (option 2)

Email: SandhurstCommercialLending.Mailbox@sandhursttrustees.com.au

Mail: The Bendigo Centre

PO Box 480

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6.1 Our team

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