The Investor's Guide to Lending

Structure, serviceability and the lending decisions that build portfolios

TOUKAN FINANCE · 0455 721 087 · TOUKANFINANCE.COM.AU

The investor's guide to lending

Two investors with identical incomes can have wildly different borrowing power — because lenders differ enormously in how they assess rental income, existing debt and living expenses. The investors who build portfolios aren't the ones with the sharpest first rate; they're the ones whose lending is **structured for the next purchase**.

Structure beats rate

- **Avoid cross-collateralisation:** securing one loan against two properties hands the bank control of your portfolio. Stand-alone loans keep you free to sell, refinance or release equity on your terms.
- **Order of lenders matters:** using a generous-servicing lender too early can strand you; we sequence lenders so capacity lasts across purchases.
- **Keep equity usable:** an equity release against your home (typically up to 80% of its value) can fund the deposit and costs on a purchase — no cash savings required.

Interest-only vs principal & interest

Interest-only maximises cash flow and preserves deductible debt — attractive while building a portfolio — but rates run slightly higher and the debt doesn't shrink. P&I; costs more monthly but builds equity and usually prices lower. Many investors mix both across their loans. The right answer depends on your cash flow and tax position; your accountant advises the tax side, we structure the lending side.

How lenders treat rental income

Most lenders count **70–90%** of expected rent toward your income — but the percentage, and whether they use actual or valuer-assessed rent, varies by lender. Across a multi-property portfolio, that variation alone can swing borrowing power by six figures. This is the single biggest reason investors use brokers with broad panels.

The numbers that matter on any purchase

Measure	What it tells you	Quick formula
Gross yield	Headline return before costs	Annual rent ÷ price
Net yield	Real return after costs	(Rent – rates, insurance, agent, maintenance) ÷ price
Holding cost	Monthly out-of-pocket	Repayments + costs – rent (± tax effects)
Usable equity	Your next deposit	80% of value – current loan

Run live numbers on any property with our calculators at **toukanfinance.com.au/calculators.html**.

Common investor lending questions

- **How much deposit?** Usually 10–20%; the sharpest pricing sits at 20%+. Equity can substitute for cash.
- **Can I buy in a trust or SMSF?** Yes, through specialist lenders — structures must be set up before you buy (see our Super & SMSF guide).
- **What about APRA buffers?** Lenders assess you at your rate plus 3%. We model your capacity the way they will, before anything is lodged.

The portfolio trap

Maxing out with one lender, cross-securing everything, then discovering you can't refinance or release equity without their permission. It's avoidable — but only before you sign, not after.

Ready to talk it through?

Every situation in this guide has a version that depends on your income, deposit, and goals. A 15-minute call will tell you exactly where you stand — free, no obligation, no jargon. Call Daniel on **0455 721 087**, email **daniel@toukanfinance.com.au**, or send an enquiry at **toukanfinance.com.au**.

Important information

This guide contains general information only, current as at June 2026, and does not take your personal objectives, financial situation or needs into account. It is not credit, financial, tax or legal advice. Government scheme rules, thresholds and lender policies change; confirm current details before acting. Daniel Toukan (Toukan Finance, ABN 92 590 405 453) is an Authorised Credit Representative (CRN 577748) of Outsource Financial Pty Ltd (ACL 384324).