HOME FINANCING, SIMPLIFIED

Self-Employed Mortgage Prep

What business owners can do to make the mortgage review smoother.

Income is reviewed differently

- Mortgage underwriting generally focuses on documented, stable, qualifying income - not simply gross business revenue or deposits.
- Tax returns, K-1s, business returns, year-to-date profit and loss statements, or other documentation may be required depending on the loan.

Plan before making major tax decisions

- Legitimate business deductions can lower taxable income, which may also reduce the income available for traditional mortgage qualification.
- Talk with your tax professional and mortgage professional before assuming how a deduction will affect buying power.

Alternative documentation may exist

- Some non-QM programs may use bank statements, profit and loss statements, or other methods instead of traditional tax-return income.
- These programs can have different rates, down-payment requirements, reserves, and underwriting standards.

Self-employed does not mean unfinanceable.

Review the income documentation early so you know which loan path fits before you shop for a home.

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