

5 Considerations When Self-Employed & Getting a Mortgage



If you are self-employed and looking to apply for a mortgage in the near future, there are a few considerations to ensure your mortgage application has the best chance of being approved:

THINK AHEAD: One primary benefit of being self-employed is the privilege of writing your income down. You enjoy less taxes because you get to write-off expenses, but you lose borrowing power. It is important to be aware of this because you can either pay less tax or have more borrowing power. This is why it is important to think ahead so that you can plan to write off fewer expenses in the two years leading up to the property purchase. While you will pay more personal taxes for that period, your income will be higher which will make it easier to qualify you for the mortgage amount you are seeking.

USE A CERTIFIED ACCOUNTANT: When it comes to your income, it is very different for self-employed versus traditionally employed individuals who can simply get a letter from their employer or show pay stubs. With self-employed income, most lenders expect it to be submitted through a professional rather than doing it yourself. Make sure that you discuss with them what your goals are so that they can set up your taxes properly for you!

CHOOSE YOUR TIMING CAREFULLY: If you are leaving for an extended holiday within the two years before purchasing, your two-year average income may fluctuate. Plan your vacations and extended trips away with income in mind so that you can utilize the most borrowing power available to you when shopping for a home.

CONSIDER USING STATED INCOME: If the income on your personal tax returns is not high enough, you have the option to state your income with some lenders. To utilize stated income, you will need to have been self-employed for two years. Keep in mind, you may be required to provide additional documents such as bank statements that show consistent deposits as proof.

Note: If you do not qualify with A lenders using stated income, don't fret! I can work with you to utilize an Alt-A Lender as another options.

GET IN TOUCH WITH ME: As a dedicated mortgage professional, I can analyze your situation and help you determine your best lender option and rates. I have access to dozens of lender options including A-lenders, Alt-A and private options to help you find the best mortgage product to suit YOUR needs. I am also happy to answer any questions you may have and guide you through the mortgage process. I'd be happy to work with you to ensure you have the necessary documentation, talk about your options and obtain a pre-approval to help you understand how much you qualify for!

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