

# CASE STUDY: Mortgage's for Self Employed Using Self-Declared Income

## Meet Bobbi

Bobbi started as a truck driver in 2017. After working a few years, he decided to use his savings to buy his own truck in 2022. Now an owner operator, he's contracted with a global furniture distributor, and drives across North America.

Bobbi just purchased a home in Mississauga and needs a mortgage! His credit score is 687 and he opened his corporation a little over a year ago.



### Documents Needed:

- Articles of incorporation or Master Business Licence
- 12 months business bank statements or financial statements
- Signed and completed Self Declared form
- Any additional supporting documents

## Income Breakdown

Bobbi provided us with 12 months of bank statements. It's important to look at both sides of the balance sheet for credits and debits, as we use net income when qualifying for a mortgage. We calculate gross income (business income only) in the form of direct deposits, cheques, and e-transfers (with supporting documents).

While reviewing his accounts, we notice 4 deposits a month, each between \$1,750 - \$3,000. In this case, the total for 12 months works out to \$137,000.

The lender will look for reasonable statement of expenses based on the industry and the client's business expenses, so let's take a peek at what we found with Bobbi's statements:

- Several diesel charges at \$130
- Pre-authorized insurance for \$279
- Cell phone charge for \$59
- Truck, repair & maintenance costs (3x a year) totaling \$11,500
- An unknown recurring charge for \$100

The unknown recurring charge for \$100 would need an explanation so we asked Bobbi and confirm it's a parking fee for his truck at a yard nearby. As this is business-related, it must be included.

## Final Steps

We total the annual business expenses and subtract that from Bobbi's gross income to determine his net income. And that's it! We use these figures to ensure your ratios are in line and will verify the details and next steps. If your ratios don't fit inside the box, we have access to over 57 lenders and flexible options.

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MULLEN AND MULLEN .CA



- 705.429.5492
- 416.938.1235
- customer care@mullenandmullen.ca
- mullenandmullen.ca
- 1323 Mosley St, Wasaga Beach, ON L9Z 2C9



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