FREE GUIDE · FOR ALBERTA BUSINESS OWNERS

Self-Employed?
Banks Say No. I Do.

You run a real business with real income - and the bank reads your tax return like you barely earn. Here is why that happens, the three ways around it, and the file that gets approved.

- Why banks reject strong self-employed borrowers - the write-off paradox
- Three paths to approval, from full-document to stated-income
- The exact document checklist, so nothing stalls your file
- The moves that strengthen your application months before you apply

Shawn Selanders

MORTGAGE BROKER · MORTGAGE ARCHITECTS

403-703-6847 · Shawn@ShawnSelanders.ca · shawnselanders.ca · Serving Southern Alberta since 1999

The Write-Off Paradox

> Your accountant's job is to make your taxable income small. The bank's job is to lend against your taxable income. You paid for both services - and they cancel each other out.

That is the whole problem in two sentences. A contractor grossing well into six figures who writes off the truck, the shop, the fuel and the phone can show a net income on Line 15000 that would barely rent an apartment. The bank computer reads the net line and declines. Nobody at the branch is being cruel - the branch only has one program. **A broker has a market.**

The three paths

- **Full-document, A-lender.** A two-year average of your declared income, standard pricing, standard down payment. Works when your returns already show enough - or when we plan your write-offs a year or two ahead so they will.
- **Alternative documentation.** Business-for-self programs at banks and alternative lenders that read **bank statements and business cash flow** instead of just the tax line - typically six to twelve months of statements telling the real story. Pricing runs somewhat higher; approval odds run dramatically higher.
- **Stated-income style programs.** Your declared income is reasonable for the industry and supported by the business's existence - paired with a larger down payment, often around **20%**, and strong credit. The classic fit for the profitable business with an aggressive accountant.

What never works

Inflating income on an application. Verification exists precisely for this; the consequence is a fraud file with your name on it, and it follows you. Every legitimate path above exists so nobody ever needs the illegitimate one.

The Document Checklist

> Self-employed files do not fail on income. They fail on paperwork arriving late, incomplete, or contradicting itself. Build the folder before you need it.

TAX - TWO YEARS OF EACH

- ☑ T1 Generals, complete with statements of business activities
- ☑ Notices of Assessment - and proof no tax is owing (this one stalls more files than any other line on this page)
- ☑ Corporate returns and financial statements, if incorporated

BUSINESS

- ☑ Business licence, or articles of incorporation
- ☑ GST registration; recent GST filings help
- ☑ Business bank statements - six months, clean and consistent
- ☑ A few contracts or invoices showing revenue continuing forward

PERSONAL

- ☑ Government ID, two pieces
- ☑ Personal bank statements - 90 days
- ☑ Down payment traced 90 days, transaction by transaction - gifts need a signed letter

Strengthen the file months early

Separate business and personal accounts completely - blended statements read as chaos. Keep card balances under **30%** of limits. Pay CRA before you apply, always. And have the write-off conversation with your accountant **before** the tax year closes, not after - the year you plan to buy is the year to show more income, and that trade-off is worth a fifteen-minute call with both of us.

Here's the thing about the bank's "no"

It was never a verdict on your business - it was one lender's single program meeting a tax return built to minimize taxes. Across the whole market there are lenders whose entire model is reading self-employed files properly. **The file that got declined and the file that gets approved are often the same file, presented to the right desk.**

Quick answers

How long must I be in business? Two years is the standard ask; strong files with shorter history have options, especially with industry experience behind them.

Will this cost more than a salaried mortgage? Full-document files price the same as anyone's. Alternative programs price somewhat higher - and refinancing later, once your returns catch up, is a normal second step. The ladder is the plan.

Incorporated - personal or corporate income? Both can work; some lenders read retained corporate earnings, which changes everything for owners who leave money in the company. This is exactly the kind of nuance the branch never mentions.

Go deeper: shawnselanders.ca/self-employed-mortgage-alberta · your document list at shawnselanders.ca/checklist.