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Self-Employed Income Documentation Guide

TRADITIONAL AND NON-TRADITIONAL WAYS YOUR INCOME MAY BE EVALUATED



Being self-employed doesn't mean there is only one way to document your income for a mortgage. Depending on your business, financial picture, and the financing being considered, we may look at a traditional tax-return approach or explore non-traditional income documentation options.

This guide focuses specifically on income documentation for self-employed borrowers. It is not a complete mortgage document checklist. Additional documentation may be required based on your individual situation and loan program.

1. Traditional Income Qualification

GENERALLY STARTS WITH YOUR TAX RETURNS

The goal is to understand the income your business generates and the income available to you as the borrower.

Personal Tax Returns

2 years of personal federal tax returns.
Include all schedules and attachments.

Business Tax Returns

2 years of business federal tax returns, if applicable.
The return depends on how your business is structured:

- **Form 1120S** – for an S corporation
- **Form 1120** – for a C corporation
- **Form 1065** – for a partnership or multi-member LLC taxed as a partnership
- **Schedule C** – for a sole proprietorship or single-member LLC reported on your personal tax return

Schedule K-1 (if applicable)

2 years of K-1s.
K-1s may be issued to owners or partners and help show your share of business income, deductions, and distributions.

The Goal

Your tax returns aren't just about finding one number. They help us understand how your business earns money, how income flows to you, and the overall financial story behind the business.

2. Non-Traditional Income Qualification

OTHER WAYS TO DOCUMENT YOUR INCOME

Sometimes tax returns don't provide the clearest picture of a successful business owner's current financial situation. Depending on the financing available and your individual circumstances, there may be other ways to document income.

Business Bank Statements

12 or 24 months of business bank statements.
Bank-statement programs may evaluate business deposits and cash flow rather than relying solely on the taxable income reported on your tax returns.

Profit & Loss Statement

A current profit and loss statement may be used to evaluate business revenue, expenses, and income. The specific requirements depend on the financing strategy being considered.

Investment Assets

Do you have a significant investment or stock portfolio? Certain financing strategies may allow eligible assets to be used when determining qualifying income.

- **6 months of investment account statements.**
  How assets are evaluated depends on the account, ownership, accessibility of the funds, assets held, and financing requirements.

Which Path Is Right for You?

You don't need to figure that out before we talk.

We start by understanding your business, how you file your taxes, how long you've been self-employed, your available assets and liquidity, and your homebuying goals. Then we can determine which documentation approach and mortgage strategy makes sense to explore.



Let's Talk

Every busines is different, and so is every homebuying journey.
Let's talk about your specific situation and explore your options.

Talk With Jody →

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This guide is for general educational purposes only and is not a complete list of documentation required for a mortgage. Documentation and qualification requirements vary by borrower, loan program, property, and individual circumstances. Additional documentation may be required. This is not a commitment to lend or extend credit. All loans are subject to credit approval.