

The Self-Employed Buyer's Guide

How lenders really read business income in BC & Alberta — and how to position your file for the best approval.

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If you run your own business, you already know the irony: the same tax write-offs that lower what you owe the CRA can also lower the income a bank will count. Most lenders qualify you on your **net** income (roughly Line 150 of your T1), not what your business actually earns. The good news is that brokers work with several ways to bridge that gap.

Three ways lenders can read your income

- **Traditional (A-lender):** two years of T1 Generals and Notices of Assessment, with income averaged. Best rates, but write-offs can hurt you here.
- **Bank-statement programs:** 6–12 months of business deposits are used to estimate real cash flow — ideal when your statements tell a better story than your returns.
- **Stated / business-for-self programs:** you state an income that is *reasonable* for your industry and tenure, supported by proof the business exists and is active.

Add-backs that can lift your qualifying income

Lenders will often add certain paper deductions back to your income because they are not true cash costs. Commonly considered:

- Capital cost allowance (depreciation)
- Business-use-of-home expenses
- One-time or non-recurring expenses
- A portion of net business income retained in a corporation

The two-year rule

Most A-lenders want to see at least two years of self-employment in the same field. If you are newer than that, alternative and bank-statement programs become especially valuable — and we can plan your move to an A-lender once you season.

Documents to gather first

- Two years of T1 Generals + Notices of Assessment
- Business financial statements (if incorporated, two years)
- Articles of incorporation or business licence / registration
- 6–12 months of business bank statements
- GST/HST returns (if applicable) and proof CRA is current (no arrears)

Five things that strengthen a self-employed file

- Keep business and personal banking clearly separate.
- In the two years before you apply, be strategic about aggressive write-offs — saving tax can cost you mortgage room.
- Keep your CRA account current; tax arrears can stop an approval cold.
- Document large deposits so underwriters can source them.
- Build and protect your personal credit — it still matters alongside income.

A vs. B vs. alternative

If A-lender rules do not fit this year, a B-lender or alternative program can get the deal done now, usually at a modest rate premium, with a clear path to refinance into A-pricing once your income seasons. The goal is always the lowest sustainable cost over time.

Ready to map this out for your situation?

A short, no-obligation conversation is the fastest way to know your real options and a plan to get there. Reach Peter Leung directly at Peter@integrummortgage.com.

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