Gold Lion

Mortgages Inc.

THE GOLD LION PLAYBOOK

The Self-Employed Mortgage Approval Playbook

How business owners, contractors, and freelancers in Alberta get a mortgage — and why being self-employed is not the problem you think it is

When the bank says no, we find a way.

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If you are self-employed, you have probably heard some version of this: "Banks don't like self-employed people." It is one of the most common worries we hear at Gold Lion Mortgages. The truth is simpler and a lot more hopeful. The income is there. The work is there. What is usually missing is the right lender and the right way to tell your story.

This playbook walks you through how self-employed Canadians actually get approved — the three paths to a mortgage, the documents you need, the mistakes that quietly sink applications, and how a broker matches your file to the lender most likely to say yes.

1 First, what "self-employed" means to a lender

You are treated as self-employed if you earn income through a business you own rather than a regular paycheque from someone else. That includes:

- Sole proprietors and freelancers
- Incorporated business owners
- Independent contractors (trades, trucking, consulting, gig work)
- Commission-only earners with no salary
- Partners in a business

Here is the key difference from a salaried employee. A salaried person hands over a job letter and pay stubs, and the lender qualifies off that number. A self-employed person's income shows up in tax returns, business statements, and bank deposits — and how a lender reads those numbers makes all the difference.

2 The three paths to approval

There is no single way to get a self-employed mortgage. There are three, and the right one depends entirely on your file.

Path 1 — The A-lender path (banks and credit unions)

This is the prime path, with the most competitive rates and the standard menu of terms.

A-lenders usually qualify you one of two ways:

- **Two-year income average.** They look at your last two years of declared income — from your Notice of Assessment (the NOA the CRA sends after you file) and your T1 General returns — and average them. So a strong year and a weaker year get blended together.
- **Stated-income / business-for-self programs.** Some A-lenders offer programs designed for business owners where your declared income can be supported a little differently, sometimes with a reasonable add-back on the business portion of your income. These are insured programs, which is why they exist and work.

The catch: A-lenders generally want recent NOAs and want to see your taxes filed and up to date. If your returns show a low net income because you wrote off heavily, this path can underqualify you — and that is exactly where the next path comes in.

Path 2 — The B-lender path (alternative lenders)

This is the path most self-employed clients do not know exists, and it is often the perfect fit.

B-lenders look at your business differently:

- They often do **not** need your most recent NOA.
- They can use roughly your **last 12 months of business bank statements** to establish your real gross revenue, then qualify you on your business **net income** — gross revenue minus your actual operating expenses.
- They allow more flexible debt ratios than A-lenders do, which gives a strong-earning business owner more room.

Why does this matter so much? Because the number on your tax return and the actual cash flowing through your business are often two very different things. If you write off aggressively to keep taxes low — which is smart business — your NOA can make you look like you earn far less than you really do. A B-lender that reads your bank statements can see the true picture.

B-lenders typically come with a slightly higher rate and a lender or broker fee, in exchange for that flexibility. For many self-employed clients, it is the difference between owning the home and not. It is also frequently a one- to two-year stop: get in now, season your file, then look at moving to an A-lender at renewal.

Path 3 — Private lending (the backup plan)

When the first two paths do not fit — taxes are behind, the timeline is tight, credit took a hit, or the income simply cannot be documented yet — private lenders are the safety net.

Private lenders are **equity-focused**. The deal is driven by the property and your down payment or existing equity, not by your declared income. That means you will generally need a larger down payment (typically in the range of 20–25% or more) and the rate and fees are higher.

Private is rarely the destination. It is the bridge — a way to get the deal done now, with a clear plan to refinance into a B-lender or A-lender once the file is cleaned up.

3 Your document checklist

The faster you can pull these together, the faster we can find your fit. Not every lender needs every item, but having these ready covers all three paths:

Income and tax

- Last 2 years' Notice of Assessment (NOA)
- Last 2 years' T1 General tax returns
- If incorporated: 2 years of business financial statements (accountant-prepared if you have them)

- Proof your taxes are filed and no amounts are owing to the CRA (a Statement of Account if there is any question)

Business proof

- Business licence, GST/HST registration, or articles of incorporation
- Last 6–12 months of business bank statements (essential for the B-lender path)

Personal

- Government-issued photo ID
- Last 90 days of bank statements showing your down payment and savings
- Proof of down payment source (sale of an asset, savings, or a gift)

Property and credit

- The purchase contract (if you have an accepted offer)
- We pull your credit with your permission — you do not need to provide it

4 The common mistakes that sink self-employed applications

Most declines we see were avoidable. Watch for these:

1. **Writing off too much income.** The single biggest one. Maximizing deductions saves tax but shrinks the income a bank can use. In the year or two before you buy, talk to your accountant about balancing tax savings against showing enough income to qualify.
2. **Unfiled or late taxes.** A-lenders want current NOAs. If last year is not filed, you have quietly closed off the prime path. File before you apply.
3. **Owing money to the CRA.** Outstanding tax debt is a red flag and can block a deal until it is cleared. Sort it out early.
4. **Mixing personal and business banking.** When everything runs through one account, it is hard to prove your business revenue cleanly. Keep a dedicated business account — it makes the B-lender path far smoother.
5. **Less than two years in business.** Many programs want a two-year track record. There are options for newer businesses, but it narrows the field — so plan around it.
6. **Applying everywhere at once.** Multiple lenders each pulling your credit can ding your score. One broker pulls once and shops the file to many lenders.
7. **Assuming a bank "no" is the final answer.** A decline from one lender almost never means a decline everywhere. It usually just means wrong lender, wrong path.

5 How Gold Lion finds the right fit

This is the part a bank cannot do. A single bank can only offer you its own products. When its boxes do not fit your file, the answer is no — and that is the end of the conversation.

We work differently. We look at your full picture — your income, your business, your credit, your down payment, and your timeline — and we know which lenders read self-employed files generously and which do not. Then we match you to the one most likely to approve you on the best terms your situation allows, across A-lenders, B-lenders, and private.

We also think past today. If a B-lender is the right move now, we build the plan to graduate you to better terms down the road. You are not just getting a mortgage — you are getting a strategy.

Being self-employed is not a weakness on a mortgage application. It just needs the right hands on the file.

6 Let's find your path

If you are self-employed and thinking about buying, refinancing, or renewing, let's talk. A quick conversation will tell us which of the three paths fits you — and what to line up to make it happen.

Let's find your path.

Have a question after reading this, or just want to talk it through? A quick conversation usually clears things up fast — no pressure, no obligation.

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Surinderpal Singh · Mortgage Broker

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