

Self-employment isn't a lending problem — it's a documentation choice. Four paths qualify the same borrower; pick the one that matches how your money actually looks on paper.

## 1 Path A — Full documentation

- 2 years of tax returns + all schedules**  
Best pricing if your returns show strong net income.
- YTD profit & loss**  
Continuity check on the current year.
- Best when:**  
Your write-offs are modest and the returns tell the true story.

## 2 Path B — Bank statement

- 12-24 months of statements**  
Deposits, minus an expense factor, become income.
- CPA letter (optional, helpful)**  
Can support a lower expense factor.
- Best when:**  
Deposits are strong but taxable income is written down.

## 3 Path C — 1099-only

- 1-2 years of 1099s**  
Totaled, small expense factor applied, done.
- Best when:**  
You're a contractor with clean 1099s and no appetite for Schedule C archaeology.

## 4 Path D — P&L-only

- CPA-prepared profit & loss**  
Sometimes with 2-3 months of statements as a cross-check.
- Best when:**  
Multi-entity complexity makes every other path a novel.

## Which path wins?

Run the math on two paths minimum. We routinely qualify the same borrower both full-doc and bank-statement and let the numbers pick: the paths differ in pricing and in how much income they can count. Ten minutes of comparison regularly changes the answer.

## 5 Credit prep (all paths)

- Keep utilization under ~30%**  
Score sensitivity is real in non-QM pricing tiers.
- Don't close old cards**  
Age of credit is an asset.
- Dispute errors early**  
Active disputes can stall underwriting.

## 6 Don'ts until closing

- No new entities or restructuring**  
Changing your business structure mid-file resets clocks.
- No undocumented large deposits**  
Every dollar needs a one-line origin story.
- No new debts or co-signing**  
The pre-closing refresh catches it all.
- Don't stop paying quarterlies**  
Fresh tax liens are file-enders.

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ASHLAND ALITZ · BRANCH SALES MANAGER · NMLS #1584948

**Call/Text 612-505-7663**

ashland.alitz@fairwaymc.com · nonqm.lendinglakes.com

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