Bank Statement Loans: Mortgages for the Self-Employed

How bank statement loans work — qualify for a mortgage with 12–24 months of deposits instead of tax returns. Requirements, expense factors, and who they're for.

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You run a cleaning company, a construction crew, a salon, a trucking route. Business is good — the deposits prove it. But your accountant does their job well, your tax return shows a modest net income, and the bank says you "don't make enough" to buy the house you can clearly afford.

This is the most common wall self-employed buyers hit — and the **bank statement loan** was built to go around it.

How It Works

Instead of tax returns, the lender analyzes **12 or 24 months of your bank statements** and qualifies you on the deposits themselves. No W-2s, no tax transcripts, no arguing about Schedule C write-offs. The rhythm of real money flowing into your account becomes your proof of income.

> **Personal or business statements both work.** Personal statements typically count ~100% of deposits; business statements apply an expense factor (see below). Lenders exclude obvious non-income items like transfers between your own accounts.

The Expense Factor

With business statements, the lender assumes part of every deposit covers business costs. A typical **expense factor is 50%**, but it varies by industry and lender — a service business with low overhead may qualify for 20–30%, dramatically raising your usable income. Some lenders accept a letter from your CPA setting the real ratio.

A house-cleaning business deposits $18,000/month across 12 months of business statements. With a 30% expense factor, qualifying income is $12,600/month — likely enough for a $500,000+ purchase. The same borrower's tax return showed $4,100/month of net income after deductions, which most banks would cap around a $250,000 purchase.

Typical Requirements

Item	Typical Guideline
Self-employment history	2 years (some lenders accept 1)
Statements	12 or 24 months, all pages, same account(s)
Down payment	10–20% depending on credit and file strength
Credit score	Roughly 620–660+; better scores price better
Property	Primary, second home, or investment
Rates	Higher than conventional — the cost of skipping tax returns

Bank Statement vs. the Alternatives

- **Conventional/FHA** — if your tax returns DO support the purchase, agency loans are cheaper. We always check this first.
- **DSCR** — for investment properties, the property's rent can qualify instead of your income entirely (see our DSCR guide).
- **ITIN + bank statement** — these combine: many ITIN programs accept bank statements too, which is how self-employed ITIN taxpayers buy.

How to Prepare (Starting Now)

1. **Run business income through one account.** Clean, consistent deposits are your qualifying income — cash kept out of the bank doesn't count.
2. **Separate business and personal.** One dedicated business account makes the analysis clean and the expense factor arguable.
3. **Slow down big unusual deposits** near application time, or keep paperwork explaining them.
4. **Don't change your tax strategy.** That's the whole point — keep deducting legally; the loan doesn't care.

Why Do It with a Broker

Expense factors, statement counts, and deposit rules vary enormously between lenders — the same statements can produce qualifying incomes thousands of dollars apart. We run your deposits through multiple lenders' math before you apply, and we do it in English, Portuguese, and Spanish.

Let's Talk About Your Mortgage

Our team serves you in English, Portuguese, and Spanish — no cost, no obligation.

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