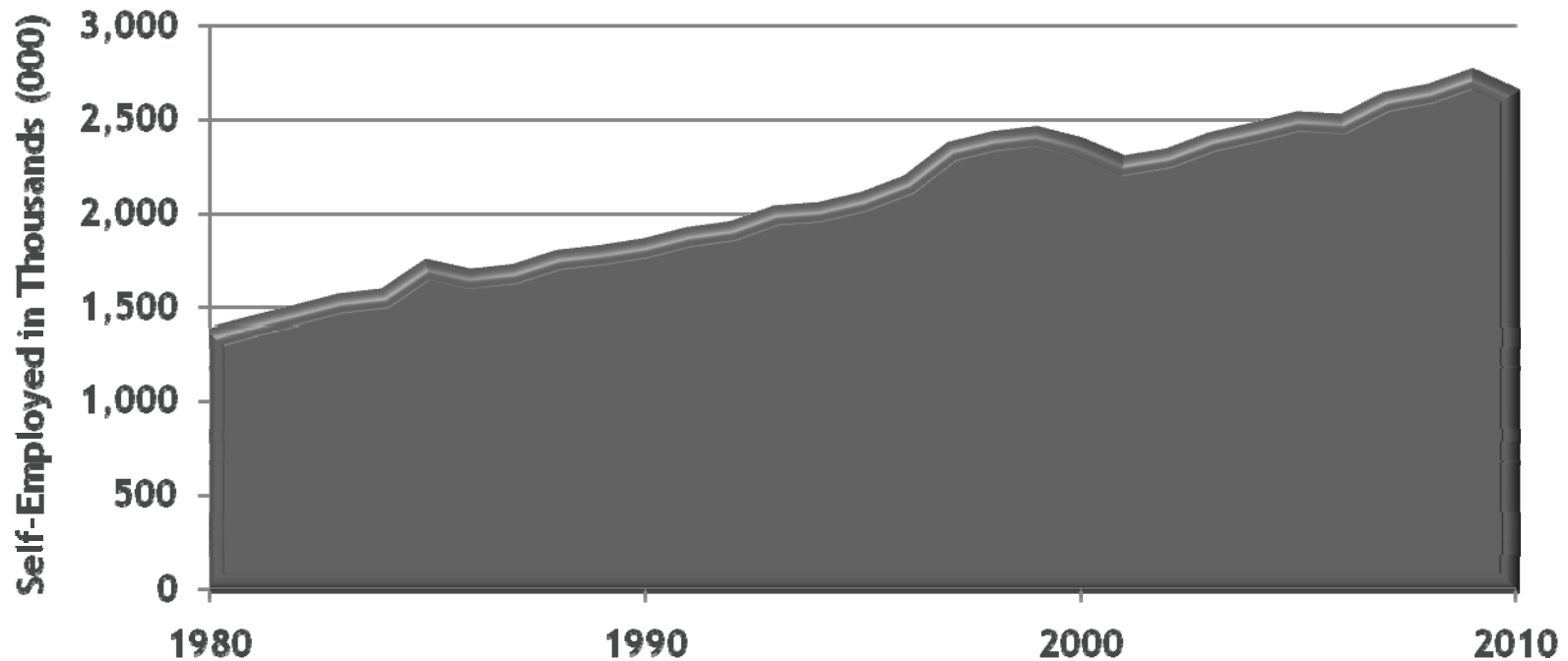


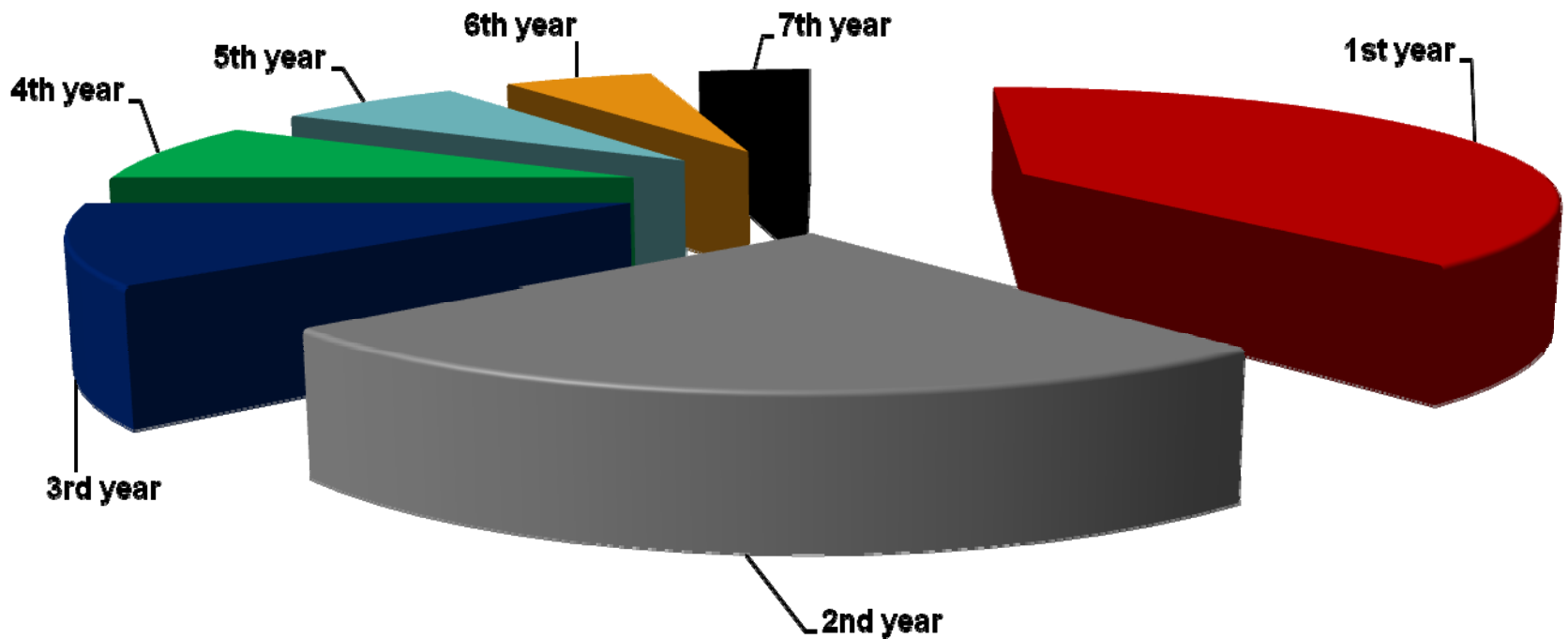
Keys to Success:  
Understanding Low Doc Applications  
Stated Income Mortgage Applications for  
Self-Employed Borrowers

## Self-employment on the Rise



**2.6 million self-employed Canadians in December 2010**

# Business Failures



**Only 54% of all new businesses survive past the second year!**

# Who Are They?

## Self-employed

- Restaurant owners
- Dentists, Registered Massage Therapists
- Consultants/Accounting Services
- Truck Drivers

# Self-Employed Credit Challenges

Difficulty getting approved for mortgage

1. Low Confirmable Income due to write-offs
2. Business Start-up and Financing Costs
  - Difficulty debt servicing
  - Potential for lower credit scores
  - High credit utilization



# Low Doc Stated Income - The Basics

Two major factors that must be reviewed:

1. Credit
2. Income Reasonability



# Credit

## What does it tell us?

- History of repayment
- Lifestyle
- Debt management: Good vs. Bad Debt

# Income Reasonability



Determining reasonability can be confusing!

## Supporting Documents

- T1 General + Statement of Business Activities
- T2 Corporate Tax Return
- Business Financial Statements
- Statement of Assets

# Increasing Your Success Rate

#1 Question to ask yourself:

**How will this person pay back the loan?**

1. Does the credit show a healthy cash flow?
2. Look out for Low Doc red flags
3. Does the income make sense?
4. If in doubt, give us a call!

## Benefits of the Low Doc Advantage™

1. Assists in providing homeownership for BFS borrowers
2. Opportunity for the mortgage professional and lender business growth
3. Commonsense underwriting - allows income to be stated at a reasonable level



## Conclusion

- Good Opportunities in the self-employed market
- Our economy is re-emerging from a challenging time - added due diligence is required
- More than just a credit report
- Let's promote transparency - dig deeper and ask the important questions

## Contact Us



To view the unabridged presentation, please contact your dedicated Account Executive or speak directly with an underwriter:

**National Underwriting Centre**  
**1.877.244.8422**