Self-Employed Get Credit For Experience

We've all heard the old stories. A successful, self-employed Canadian who can work wonders in his or her professional life can't manage to secure a decent mortgage for a home. It strikes us as both ridiculous and unfair – given that nearly one Canadian worker in six is now self-employed. After all, these are some of the most independent and ambitious people in the country. Thank goodness that times have changed for the self employed!

These days, self-employed homebuyers have the same access to mortgages as their salaried counterparts. It doesn't matter what the nature of your income structure: whether you work on contract, whether your work is seasonal, or whether you're a small business owner or an independent professional. And, newly self-employed Canadians can also get credit for their past work experience. If you have two years experience in your field of expertise – whether you were salaried or self-employed – you can meet CMHC insurance standards. This greatly helps self-employed Canadians who have extensive experience in their chosen field, but who are newly in business for themselves in that field. For example, maybe you've been building cabinets for years in a salaried workplace, and have decided to step out on your own. Now you can get credit for your experience. The CMHC guidelines specify that you should be "performing essentially the same function with the same skill requirements" for your past experience to qualify. The CMHC guidelines apply to any mortgage insured by CMHC... from any institution.

It's worth noting, of course, that some lending institutions are friendlier to the self-employed than others. Many lenders are still most comfortable with the traditional parameters for verifying employment and income. A steady stream of pay stubs is the simplest method of assessing your ability to service the mortgage debt. If you've been self-employed for a few years, your lender may want to see detailed financial statements for the most recent years. That can be a problem. An astute business owner with a good accountant will be working hard to minimize taxable income for the business: a smart financial strategy. But according to traditional lending formulas – that business strategy could flag you as a high-risk borrower. The most flexible and innovative lenders have discarded the old formulas for their self-employed clients. You could qualify for your mortgage simply on your own good credit and employment history. If you're self-employed, or considering taking the plunge into business for yourself, you'll find that it's a new mortgage world.

Check out your options... and get the credit you deserve.

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