

Updated for 2026
Lending Environment



**SELF-EMPLOYED HOME LOAN
PREPARATION SERIES**

SELF-EMPLOYED HOME LOAN APPROVAL CHECKLIST

**A PRACTICAL GUIDE TO UNDERSTANDING
HOW LENDERS MAY ASSESS
SELF-EMPLOYED BORROWERS BEFORE
STARTING A HOME LOAN APPLICATION.**

UNDERSTANDING THE SELF-EMPLOYED HOME LOAN PROCESS

Being self-employed provides flexibility and independence, but it can also make the home loan process more complex than many people expect.

Unlike PAYG employees, lenders often assess business owners differently and may review financial information such as tax returns, BAS statements, business bank activity and trading history.

Small details in your financials can sometimes affect how lenders calculate your income or assess your application.

This checklist outlines common areas lenders may review and simple steps that can help self-employed borrowers prepare before speaking with a licensed mortgage broker.

Many borrowers find it helpful to understand these areas early so they can approach the lending process with clearer expectations.

HOW LENDERS MAY ASSESS SELF-EMPLOYED INCOME

Unlike employees who provide payslips, lenders usually assess self-employed income using a combination of financial documents.

These may include:

- personal and business tax returns
- financial statements
- BAS statements
- business bank statements
- accountant verification (in some cases)

Different lenders may assess business income in different ways, and the way deductions or expenses are treated can vary between lenders.

Because of this, understanding how lenders may view your income before applying can often help avoid delays or unnecessary application issues.

Many self-employed borrowers discover that small details in their financials can affect how lenders assess their borrowing capacity.

DOCUMENTS LENDERS MAY REQUEST

While requirements vary between lenders, self-employed borrowers are commonly asked to provide documents such as:

Identification

- Driver's licence
- Passport (if required)

Business Information

- ABN registration
- GST registration (if applicable)
- BAS statements (often the most recent 4 quarters)

Income Verification

- Tax returns
- Business financial statements
- Notice of Assessment

Financial Information

- Business bank statements
- Personal bank statements
- Existing loan statements (if refinancing)

Preparing these documents early can make discussions with finance professionals smoother.

WHY SOME SELF-EMPLOYED LOAN APPLICATIONS ARE DECLINED

Self-employed applications are sometimes declined for reasons that borrowers may not expect.

Common examples include:

- Recently started business
- Some lenders prefer longer trading history.
- Declining income
- If business income has reduced, lenders may use the lower figure.
- Tax deductions reducing assessable income
- Legitimate business deductions may reduce the income lenders can use for borrowing calculations.
- ATO debt or unpaid tax
- Outstanding tax obligations can affect lender decisions.
- Inconsistent turnover
- Large fluctuations in income may require explanation.

In many cases, loan applications are declined not because a borrower cannot afford the loan, but because the application was structured incorrectly for their situation.

YOUR SELF-EMPLOYED HOME LOAN READINESS CHECKLIST

This quick self-check can help you think about whether your financial documents may be ready for a home loan application.

Tick the statements that apply to you.

- ABN Active for at least 1-2 years
- BAS statements available
- Business bank statements organised
- Tax returns available (if applying full-doc)
- Personal liabilities understood
- Deposit saved

Even if you meet most of the items above, lenders may still assess self-employed income differently depending on their policy. Understanding how lenders may view your financials before applying can often help make the process smoother.

WHY MANY SELF-EMPLOYED BORROWERS PREPARE FIRST

Why Many Self-Employed Borrowers Prepare First
Many self-employed borrowers approach a mortgage broker before fully understanding how lenders may assess their income.

A short preparation conversation can help clarify:

- how lenders may assess your business income
- which documents lenders may request
- whether your financials may support an application
- whether additional preparation may improve approval chances

**BOOK YOUR HOME LOAN
PREPARATION CALL**

During the call we can:

- explain common lender requirements
- answer questions about documentation
- discuss your current situation
- introduce you to a licensed mortgage broker if appropriate