

# Self-employed and want a home loan? An alt doc loan might be right for you

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Self-employed and struggling to get a home loan?  
An Alt Doc Loan might help.



If you're self-employed or you own your own business, you'll know all about the challenges of admin - keeping your accounts, finances and income flow all on track.

It's not easy. The last thing you need is a 'no' on your home loan application because of the paperwork.

But here's some good news. There are alternatives. Here are four steps that anyone who's self-employed can take to help get a home loan sorted.

## 1. Sort out the paperwork you do have

When mortgage lenders are looking at a home loan application, they are usually looking for a regular level of income that shows them you're able to make the proposed repayments. Start by showing paperwork that tells them you've been self-employed for an ongoing amount of time and that you do earn a regular amount each month. Being able to demonstrate these things to them will help build your case.

Given that it is sometimes a bit of a challenge to provide all the paperwork you need to document your income, some lenders have worked out a different process for it – it's called alternative documentation (Alt Doc for short). It is specially designed to meet the needs of self-employed or small business owners who can't provide the income documentation required by traditional lenders and mortgage insurers but can still provide valid information, just with different types of paperwork.

The major non-bank lender who pioneered this type of loan is Pepper Money. When Pepper consider an Alt Doc application, some of the things they look for are:

- Has your business been ABN registered for at least 6 months?
- Has your business been GST registered for at least 6 months?
- Business Activity Statements (BAS), and/or
- Business Bank Account Statements, and/or
- An Accountants Letter.

## 2. Be smart with your cash flow: Keep things on track

Using a financial plan to manage cash flow can be really good for people who are self-employed. Paying off any outstanding debts such as credit cards or personal loans will positively impact your cash flow, and potentially your credit score, which may also mean you'll qualify for a higher loan amount with some lenders.

## 3. Be up front with your lender: Trust their experience

From the get-go, it's really important to be upfront about what's been going on in your business. This is particularly important if there are any large variations up or down in the taxable income shown on your annual financial statements from one year to the next. Alternative lenders like Pepper have experience with a range of borrowers who are self-employed and are familiar with evaluating the particular cash flows of small businesses.

## 4. Tackle the taxable-income dilemma: Get good help

One of the biggest challenges self-employed people and small business owners face is their taxable income. The thing to think about when you address this question for your business is how your financial statements today will impact your borrowing options in the future. Talking to a financial adviser or tax professional about your goals (like buying a house) when you work out your taxable income is an important step.

These are some ideas to help your loan application planning. There are many options for self-employed people who are looking to get a home loan but haven't been successful with the banks.

If you'd like more information talk to us today about how we may be able to put you in touch with a lender that can help if the major banks have said 'no' to your loan application. 0422 300 324

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