



P&L vs Bank Statement Loans

Which loan option works best for self-employed borrowers?

There are alternative loan options that are geared towards self-employed borrowers. With Profit and Loss (P&L) and Bank Statement loans, these borrowers can secure strong financing that makes sense for their specific financial needs.

Not sure which solution works best? Here's a quick breakdown of what you need to know about P&L and Bank Statement loan solutions:



Similarities

- 1 Borrower Type:** Both Bank Statement and P&L loans are ideal for small-business owners and self-employed individuals
- 2 Alternative Underwriting:** Both Bank Statement and P&L loans use alternative underwriting methods that provide borrowers with more options for funding.
- 3 No Tax Returns Required:** By focusing on bank or income statements, these programs eliminate the need for providing tax returns.

Differences



Loan Program	Documents Needed	Eligibility	Review Process
PROFIT AND LOSS (P&L) LOANS	P&L Statements*	Must be at least 50% owner of the business. Self-employed for 2 years in the same business.	LendSure verifies a business's contribution to the borrower's income by examining the business's income, revenue trends, and profit margins.
BANK STATEMENT LOANS	12- or 24-month Bank Statements	Must be at least 25% owner of the business. Self-employed for 2 years in the same business.	LendSure evaluates the borrower's cash flow by analyzing inflows and outflows from bank accounts to gauge income consistency.

*P&L must be provided by a Certified Public Account, an IRS Enrolled Agent, or the California Tax Education Council. In addition:

1. Preparer must provide a copy of the current license.
2. The P&L must be signed both by provider and borrower.
3. The P&L must cover the most recent 12 months (dated within 60 days of closing date).
4. P&L preparer must certify they have analyzed the borrower's business financial statements during the preparation of the P&L.
5. P&L preparer must certify they have filed the borrower's most recent business and personal tax returns.
6. P&L preparer must also certify they are not related to the borrower or associated with the business.



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