

Application – Personal Financial Statement - SBA Form 413

The SBA's personal financial statement (SBA Form 413) is a form created, updated and required by the SBA. The form serves several purposes including assisting lenders (and the SBA) determine SBA loan eligibility (discussed in Chapter Two) and evaluate your credit profile (discussed in Chapter Three). The personal financial statement (PFS) is a representation of your personal assets and liabilities. This form can be confusing and questions about how to complete it correctly are common.

The personal financial statement (PFS) is to be completed by each of the business owners specified on the business loan application summary form who have or will have a twenty percent or greater ownership interest. If no owner has at least a twenty percent ownership interest, at least one of the owners will be required to guarantee the loan and will be required to complete this form.

The SBA loan programs are federal programs so the SBA's personal financial statement is a representation of the personal assets and liabilities of the individuals listed at the top of your federal income tax return (IRS Form 1040). If you file a joint tax return, the PFS should represent assets and liabilities that are held both jointly (with your spouse) and individually. The SBA Form 413 is a great form to summarize your personal assets and Liabilities. The first page is a summary of all of your personally held assets and liabilities. The second page is where your summarized assets and liabilities listed on page one are broken down to detail each of your assets and liabilities. The third page is a continuation of the second page in addition to a section for signatures (by both spouses) to certify that the information provided is accurate.

As a reminder, assets that are owned by third parties such as an LLC are not to be listed on your personal financial statement. Liabilities that are paid for by a third party such as an LLC are not to be listed on your personal financial statement. If a car loan listed on your credit report is paid by your business, the car should be listed on your business's balance sheet in the asset section and the loan should be listed on the liability section of the balance sheet. The car should not be listed on your personal financial statement. This is important because you obviously do not want liabilities to be doubled by the lender in its analysis of your credit worthiness.

The Personal Financial Statement (pictured) has been numbered to correspond with the written explanation of how to complete each of the fields. If there is a field on the form that causes you confusion, find the corresponding number for detailed instructions. Listed below are the step by step instructions of how to complete the SBA form 413 (Personal Financial Statement). The electronic version of this form has an auto calculate feature which is available for download.



**PERSONAL FINANCIAL STATEMENT
7(a) / 504 LOANS AND SURETY BONDS**

U.S. SMALL BUSINESS ADMINISTRATION

As of 1

SBA uses the information required by this Form 413 as one of a number of data sources in analyzing the repayment ability and creditworthiness of an application for an SBA guaranteed 7(a) or 504 loan or, with respect to a surety bond, to assist in recovery in the event that the contractor defaults on the contract. Submission of this information is required as part of your application for assistance. Failure to provide the information would impact the agency's decision on your application.

Complete this form for: (1) each proprietor; (2) general partner; (3) managing member of a limited liability company (LLC); (4) each owner of 20% or more of the equity of the Applicant (including the assets of the owner's spouse and any minor children); and (5) any person providing a guaranty on the loan

Return completed form to:

For 7(a) loans: the Lender processing the application for SBA guaranty

For 504 loans: the Certified Development Company (CDC) processing the application for SBA guaranty

For Surety Bonds: the Surety Company or Agent processing the application for surety bond guarantee

Name <u>2</u>	Business Phone <u>3</u>
Home Address <u>4</u>	Home Phone <u>5</u>
City, State, & Zip Code <u>6</u>	
Business Name of Applicant <u>7</u>	
ASSETS (Omit Cents)	LIABILITIES (Omit Cents)
Cash on Hand & in banks.....\$ <u>8</u>	Accounts Payable.....\$ <u>19</u>
Savings Accounts.....\$ <u>9</u>	Notes Payable to Banks and Others.....\$ <u>20</u>
IRA or Other Retirement Account.....\$ <u>10</u>	(Describe in Section 2)
(Describe in Section 5)	Installment Account (Auto).....\$ <u>21</u>
Accounts & Notes Receivable.....\$ <u>11</u>	Mo. Payments \$ <u>22</u>
(Describe in Section 5)	Installment Account (Other).....\$ <u>23</u>
Life Insurance – Cash Surrender Value Only.....\$ <u>12</u>	Mo. Payments \$ <u>24</u>
(Describe in Section 8)	Loan(s) Against Life Insurance.....\$ <u>25</u>
Stocks and Bonds.....\$ <u>13</u>	Mortgages on Real Estate.....\$ <u>26</u>
(Describe in Section 3)	(Describe in Section 4)
Real Estate.....\$ <u>14</u>	Unpaid Taxes.....\$ <u>27</u>
(Describe in Section 4)	(Describe in Section 6)
Automobiles.....\$ <u>15</u>	Other Liabilities.....\$ <u>28</u>
(Describe in Section 5, and include Year/Make/Model)	(Describe in Section 7)
Other Personal Property.....\$ <u>16</u>	Total Liabilities.....\$ <u>29</u> 0.00
(Describe in Section 5)	Net Worth.....\$ <u>30</u> 0.00
Other Assets.....\$ <u>17</u>	Total \$ <u>31</u> 0.00
(Describe in Section 5)	*Must equal total in assets column.
Total \$ <u>18</u> 0.00	
Section 1. Source of Income.	Contingent Liabilities
Salary.....\$ <u>32</u>	As Endorser or Co-Maker.....\$ <u>36</u>
Net Investment Income.....\$ <u>33</u>	Legal Claims & Judgments.....\$ <u>37</u>
Real Estate Income.....\$ <u>34</u>	Provision for Federal Income Tax.....\$ <u>38</u>
Other Income (Describe below)*.....\$ <u>35</u>	Other Special Debt.....\$ <u>39</u>
Description of Other Income in Section 1.	
<u>40</u>	

*Alimony or child support payments should not be disclosed in "Other Income" unless it is desired to have such payments counted toward total income.

From the top of page one of the personal financial statement (SBA Form 413), complete the form as follows:

1. As of: List the date that you complete the personal financial statement. The date should be listed in MM/DD/YYYY format.
2. Name: List your full name (and spouse's full name) as it appears on the top of your personal tax return (IRS Form 1040). If taxes are filed jointly, both names must be reflected here regardless of ownership in the applicant business.
3. Business phone: List the direct work phone number for the person most likely to be contacted regarding the business loan application. A general business phone number can cause delays in communication, particularly related to confidential information.
4. Residence address: List the street address where you live. This should not be your business address. It should match the address listed on your driver's license and credit report.
5. Residence phone: List your home number or the cell phone number for the person most likely to be contacted regarding the business loan application.
6. City, state and zip code: Complete this section to match the street address listed at number 4 (residence address).
7. Business name of applicant/borrower: Leave this section blank. It is common for businesses to operate under several names and many times, new entities are created for the purpose of obtaining financing. This will be completed by the lender during the underwriting process.

Assets

The left side of the bottom half of the first page is a summary of your personally held assets.

8. Cash on hand & in banks: List the total amount of cash that you keep liquid for monthly expenses (bills) and general spending money. This should be the total balance of all of your personal checking accounts (individually held and jointly held) plus any cash under your mattress, in the sock drawer, and in your wallet.
9. Saving accounts: Enter the total balance of cash held in your various savings accounts. This should include individual and joint personal savings accounts and certificates of deposit (CD's) held at your bank. This should also include savings in 529 plans and HSA accounts.
10. IRA or other retirement account: enter the total current balance of all of your 401k's, IRA's and other retirement accounts. This should include all accounts that would incur a penalty by the government if you were to take an early withdrawal (i.e. prior to age 59 ½). Bankers like to see retirement accounts because even though these accounts are not as liquid as cash or marketable securities, they can be drawn from in an emergency to potentially save a business and they indicate that the applicant is planning ahead. Additional details regarding the IRA and Other Retirement Accounts are to be detailed in section 5 on page 2 of this form.
11. Accounts & notes receivable: Enter the total amount of money due to you by a third party. This could be a loan that you made to your business, to a friend or a family

member. It could also be for work that you did for someone that you will be paid for in your person name.

12. Life insurance-cash surrender value: only list a value here if you have a whole life insurance policy. Term life policies do not have a cash surrender value. If you have a whole life policy, your statement should indicate the cash surrender value. The full details of any life insurance policy are to be listed in section 8 on page three of this form.
13. Stocks and bonds: List the total value of all of your marketable securities held by you and your spouse. Additional details regarding Stocks and Bonds are to be detailed in section 3 on page two of this form.
14. Real estate: Enter the total market value of all of your personally held real estate. It should include your primary residence, all other residences and any other properties (including investment properties) held personally. The value of each of the properties should be based on the current market. It is common for people to list a value much higher than the price that was paid for the residence. Unless you have made substantial improvements to the property, I would recommend not inflating the value unless you can back it up with an appraisal or internet comps. Additional details regarding personally held real estate is to be detailed in section 4 on page two of this form.
15. Automobiles: Enter the total value of all of your personally titled cars as well as boats, RV's, four wheelers and other motorized vehicles. If any of these automobiles are represented on a business's balance sheet or paid for by a third party (business), do not list them on the personal financial statement. Provide additional details regarding model year, make and model in section 5 on page two of this form.
16. Other personal property: Enter the total value for all other personal assets. Examples of other personal property include jewelry, artwork, antiques, electronics, furniture and collectables. Additional details regarding other personal property is to be detailed in section 5 on page two of this form.
17. Other assets: List the value of your personal ownership interest in private businesses. For example, if you have 25% interest in a business that has a net worth of one million dollars, list \$250,000 for other assets. The details of your other assets are to be listed in section 5 on page two of this form.
18. Total: Enter the total value of all of the assets listed at number eight through number seventeen on this form. This total should represent the total value of all of your personally owned assets.

Liabilities

The right side of the first page (bottom half) is for your personal liabilities and net worth. When completing the right side out this form, print off all of your current loan and credit card statements and download a copy of your free credit reports. To get a copy of your free credit report, go to www.annualcreditreport.com. The SBA lender will obtain a copy of your credit report so it is important that you have a copy and current debt statements to accurately complete the liability portion of your personal financial statement.

19. Accounts payable: Enter the total amount of bills that are unpaid as of the date of this form. An example of an account payable is your cable bill that is outstanding. Accounts payable is typically left blank or zero.
20. Notes payable: Enter the total amount of personal debt that is owing based on a formal agreement. Credit cards and personal lines of credit are the most common type of notes payable. All payables are considered to be short term liabilities and are expected to be paid within the year. All of your Note Payables are to be detailed on Page two of this form in Section 2. Make sure to enter the actual total balance as of the date of this form regardless of whether you pay the entire balance every month.
21. Installment account (auto): Enter the total outstanding balance of all of your car, boat and plane loans. On your credit report, you will usually see "auto" listed next to any car loans.
22. Monthly payment (auto): Enter the total monthly payment based on the total balance listed in number twenty one.
23. Installment account (other): Enter the total balance of all other term loans (non-auto). Other installment accounts include personal loans, furniture loans, student loans, and other loans that have a scheduled monthly payment and are payable over more than one year.
24. Monthly payment (other): enter the total monthly payment based on the total balance listed in number twenty three.
25. Loan on life insurance: enter the outstanding balance of any loan that you have taken against your life insurance policy. This would be an amount that you have borrowed against the cash value listed at number twelve.
26. Mortgages on real estate: enter the total balance of all personal mortgage debt (including home equity lines of credit). The amount listed here will be further detailed in section four on page two of this form.
27. Unpaid taxes: Taxes include all taxes of which you are personally liable such as income tax and real estate tax. Enter zero unless you owe taxes that are past due. If your taxes are past due provide details of the delinquency including negotiated repayment terms in section six on page two.
28. Other liabilities: Enter the total balance of any other liabilities that you owe that have not been entered in any other section. An example of an "other liability" is past due child support. Detail these other liabilities in section seven on page two.
29. Total liabilities: Enter the total of all liability balances of number 19 (accounts payable) through number 28 (other liabilities), excluding monthly payment amounts listed for number 22 and 24 on this form. This total liability should represent the total amount of money that you (and your spouse) personally owe third parties.
30. Net worth: Enter the difference between your total assets (number 18) and total liabilities (number 29). This number can be positive or negative.
31. Total: Enter the number calculated from adding net worth (number 30) and total liabilities (number 29) together. This number should equal the number listed for number 18.

Section 1. Source of Income and Contingent Liabilities

32. Salary: Enter the total gross income that you (and your spouse) collect on an annual basis as of the date of this form.
33. Net investment income: Enter the total amount of income generated from your investments including dividend income.
34. Real estate income: Enter your net income as reported on Schedule E of your personal tax return (Form 1040 Schedule E).
35. Other income: Enter the amount of annual income that you collect from other sources. An example of other income might be money that you collect as a distribution from a business in which you have an ownership interest.
36. As endorser: Enter the amount of outstanding debt for which you have co-signed. For example, if you have co-signed on your child's car loan, enter the outstanding balance here.
37. Legal claims & judgments: Enter the total amount of legal claims and judgments filed against you. If you are defendant in a lawsuit, enter the amount of the claim against you.
38. Provision for federal income tax: This is for your estimated income tax payment. Most people leave this blank or zero.
39. Other special debt: This is for any other contingent liabilities. This is usually left blank or zero.
40. Description of other income: Detail the source of the other income represented for number 35.

Section 2. Notes Payable to Banks and Others. (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Names and Addresses of Noteholder(s)	Original Balance	Current Balance	Payment Amount	Frequency (monthly, etc.)	How Secured or Endorsed Type of Collateral
(41)	(42)	(43)	(44)	(45)	(46)

Section 3. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as part of this statement and signed.)

Number of Shares	Name of Securities	Cost	Market Value Quotation/Exchange	Date of Quotation/Exchange	Total Value
(47)	(48)	(49)	(50)	(51)	(52)

Section 4. Real Estate Owned. (List each parcel separately. Use attachment if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Real Estate (e.g. Primary Residence, Other Residence, Rental Property, Land, etc.)	(53)		
Address	(54)		
Date Purchased	(55)		
Original Cost	(56)		
Present Market Value	(57)		
Name & Address of Mortgage Holder	(58)		
Mortgage Account Number	(59)		
Mortgage Balance	(60)		
Amount of Payment per Month/Year	(61)		
Status of Mortgage	(62)		

Section 5. Other Personal Property and Other Assets. (Describe, and, if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment and, if delinquent, describe delinquency.)

(63)

Section 6. Unpaid Taxes. (Describe in detail as to type, to whom payable, when due, amount, and to what property, if any, a tax lien attaches.)

(64)

Section 2. Notes Payable to Banks and Others

41. Name and address of note holder(s): List the creditors' names and account numbers for all of your note holders. These accounts will be matched to the creditors listed on your credit report.
42. Original balance: list the greater of credit limit or original balance for each of the creditors listed for number 41.
43. Current balance: list the current balance for each of the creditors listed at number 41. Verify that the amount listed on your statement matches the amount listed on your credit report. The total of all current balances listed should match the total represented at number 20 on page one.
44. Payment amount: List the minimum payment amount required by the creditor.
45. Frequency: Enter how often payments are required to be made. Normally, this will be monthly.
46. How secured: Enter what collateral was taken to secure the note. Most credit cards are unsecured. If the account is unsecured, enter "unsecured".

Section 3. Stocks and Bonds

47. Number of shares: Enter the amount of shares that you own for each marketable security.
48. Name of security: Enter the name of the stock, bond, or fund.
49. Cost: Enter the amount originally paid for the marketable security.
50. Market value: Enter the current market value for each security. The combined market value for all securities listed should equal the amount listed at number thirteen on page one.
51. Date: Enter the date of valuation of the market value.
52. Total value: Enter the total current value for each security.

Section 4. Real Estate Owned

This section is where you can list up to three properties. If you have more than three properties owned in your personal name, duplicate page 2 of the PFS. As a reminder, this section is only for real estate that is owned in your individual name(s).

53. Type of real estate: Enter if the property is your primary residence, other residence, rental property, land, etc.
54. Address: List the complete physical address of the property including street address, city, State and zip code.
55. Date purchased: Enter the date the property was acquired.
56. Original cost: Enter the amount originally paid for the property regardless of the additional investments made in the property since the original purchase.
57. Present market value: Enter the current value of the property. Lenders will typically verify the value entered by searching the address on the internet at popular websites such as Zillow.com. If you are not sure of the current value, enter the address in Google and see what it says. The total value for all of your properties should match the total listed at number fourteen on page one.

58. Name and address of mortgage holder: Enter the current name of the mortgage lender to which payments are made. This will be matched to mortgage loans listed on your credit report.
59. Mortgage account number: List your entire mortgage account number as listed on your mortgage statement. Keep a copy of a recent mortgage statement for each of your mortgages in a three ring binder to be submitted to the SBA lender as required.
60. Mortgage balance: Provide the mortgage balance as it appears on your most recent statement. If you have more than one mortgage such as a 1st mortgage and a home equity line of credit on a property, include the first mortgage balance. You will have to handwrite the second mortgage information or complete the PFS Addendum. The total of all of the mortgages should match the amount entered at number twenty six on page one of the PFS.
61. Amount of payment: Enter the amount of payment that is required to be paid on a monthly basis. This should be your first mortgage minimum payment. If you have a second mortgage, you will have to handwrite the second mortgage payment amount or complete the PFS Addendum.
62. Status of mortgage: Enter the word “current” unless you are thirty days or more behind on your payments.

Section 5. Other Personal Property and Other Assets

63. Other personal property: Describe each of the assets for which you provided a value in sections ten, eleven, fifteen, sixteen and seventeen on the first page of the PFS. This includes your retirement accounts, your accounts and notes receivable, your automobiles, your personal property such as your electronics and furniture, and other assets such as ownership in privately held businesses and patents. For automobiles, detail year, make, model and current value. For other personal assets such as electronics, jewelry, furniture, and artwork, provide a value for each category. Asset values should correspond to the values listed on page one in sections ten, eleven, fifteen, sixteen and seventeen. If any of these other personal assets are financed and the liability has not previously been detailed on the PFS form, detail the lien holders, lien amounts, terms, pledged assets and other relevant loan information.

Section 6. Unpaid Taxes

64. Unpaid taxes: A written explanation for unpaid taxes should only be provided if an amount greater than zero was entered at number twenty seven on page one of the PFS. If you are behind on your taxes, provide the type of delinquent tax, when the tax was due, the amount due and any property addresses connected with the lien. In addition, provide information about repayment terms if these have been negotiated with the creditor (e.g. IRS or your state).

Section 7. Other Liabilities

65. Other liabilities: Detail the terms of the liability amount listed at number twenty eight on page one of the PFS. Include the source of the other liabilities, the type of liability, to whom payable, balance due, payment amount, maturity date, and any collateral

pledged to secure the liability. Other liabilities should not be confused with contingent liabilities. Other liabilities are debts that are required to be repaid personally.

Section 7. Other Liabilities. (Describe in detail.)
(65)
Section 8. Life Insurance Held. (Give face amount and cash surrender value of policies – name of insurance company and Beneficiaries.)
(66)

I authorize the SBA/Lender/Surety Company to make inquiries as necessary to verify the accuracy of the statements made and to determine my creditworthiness.

CERTIFICATION: (to be completed by each person submitting the information requested on this form and the spouse of any 20% or more owner when spousal assets are included)

By signing this form, I certify under penalty of criminal prosecution that all information on this form and any additional supporting information submitted with this form is true and complete to the best of my knowledge. I understand that SBA or its participating Lenders or Certified Development Companies or Surety Companies will rely on this information when making decisions regarding an application for a loan or a surety bond. I further certify that I have read the attached statements required by law and executive order.

Signature _____	(67)	Date _____	(69)
Print Name _____	(68)	Social Security No. _____	(70)
Signature _____	(67)	Date _____	(69)
Print Name _____	(68)	Social Security No. _____	(70)

NOTICE TO LOAN AND SURETY BOND APPLICANTS: CRIMINAL PENALTIES AND ADMINISTRATIVE REMEDIES FOR FALSE STATEMENTS:

Knowingly making a false statement on this form is a violation of Federal law and could result in criminal prosecution, significant civil penalties, and a denial of your loan or surety bond application. A false statement is punishable under 18 U.S.C. §§ 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. § 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally-insured institution, a false statement is punishable under 18 U.S.C. § 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000. Additionally, false statements can lead to treble damages and civil penalties under the False Claims Act, 31 U.S.C. § 3729, and other administrative remedies including suspension and debarment.

PLEASE NOTE: According to the Paperwork Reduction Act, you are not required to respond to this request for information unless it displays a valid OMB Control Number. The estimated average burden hours for the completion of this form is 1.5 hours per response. If you have questions or comments concerning this estimate or any other aspect of this information collection, please contact: Director, Records Management Division, Small Business Administration, 409 Third Street SW, Washington, D.C. 20416, and SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Room 10202, Washington, D.C. 20503. PLEASE DO NOT SEND COMPLETED FORMS TO OMB.

Section 8. Life Insurance Held

66. Life insurance: List all life insurance policies owned by you and your spouse. Term insurance is life insurance that is only payable if the owner was to die during a specific period of time. Term life insurance does not have a cash value. Whole life insurance will have a face value (total amount of the coverage) and a smaller cash value. Provide the owner of the policy, the face amount, the cash surrender value, the name of insurance company and beneficiaries. The total cash surrender value should match the amount listed at number twelve.

Certification

67. Signature: Each spouse is to sign one of the signature lines and print their name below (number sixty eight).

68. Print name: Clearly print or type the full name of the spouse corresponding with signatures.

69. Date: Enter the date the form was signed.

70. Social security number: Enter the social security number for the name printed to the left of this field. Use XXX-XX-XXXX format.

Once the SBA's personal financial statement has been completed, save the completed form in a three ring binder with a copy of all of the financial statements used to compile your financial information. During the loan process, having the supporting information available will help you answer any follow up questions by the lender about your personal financial statement. In addition, some of these statements may be requested as part of underwriting.