

# Coffman Capital, Inc.

## *Professional Business Acquisition Financing*

### **Personal Financial Statement Guide from Coffman Capital**

The Personal Financial Statement or PFS is probably the most important borrower information form. The SBA version is the 413 Personal Financial Statement, and is simpler than many bank PFS forms which combine their loan applications into it. Some tips to complete the SBA 413 will explain what data goes where – and there are some options, so please remember that drafting the form for review is OK before signing.

**The PFS is a “snap-shot” of your financial condition**, so it reflects the amounts when the loan is submitted. If you are expecting an imminent change to be made a day or so after completing this form, please include that as current. But if it’s something planned for the future or possibly prior to closing, please note it in attachment or tell us, and use the current numbers.

#### **Cover Page 1 and the Top of Page 2 information:**

1. You are applying for an SBA 7(a) loan, please check that box on page 1. SBA 504 loans are available for large construction and/or real estate projects and not for most business purchases.
2. Woman-Owned Small Business (WOSB) involves the program described there, for government contracts. If it applies, check the Pg 1 box. If not, the Married Yes/No on Page 2 does not apply.
3. Name: If legally Married, it **must be completed jointly with spouse** even if the spouse will not be a guarantor. There are no exceptions to completing and signing the form this way. We suggest putting First, Middle Initial, Last Name of ***each*** if it fits in the space provided.
4. Business Name of Applicant - Your business is the borrower. If forming a new entity not yet named, “New Entity” will suffice, with the “d/b/a” usually the seller’s business name. If using an existing business entity, use that name along with the appropriate “d/b/a”.
5. Business Type is your planned entity type. You may change it later, so use the type you intend to use now and check with your accounting/legal professional. Note: You can usually keep the Tax ID/EIN if you change the filing status/entity type later (unless Partnership involved).

#### **Assets Section – Left Side of Page 2**

1. Cash on Hand and in Banks & Savings Accounts – The first line is usually checking balances, but could include savings if you want something separate in “Savings”. The important part is to include all of your balances for the liquidity that the bank is measuring.
2. Physical Cash in a safe etc. can be included or shown in Other Assets – your choice. If it’s part of the business cash injection, you’ll need to deposit it and get a cash deposit receipt. The SBA 3-month verification rule may not allow it for injection, FYI.
3. Business bank balances may be included if being used for cash injection. Some borrowers choose not to show it here, but the lenders use the PFS for overall liquidity as well as source of cash injection, so it usually helps to include it.
4. Accounts Receivable – These are personal receivables for any personal loans etc. **Proposed gift funds** should be shown here explained in Section 5 (refer to Accounts Receivable). Business A/R usually is not included here, but is part of any Business value included in Other Assets.

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5. Life Insurance – Only Cash Value policies have an asset value. Please list Term Policies (and cash value ones) in Section 8 on page 4. Life insurance is often used as collateral, so please show it there, even if it is only a term policy, with face amount, insured, and beneficiaries (if complicated, “family” will suffice).
6. Real Estate – Details go on page 3, this line is combined estimated market value of any property owned. Mortgage balances go under Liabilities. You can use a Zillow or other estimate, whatever you think best. If you need more room than Page 3 allows, Coffman Capital can provide a schedule to help. Values in Page 3 section should match Page 2 totals.
7. Autos – Quick estimate, not normally used as collateral, heavily discounted, low importance. On page 3, Section 5, please list Year, Make & Model. Values only, loans are in Liabilities (see below).
8. Other Personal Property – A combined figure for personal property, furniture, jewelry, electronics, collections etc., without a list (see Section 5, page 3). If you want to separate special items, you may do that in Section 5. If you need more room, we can provide a Section 5 Addendum.
9. Other Assets – a cash deposit to a business seller would go here, along with value of any business you currently own, and you can break it down in Section 5 on page 3.

### **Liabilities – Right Side of Page 2**

1. Accounts Payable – **Usually zero**, most people do not have any – not for your monthly bills. Please ask your Coffman representative if you’re not sure.
2. Installment Account (Auto) – Please list only one vehicle loan balance, and the payment in the space provided underneath to the left.
3. Installment Account (Other) – Please list another vehicle loan balance or other installment loan (not a revolving line or credit card) here. Please tell your loan officer who the lenders are for these or possibly mention in notes in Section 7 (a good catch-all for comments on loans).
4. Notes Payable to Banks and Others – For any installment loans not shown above, plus credit cards, or other revolving accounts – **not mortgages**. If you need more room, we can provide an addendum for this as well.
5. Unpaid Taxes – If you are on a back-taxes payment plan, the balance goes here and please attach the current statement showing the payment and status. You do not need to show recent tax liabilities that are in process of being paid. ***Please notify us of any tax liens immediately as they can affect your ability to get the loan.***
6. Other Liabilities – Good section for overflow – can include Student Loans you didn’t have room for in Notes Payable, or personal loans. NOTE: Co-signed loans that reflect on your credit may go here; Other co-signed loans can go in “Contingent Liabilities” section (see below). Please discuss with your loan officer if not sure.

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### **Source of Income – Bottom Left Side of Page 2**

1. Salary – main applicant's salary or combined with spouse, if both are W-2 income-based.
2. Net Investment Income – from your tax return, use your best judgment (might want to show without depreciation for example, etc. and comment on it in space below).
3. Real Estate Income – from tax return, Schedule E net income before depreciation and interest is a good place to start; gross income is OK if recently rented.
4. Other Income – Business income from current business, and/or possibly Spouse Income wages separate, or anything else, then explain it in the space provided below this section.

### **Contingent Liabilities - Bottom Right Side of Page 2**

1. As Endorser or Co-Maker – Co-signed loans not shown above that may not reflect on your personal credit report, and business loans personally guaranteed would go here. If you co-signed a loan, for which the other person makes the payments, and is not included in Liabilities, you can show it here. FYI, lender usually includes payments for anything on your credit report, but declaring it this way is fine.
2. Legal Claims & Judgments – hopefully none ***because lenders will not proceed with open legal claims or pending lawsuits*** because they cannot perfect their interest in your personal guaranty or business assets.
3. Provision for Federal Income Tax – if you have a current payment plan, show balance here.  
**Note:** if you have an IRS lien, the lender cannot close a loan unless fully satisfied.
4. Other Special Debt – miscellaneous, use as needed for anything not included above.

We are glad to help you complete the form, just call or email your questions when you are working through it. We recommend that you **use the form as a draft** that we will help edit using credit reports, bank statements etc. before you finalize your signatures.

We hope this has been helpful and that you ***choose Coffman Capital for your Professional Business Financing!***

***Please call us at 813-891-1811 Ext 1 for any more questions about your Personal Financial Statement or anything related to your Business Financing Request!***