

Coffman Capital, Inc.

Professional Business Acquisition Financing

Personal Financial Statement FAQs from Coffman Capital

Perhaps the most important form in a loan package concerning the borrower is the Personal Financial Statement or PFS. The SBA form for this is called the 413 Personal Financial Statement. Paradoxically, being a government form, it is actually simpler than many bank PFS forms or banks' long-form loan applications. There are some simple tips that will help you complete the SBA 413 so that it is best understood by the lender evaluating the application, and to make sure you include what they need to know.

Here is a list of things to keep in mind while you're filling it out, starting on the left side with Assets, then Liabilities on the right:

1. You are applying for an SBA 7(a) loan, please check that box on page 1. We also can help with SBA 504 loans but they are used for large construction and/or real estate projects and not for business purchases.
2. If your business is a Woman-Owned Small Business (WOSB), note that it is not likely that it involves the program mentioned for government contracts. If you think it applies, you can check the Page 1 box. Unless you do, the Married Yes/No on Page 2 does not apply.
3. Name: If Married, please complete it jointly with spouse even if the spouse will not be a guarantor. There are no exceptions to completing and signing the form this way.
4. Business Name of Applicant - Your business is the borrower. Please put the new or existing entity name that is buying the business. If you are planning to form one, you may use "New Entity", then "d/b/a" the business name you are buying.
5. Business Type is what you plan to use as your entity structure. You may change it later, so put the entity type you plan to use now, and then check with your accounting/legal professional. Note: Tax ID or EIN is important and usually is not affected by the choice of entity structure if you change it later. If it is, the lender will use the new Tax ID.
6. **The PFS is a "snap-shot" of your financial condition**, so it reflects the amounts when the loan is submitted. If you fill it out expecting an imminent change to be made a day or so after sending, please include that as current. But if it's something to be done later or prior to closing, please note it in attachment or tell us, but use the current numbers.
7. Cash on Hand and in Banks & Savings – Please use all savings and checking balances, split them as you think best. Combined amount will be used as "liquidity" which is the important thing. Note: Cash kept in a safe etc. can be shown here or in Other Assets – your choice. If it needs to be verified, we can help you determine how best to document it. Any cash for injection has to be verified 3 months in advance, so "cash on hand" is not going to be part of the injection amount. 2nd Note: Business bank balances can be shown here to bolster liquidity, especially if being used for cash injection. Sometimes it is separated, but most small business owners declare it all together, and provide statements for all of them.
8. Accounts Receivable – These are personal receivables for any personal loans etc. **Gift Funds** not yet received can go here, and explained in Section 5 (refer to Accounts Receivable). Business A/R usually is included in any business value under Other Assets.

Coffman Capital, Inc.

Professional Business Acquisition Financing

9. Life Insurance – Term policies are Zero in assets. Details of policies held go in Section 8 (face value, insured & beneficiary). Any **cash value** policy cash surrender value goes here – not the face amount.
10. Real Estate – Please estimate the market value today. Sites such as Zillow etc. are one way or use your own market knowledge. **Mortgage balances** are separate and go under Liabilities. If you have multiple properties and the spaces on page 3 aren't enough, Coffman Capital can provide a schedule to help. Totals from Page 3 should match Real Estate and Mortgage lines on page 2.
11. Autos – Please put year/make/model on page 3, section 5. Just guess the value, no need for much research. Lenders rarely use them as collateral and discount values heavily in any case.
12. Other Personal Property – Please use a combined figure for personal property, furniture, jewelry, electronics, collections etc., without a list (see Section 5, page 3). If you need to separate any items you may do that (medical equipment, for example). We have a Section 5 Addendum to break down personal assets if you need it, when the form does not give you enough room.
13. Other Assets – This may include **business value** you already own, and **cash deposit towards the business purchase**. Please itemize them and any others in Section 5.
14. Accounts Payable – Usually zero, most people do not have any – you do not need to show your monthly bills. Please ask your Coffman representative if you're not sure.
15. Installment Account (Auto) & (Other) – Please show an individual loan balance (not combined) for one or two auto or installment loans, and the payments where shown. Any others can go in Notes Payable to Banks and Others or Other Liabilities, see below.
16. Notes Payable to Banks and Others – For credit cards, student loans and installment loans not already shown above. If you need, we can provide an addendum for this as well.
17. Unpaid Taxes – This is for a structured tax payment plan for back taxes owed, with or without a tax lien, but not for regularly scheduled periodic taxes. If on a payment plan, please attach the statement with balance, payment and status. **Please notify us of any tax liens immediately as they can affect your ability to get the loan.**
18. Other Liabilities – Good section for overflow – typically can include student loans, co-signed loans that are on your credit, but you may or may not pay, etc. Please put lender name, balance and payment in this box with explanation of the items.

We are glad to help you complete the form. You can use the form as a draft and we will help edit it using credit reports, bank statements etc. before you need to finalize your signatures.

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