FORM 413 PERSONAL FINANCIAL STATEMENT INSTRUCTIONS

If you and your spouse file a joint tax return, both you and your spouse's name should be on the form. All joint assets should be reported on the form, unless you have a legal document, such as a prenuptial agreement, that specifically separates certain assets.

SBA Form 413 must be completed by:

- Each proprietor of the business.
- Each limited partner with 20% or more interest.
- Each general partner.
- Each stockholder owning 20% or more voting stock.
- Any person or entity providing a guaranty on the loan.

The SBA Form 413 Personal Financial Statement is three pages long. The first page provides an overview of your assets and liabilities, and subsequent pages detail the numbers provided on this first page. In other words, all of the sections on pages 2 and 3 refer to certain parts of the overview on page 1. This document provides step-by-step instructions on filling out your Personal Financial Statement.

Name – If you are married and file a joint tax return you should provide both your name and your spouse's name. This does not make your spouse a guarantor, but indicates that you own assets together.

Residence – Use your current address.

Business Name and Applicant Name – Write in the legal name of your business as it is shown on your most recent business federal tax return or formation docs. If you do not have a business entity set up yet, then please put "TBD".

Business and Residence Phone – For business phone, provide a direct business line, not a secretary. For residence phone, give your cell phone to enable quicker communication.

Assets

Cash on Hand & in Banks – Provide the total amount in all your personal checking accounts, including individual accounts, joint accounts, and your spouse's accounts.

Savings Accounts – Provide the total amount in all your savings accounts, money market accounts, and CDs.

IRA and Other Retirement Accounts – Provide the total value of all your Roth IRAs, IRAs, and 401ks. Make sure to include the value of any accounts from previous jobs that you may have forgotten to consolidate. You will need to provide a full description of these accounts in Section 5 on the 2nd page of this form including the financial institution, account holder, and balance.

Accounts & Notes Receivable – This section includes any personal loans you have given people. This is not a commonly used section, but if you have lent any money include that here. You will need to provide a full description of these in Section 5 on the 2nd page of this form.

Life Insurance—Cash Surrender Value Only – This only applies to certain types of life insurance policies that include a cash payout when the policy is cancelled. If you have one of these policies, indicate the total you would receive. This does not apply to term life insurance policies. You will need to provide a full description of this in Section 8 on the 3rd page of this form.

Stocks and Bonds – Indicate the total value of all marketable securities owned by you, your spouse, and jointly. You will need to provide a full description of these securities in Section 3 on the 2nd page of this form.

Real Estate – List the Fair Market Value (FMV) of all residences and commercial property that you own in your personal name. Use Zillow as a reference if you are unsure of the FMV. Include any properties that would go on your personal tax return (primary, rentals, land, etc.). You will need to provide a full description of these properties in Section 4 on the 2nd page of this form.

Automobile—Present Value – This section includes the present value of all of the cars, boats, and recreational vehicles you own. For cars, you can use the Kelley Blue Book for a quick appraisal. Do not include leased vehicles in this total, since leases are considered an expense and not debt. You will need to provide Year/Make/Model in Section 5 on the 2nd page of this form.

Other Personal Property – Here you can include an estimate of the total value of your miscellaneous personal possessions. Try to give an accurate and realistic estimate that does not inflate the value of your belongings. Only include items with $5,000 or greater in value. You will need to provide a full description of this in Section 5 on the 2nd page of this form.

Other Assets – This is a catch all section for all of your personal property, including the net worth of your ownership stake in any businesses. There are many ways to value a company. One way to determine the market value of the business is to determine the value if you were to sell it (including assets), and subtract the liabilities. Then divide this total net worth by your ownership stake. If you own 25% of a business with a market value $1.5 million and $500,000 in liabilities, you do the following calculation: $1.5 million – $500,000 = $1 million x 0.25. The value of your stake would be $250,000. Also, if you completed a 401(k) rollover, the amount of funds transferred to your corporate checking account can be listed here.

Total Assets – The total should add up to the total of all your entered assets.

Liabilities

Accounts Payable – This section is for the total balance of *unpaid* accounts for products and services purchased on credit (ex: gas, electric, phone bill, cable bill, etc.). For most people this section is left blank, since these items are not considered debt, but instead expenses that are setup to be automatically drafted from a checking or savings account. If these items are paid using a loan or credit, then it's considered Accounts Payable since this is debt you will eventually have to pay off using personal funds.

Notes Payable to Banks and Others – This section is for the total balance of all your credit cards, any personal loans, personal lines of credit, HELOC or home equity loan. This DOES NOT include mortgage balances. If you pay off your credit cards every month to a balance of $0, then you do not need to input those here. You will need to provide a full description of the breakdown of the total balance inputted here on the 2nd page of this form in Section 2.

Installment Account (Auto) – This section is for the total of all your vehicle loans (excluding leases), including cars, boats, airplanes, etc. Include the total outstanding balance, and total monthly payment. If you have multiple vehicle payments, put the total combined monthly payment.

Installment Account (Other) –This section is for any other installment loans, such as student loans or other personal loans payable for more than one year. Put the total balance and total monthly payment for all the loans.

Loans on Life Insurance – If you have taken a loan against your life insurance policy, list the total amount outstanding.

Mortgages on Real Estate – Put the total amount you owe on all your personal mortgages. Do not put the original amount, only the current outstanding debt (all mortgages due). You will need to provide a full description of this in Section 4 on the 2nd page of this form.

Unpaid Taxes – Include any unpaid real estate, income, or school taxes. Do NOT include estimated taxes for future years. This should only include taxes that are past-due or that you filed an extension for.

Other liabilities – This section is a catch all for any other liabilities you have not listed so far.

Total Liabilities – This should equal the value of all your entered liabilities.

Net Worth – This is total assets minus your total liabilities.

Total – Total liabilities plus your total net worth should equal your total assets.

SBA Form 413 Section 1: Sources of Income

Salary – Include all wage income for you and your spouse. Only include the amount that you report on your W2 or 1099 tax forms. Lenders will use IRS tax transcripts to verify. The amount entered should be annual (not monthly).

Net Investment Income – This section includes any income from dividends and interest from stocks and bonds.

Real Estate Income – This is your annual net income from rental properties after expenses.

Other Income – This section is for other income that you receive on a regular basis. This can include child support if you wish, bonuses, social security, etc. Describe this income in the box provided below on the form.

Contingent Liabilities

(A contingent liability is basically a potential liability that depends on future events occurring or not occurring.)

As Endorser or Co-Maker – List the total outstanding debt on any loans you cosigned. For example, if a parent guarantees a daughter's first car loan.

Legal Claims & Judgments – List any debts associated with pending lawsuits or legal claims.

Provision for Federal Income Tax – List the any money you are setting aside to pay expected federal income taxes.

Other Special Debt – This is another catch-all for any other debts.

Section 2: Notes Payable to Banks and Others

This section details all your debts and accounts payable, such as credit cards, personal loans, and student loans. If you do not have enough space, attach another spreadsheet with the same information. If you need to attach an additional spreadsheet, be sure to include your name, "as of" date and "SBA Form 413 – Section 2".

Name and Address of Noteholders: Try to enter the name and address of the banks that hold your debt. Space is limited, so use abbreviations if you need to. If you have multiple loans or credit cards from the same bank, list last four numbers or the account number so that it can be matched with a credit report.

Original Balance: Put the total amount when the account was first established. For credit cards, put $0. For other loans, put the initial loan amount.

Current Balance: Put the total amount that you currently owe.

Payment Amount—Frequency: Put the minimum payment and the schedule, which is usually monthly.

How Secured or Endorsed – Type of Collateral: Here you should indicate how your loans are secured by describing the object or real estate used as collateral. If collateral was not required, write “unsecured” in the text box. Most credit cards are unsecured. It can also include what kind of debt it is (ex: credit card).

Section 3: Stocks and Bonds

This section is where you list all the marketable securities you and your spouse own. There is space for four, but you can attach a spreadsheet with more. If you need to attach an additional spreadsheet, be sure to include your name, “as of” date and “SBA Form 413 – Section 3”.

Number of Shares – Input the total number you own.

Name of Security – Input the name.

Cost – Input the initial cost of your purchase.

Market Value Quotation/Exchange – Mark the value of the security on the as-of day you selected.

Date of Quotation/Exchange – This is the day you took the value.

Total Value – Multiply the market value by the number of shares you own. This should match what you entered on page 1.

Section 4: Real Estate Owned

This section is for a detailed description of all the property you own in your name. List any property that you report on your personal taxes. Use “Property A” for your primary residence. Use sections B and C for additional properties. If you own more than three properties, attach a “schedule of real estate” that identifies the same info for all properties. If you need to attach an additional spreadsheet, be sure to include your name, “as of” date and “SBA Form 413 – Section 4”.

Type of Property: List type of property, such as "primary residence", "undeveloped lot", "rental property", or "investment property".

Address: Use the same address that is on your taxes.

Date of Purchase: Use the date on your mortgage bill of sale.

Original Cost: List the purchase price.

Present Market Value: Use the current appraised value of the property if sold today. You can obtain an estimate by calling a broker, or use an online tool like Trulia.com or Zillow.com. Try to use as accurate an estimate as possible and avoid over inflating the value.

Name and Address of Mortgage Holder: Put the bank name and address. If you hold numerous mortgages from that same bank, then put the account number as well.

Mortgage Balance: Enter the remaining balance that you owe on your mortgage

Amount of Payment per Month/Year: Put your monthly/yearly mortgage payment. Write N/A if your mortgage is paid off.

Status of Mortgage: Write "current", "In Foreclosure", or "Paid in Full".

Section 5: Other Personal Property and Other Assets

This section is for any personal property of significant value greater than $5,000. Try to provide as much information as possible, including your car model, make and year. If you have used any of the items as collateral for loans or have liens against them, make sure to list the name and address of the lien holder, the amount of the lien, and payment terms.

You can also use this section to detail the value of your ownership stake in your small business. You can add details that justify your valuation of your company.

Section 6: Unpaid Taxes

List any unpaid taxes here, and specify whether they are state, federal, or local taxes.

Section 7: Other Liabilities

This section is a catch all where you can list any other liabilities not previously disclosed on the form.

Section 8: Life insurance

List all the life insurance policies you have, including term, whole life, and variable life insurance. Provide face value that would be provided to your beneficiaries, as well as the cash surrender value if you have whole life. Also list the full names of policy beneficiaries.