

How to complete a Personal Financial Statement in California

Bank-ready personal financial statement with itemized assets, liabilities and net worth calculation.

What this form is for

Banks and SBA lenders require a personal financial statement when you apply for a business loan to evaluate your creditworthiness and personal guarantee capacity. This form provides a snapshot of everything you own and owe as of a specific date, showing lenders whether you have sufficient personal resources to support the loan.

Before you start

- Recent bank statements for all checking, savings, and money market accounts
- Current mortgage statements and property tax bills showing your home's estimated value and outstanding balance
- Latest brokerage or retirement account statements including IRAs, 401(k)s, stocks, bonds, and mutual funds
- Credit card statements, auto loan balances, personal loans, and any other outstanding debts
- Documentation of other assets like life insurance cash value, vehicles (use Kelley Blue Book), business ownership interests, and real estate holdings

Step-by-step

1. Enter the statement date at the top. Use the most recent month-end date so your financial picture is current.
2. List all cash and liquid assets first. Include every bank account separately with the institution name and current balance. Add checking, savings, CDs, and money market accounts.
3. Document marketable securities and retirement accounts. List stocks, bonds, mutual funds, and retirement plans separately with current market values, not what you originally paid.
4. Report real estate holdings. For your primary residence and any investment properties, list the address, current market value, and the mortgage balance. California lenders pay close attention to real estate equity given the state's property values.
5. Itemize personal property and other assets. Include automobile values, life insurance cash surrender value, business ownership interests at fair market value, and any notes receivable or money owed to you.
6. Total all assets. Most forms have a subtotal line. Double-check your addition.
7. List all liabilities starting with real estate mortgages. Include the lender name, monthly payment, and current balance for each debt.

8. Add all other debts including credit cards, auto loans, student loans, personal loans, and any taxes owed. For California residents, note any state tax liabilities separately.
9. Calculate total liabilities and subtract from total assets to determine your net worth. This is the critical number lenders evaluate.
10. Sign and date the form. Most banks require your spouse's signature too if you're married, as California is a community property state.

What lenders look for

- Lenders compare your liquid assets to the loan amount and look for debt-to-income ratios below 43 percent. Underestimate asset values slightly rather than inflate them since you may need to provide proof.
- Common mistakes include forgetting contingent liabilities like co-signed loans or personal guarantees on other business debts, and listing retirement account values without noting early-withdrawal penalties reduce actual liquidity.
- Update this statement every six months even if not required. California's fluctuating real estate market means your net worth can shift significantly, and having current documentation speeds up future financing requests.