**What Is a Proof of Funds Letter?**

When preparing to make a large financial transaction, your lender may require you to furnish a proof of funds letter. This is a memorandum issued by your financial institution that confirms the total amount of money that is currently deposited in your bank accounts. Although there are multiple situations that may warrant a proof of funds letter, the most common include purchases, loans and leases.

**Purpose of a Proof of Funds Letter**

* The specific information included in a proof of funds letter varies by financial institution and the nature of the transaction. However, it typically includes information such as the account holder’s name, account number, date the account was opened, average balance and current balance of available funds. This information can help a lender assess your credit worthiness and risk level, which may ultimately impact its decision to approve or deny your application.