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DIVISION OF MONETARY AFFAIRS

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TO: HEADS OF RESEARCH AT ALL FEDERAL RESERVE BANKS

Enclosed for distribution to respondents is a national summary of the October 2012 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures

This document is available on the Federal Reserve Board’s web site (http://www.federalreserve.gov/econresdata/statisticsdata.htm).

The October 2012 Senior Loan Officer Opinion Survey on Bank Lending Practices

The October 2012 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the supply of, and demand for, bank loans to businesses and households over the past three months. This summary is based on responses from 68 domestic banks and 23 U.S. branches and agencies of foreign banks.[1]

In the October survey, small fractions of domestic banks, on net, reported easing standards for business lending and some categories of consumer lending over the past three months. Respondents reported little change in residential real estate lending standards on balance.[2] Significant fractions of banks reported a strengthening of demand for commercial real estate loans, residential mortgages, and auto loans, on balance, while demand for most other types of loans was about unchanged. The October survey included special questions on factors affecting C&I loan growth over the past year and on lending to European banks. In another set of special questions, the survey queried banks about their participation in the revised Home Affordable Refinance Program (HARP 2.0) and about changes in their standards for approving applications for mortgages insured by the Federal Housing Administration (FHA).

On net, small percentages of respondents reported that C&I lending standards at their banks had eased over the past three months and that many terms on such loans had also eased. On balance, respondents reported that demand for C&I loans from firms of all sizes was about unchanged over the past three months.[3] Responses to special questions addressing the rapid C&I loan growth at commercial banks over the past year generally indicated that customers using bank loans to replace debt from nonbank sources was not an important reason for that growth. The responses to a second set of special questions on business lending indicated that standards to European banks and affiliates continued to tighten over the previous three months. A small fraction of banks reported that commercial real estate (CRE) lending standards had eased over the past three months, while the percentage of banks that reported that demand for CRE loans had increased moved up appreciably on net.

Regarding residential real estate lending, banks reported that standards for both prime and nontraditional mortgages had remained unchanged over the past three months on balance. Respondents reported in both the July and October surveys that demand for prime and nontraditional residential mortgage loans had increased on balance. Responding to a special question on FHA lending, a majority of domestic banks

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[1] Respondent banks received the survey on or after September 25, 2012, and responses were due by October 9, 2012. In the October survey, 6 new banks were added to the panel of domestic respondents.

[2] For questions that ask about lending standards or terms, reported net fractions equal the fraction of banks that reported having tightened standards ("tightened considerably" or "tightened somewhat") minus the fraction of banks that reported having eased standards ("eased considerably" or "eased somewhat"). For questions that ask about demand, reported net fractions equal the fraction of banks that reported stronger demand ("substantially stronger" or "moderately stronger") minus the fraction of banks that reported weaker demand ("substantially weaker" or "moderately weaker").

[3] The survey asks respondents separately about their standards for and demand from large and middle-market firms, which are generally defined as firms with annual sales of $50 million or more, and small firms, those with annual sales of less than $50 million.

indicated that their lending standards for approving an application for an FHA-insured purchase mortgage were about the same as in 2006 for a borrower with a credit score of 660, but that standards had tightened for borrowers with lower FICO scores. In addition, banks continued to indicate that a material portion of refinance applications at their bank was attributable to HARP 2.0, and that they expected a significant portion of HARP 2.0 applications to be completed.

Within consumer lending, modest fractions of respondents continued to report an easing of standards on credit card and auto loans; respondents indicated that their standards on other types of consumer loans were about unchanged. On balance, almost all terms on all types of consumer loans reportedly changed little over the past three months. While modest percentages of banks again reported an increase in demand for credit card and auto loans, demand for other consumer loans remained about the same over the survey period.

Business Lending
(Table 1, questions 1–14; Table 2, questions 1–13)

Questions on commercial and industrial lending. Slightly less than 10 percent of domestic survey respondents indicated that their C&I lending standards to large and middle-market firms and to small firms eased over the past three months on balance. However, larger fractions of domestic banks reported having eased many C&I loan terms to borrowers of all sizes. For most of those terms, the easing was somewhat more widespread than it was reported to have been in the July survey. Of the respondents that reported having eased either standards or terms over the past three months, almost all cited more-aggressive competition from other banks or nonbank lenders as an important reason for doing so. As in the previous survey, no other reasons were broadly cited as important.

On balance, C&I loan demand changed little over the past three months. In contrast to the July survey, in which a small margin of banks indicated that demand from large and middle-market firms had strengthened on balance, in response to the current survey a very small net fraction of respondents indicated that demand from such firms had weakened. On net, demand from small firms was reportedly about unchanged, as it had been in the previous survey.

On balance, branches and agencies of foreign banks reported that their C&I lending standards had remained about the same over the past three months, while positive fractions of banks reported easing on some loan terms. As was true for domestic respondents, the most widely cited reason for easing standards or terms among branches or agencies was more-aggressive competition from other lenders. Although a notable fraction of such institutions reported a weakening of C&I loan demand in the July survey, the balance of foreign respondents reported little change in demand for such loans over the past three months.

Special questions on factors affecting recent C&I loan growth. The October survey included a set of special questions that asked banks about possible factors related to the brisk expansion in C&I lending at commercial banks over the past 12 months. Survey respondents were asked to quantify the share of the dollar volume of the increase in outstanding C&I loans at their banks that was attributable to customers who used the lending to replace debt that was previously provided by nonbank sources of funding.

Respondents did not generally report that this factor was a significant explanation for recent C&I loan growth at their banks. About one third of the domestic banks that responded to this question indicated that the replacement of nonbank debt accounted for less than 25 percent of the increase in C&I loans at their bank. Most of the remaining respondents reported that replacement of such debt was not a factor in C&I loan growth at their banks.

A subsequent question invited respondents to comment on factors related to C&I loan growth that were not addressed in the preceding special questions.[4] The answers to this question varied and did not generally reflect a consensus among respondents. Some banks suggested that weaker foreign and domestic competition had contributed to loan growth at their bank, while other institutions pointed to decisions to diversify the bank's portfolio or to expand into new business lines.

Special questions on lending to and competition from European banks. The October survey also included questions about European banking institutions and their affiliates that have been asked on several recent surveys. Respondents to the domestic and foreign survey again reported that their lending standards to European banks and their affiliates had tightened over the past three months, but the fractions of respondents indicating that they had tightened standards declined significantly between the July and October surveys, on net. As in the July survey, domestic banks reported that they had experienced little change in demand for loans from European banks and their affiliates and subsidiaries.

Of the respondents that indicated that their banks compete with European banks for their business, a slight majority reported that they had experienced a decrease in competition from European banks over the past three months, but the decrease did not appreciably boost business at their banks. A smaller but significant fraction of respondents indicated that a decrease in competition from European banks had increased business at their banks to some extent.

Questions on commercial real estate lending. On balance, a small fraction of domestic respondents to the October survey reported that standards on CRE loans had eased over the previous three months. The fraction of banks that reported a strengthening of demand for CRE loans increased notably, moving to about 45 percent on net. Branches and agencies of foreign banks reported similar trends in CRE lending conditions—the percentage of respondents that reported easing standards was just under 10 percent, while a moderate fraction reported that demand for CRE loans had strengthened, on balance.

Lending to Households

(Table 1, questions 15–32)

Questions on residential real estate lending. Banks' residential real estate lending standards reportedly remained about unchanged over the past three months. As in each of the previous three surveys this year, respondents reported little change in their standards for prime mortgages. In the October survey, standards on nontraditional mortgages were reportedly unchanged, in contrast to the tightening reported earlier in the year. Respondents continued to report that demand for residential mortgage loans had

[4] Questions with text responses are not summarized in Tables 1 and 2.

increased over the past three months on net, although the fractions of banks that reported an increase in demand for both prime and nontraditional residential mortgage loans declined from their levels in the July survey. Standards and demand for home equity lines of credit were reportedly about unchanged.

Special questions on FHA-insured mortgages. A pair of special questions asked banks to compare their bank's standards for approving an application for an FHA-insured purchase mortgage for a borrower with a given FICO score with the standards that prevailed at their bank in 2006. Two-thirds of banks reported that their bank was about as likely to approve an application for an FHA mortgage from a borrower with a FICO score of 660 as they were in 2006. For a borrower with a FICO score of 620, a small majority of banks reported that they would be less likely to approve the loan under their current lending policies, and for a FICO score of 580, nearly three-fourths of respondents indicated that they would be less likely to approve such a loan using their current standards. A follow-up question asked banks that reported that they were currently less likely to approve an application for an FHA-insured mortgage about the reasons for the shift in their lending position. Banks broadly cited a higher risk of putback of delinquent mortgages by the FHA as an important reason for the change. A smaller but sizeable percentage of banks pointed to concerns that their bank's "compare ratio" could hinder its ability to participate in FHA programs.[5]

Special questions on the revised Home Affordable Refinance Program. The October survey also repeated a pair of special questions from the July survey about HARP 2.0. In the October survey, about 25 percent of banks surveyed estimated that HARP 2.0 accounted for more than 30 percent of refinance applications, a bit below the percentage found in the July survey. About twenty percent of banks anticipated that at least 80 percent of their bank's HARP 2.0 applications would be completed. Another 45 percent of respondents indicated that somewhere between 60 and 80 percent of applications would likely be completed, and most of the remaining respondents estimated that more than 40 percent would likely be completed.

Questions on consumer lending. As in the July survey, domestic banks reported that they had eased standards on credit card and auto loans over the past three months, while standards on other consumer loans had remained about unchanged. On balance, banks reported that most terms on all types of consumer loans were about unchanged over the past three months. Demand for credit card and auto loans reportedly increased, on balance, while it was about unchanged on other types of consumer loans.

This document was prepared by Mary Beth Chosak, with the assistance of Jane Brittingham and Amanda Ng, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

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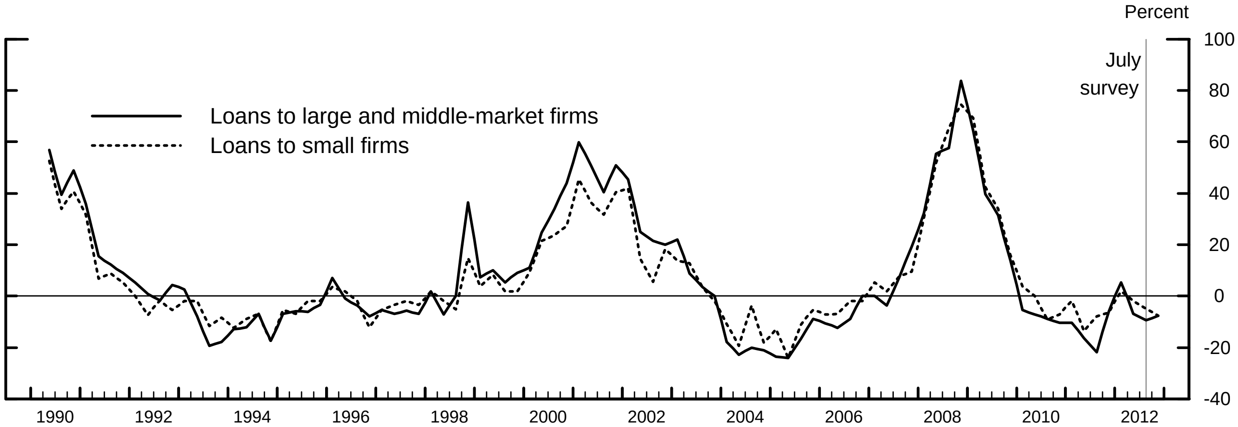
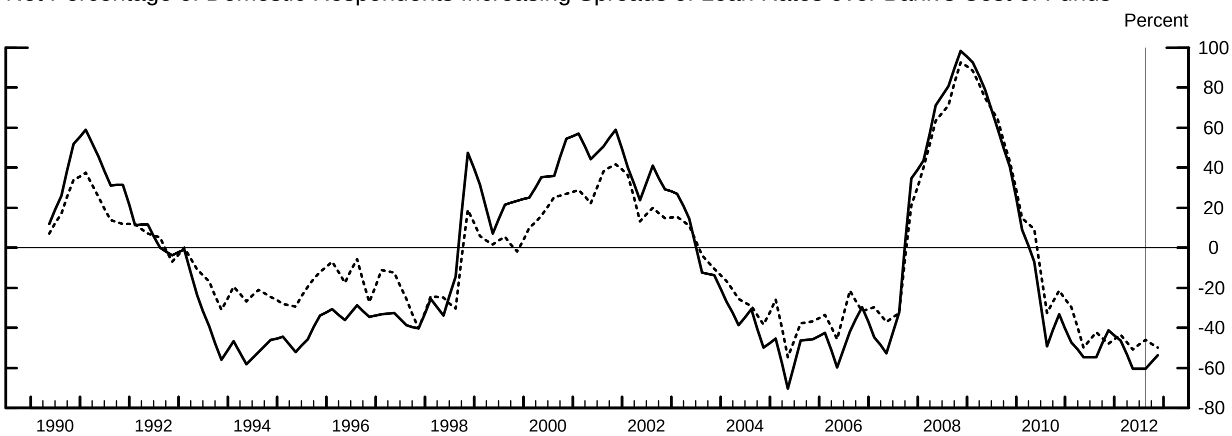
[5] A bank's compare ratio is the ratio of its delinquency rate on FHA loans to the delinquency rate on FHA loans in the geographic area.

Measures of Supply and Demand for Commercial and Industrial Loans, by Size of Firm Seeking Loan

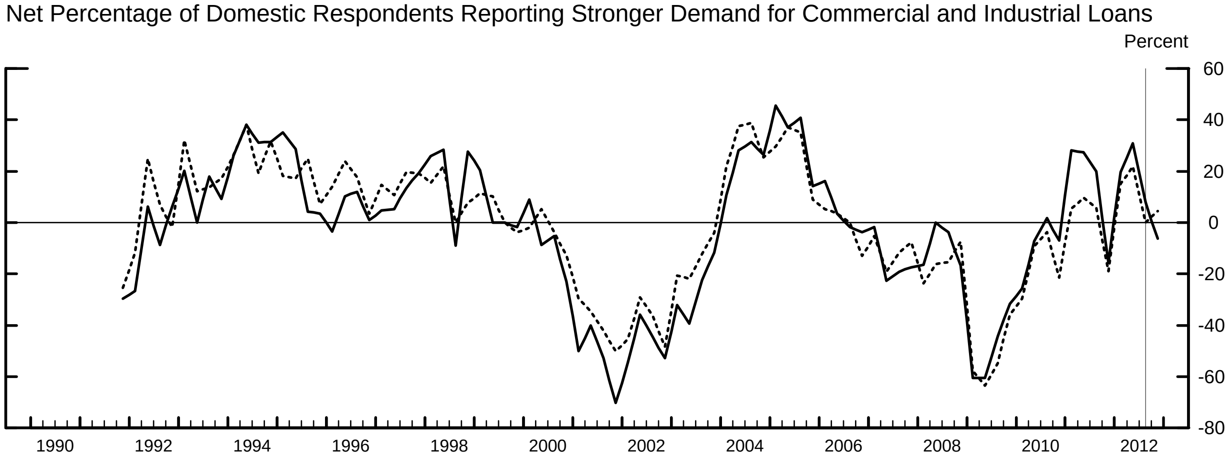
Net Percentage of Domestic Respondents Tightening Standards for Commercial and Industrial Loans



Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Bank’s Cost of Funds

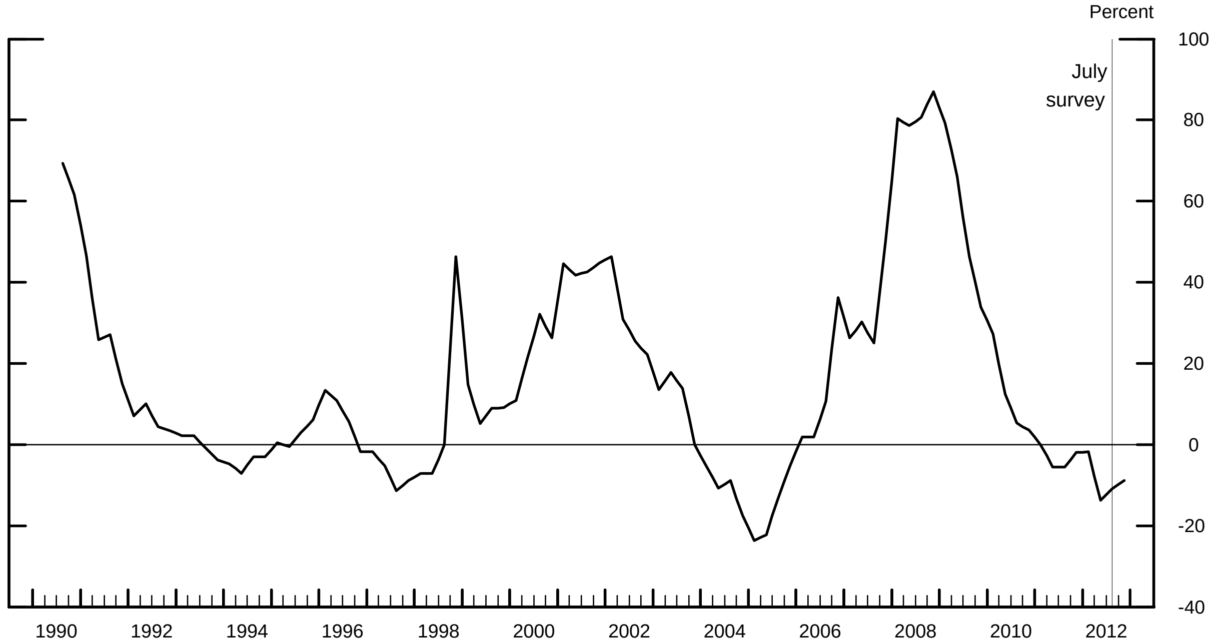


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial and Industrial Loans

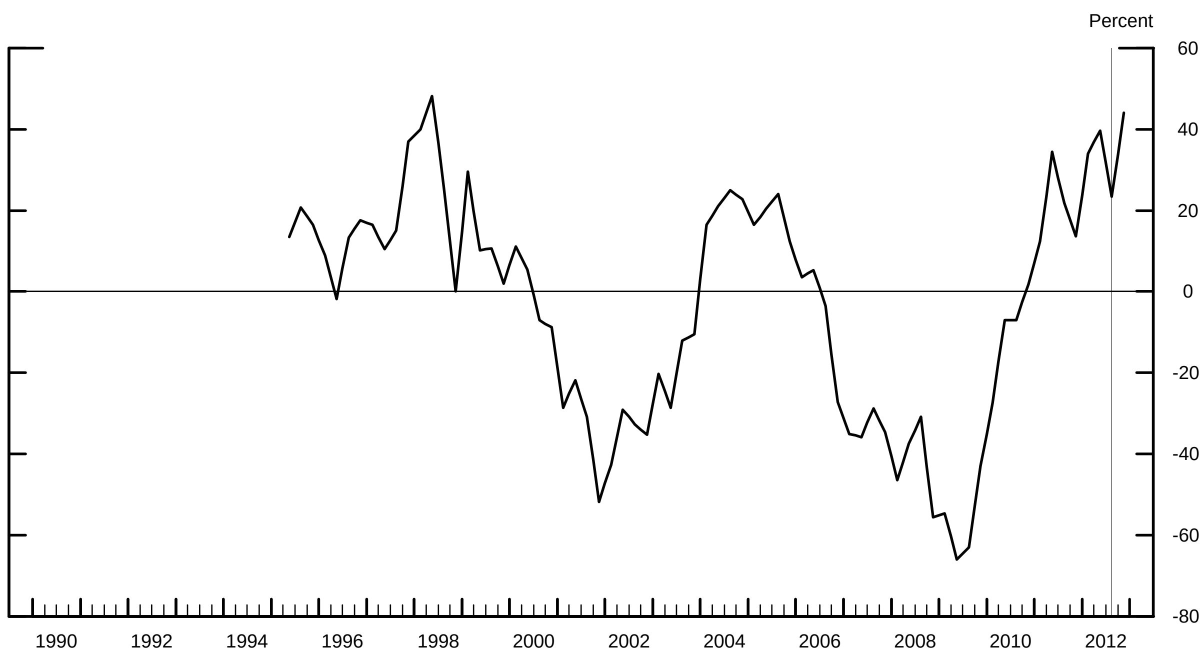


Measures of Supply and Demand for Commercial Real Estate Loans

Net Percentage of Domestic Respondents Tightening Standards for Commercial Real Estate Loans

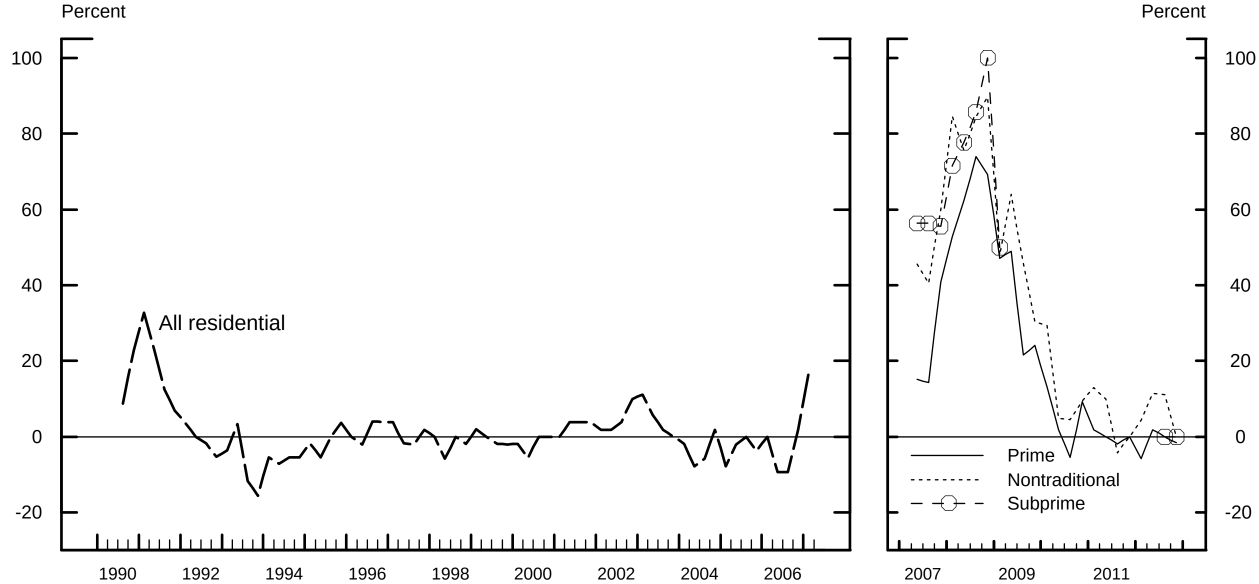


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



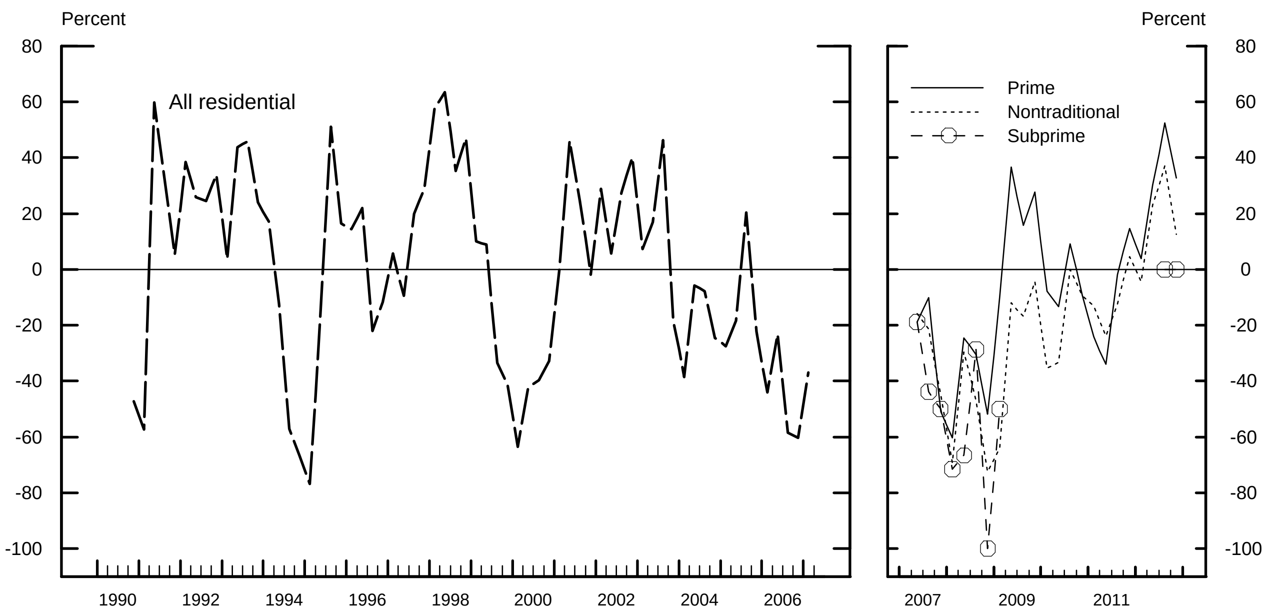
Measures of Supply and Demand for Residential Mortgage Loans

Net Percentage of Domestic Respondents Tightening Standards for Residential Mortgage Loans



Note: For data starting in 2007:Q2, changes in standards for prime, nontraditional, and subprime mortgage loans are reported separately. Series are not reported when the number of respondents is three or fewer.

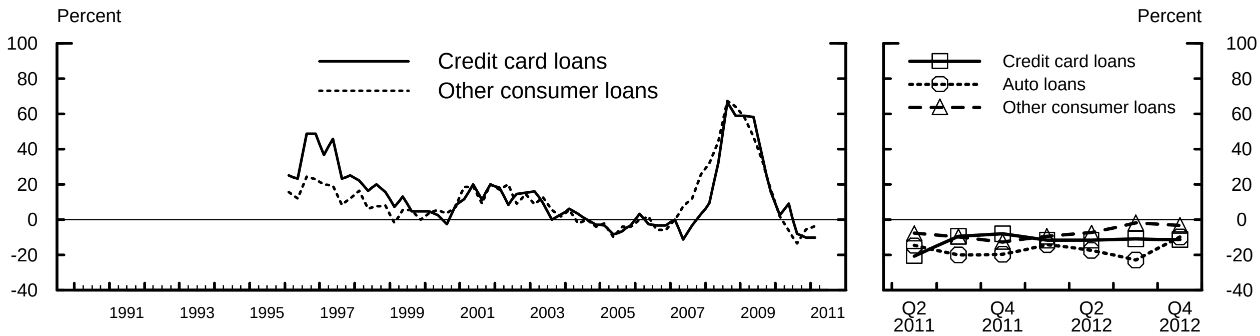
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



Note: For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately. Series are not reported when the number of respondents is three or fewer.

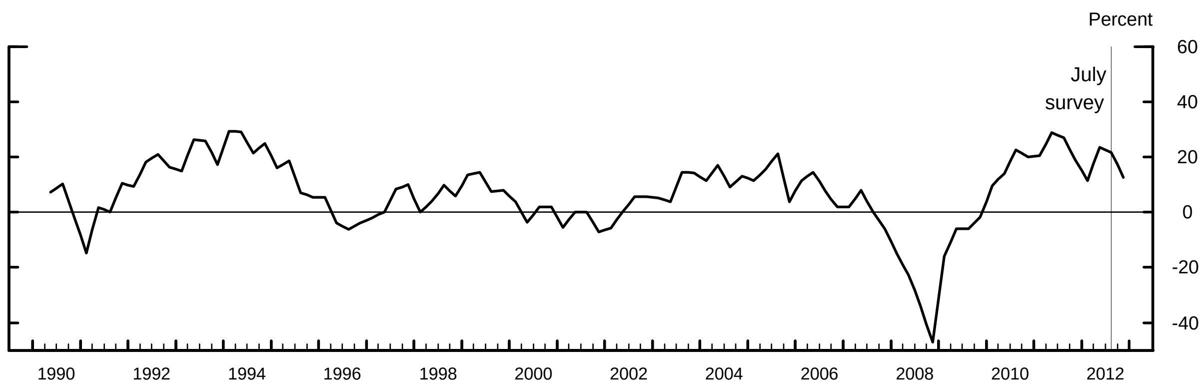
Measures of Supply and Demand for Consumer Loans

Net Percentage of Domestic Respondents Tightening Standards for Consumer Loans

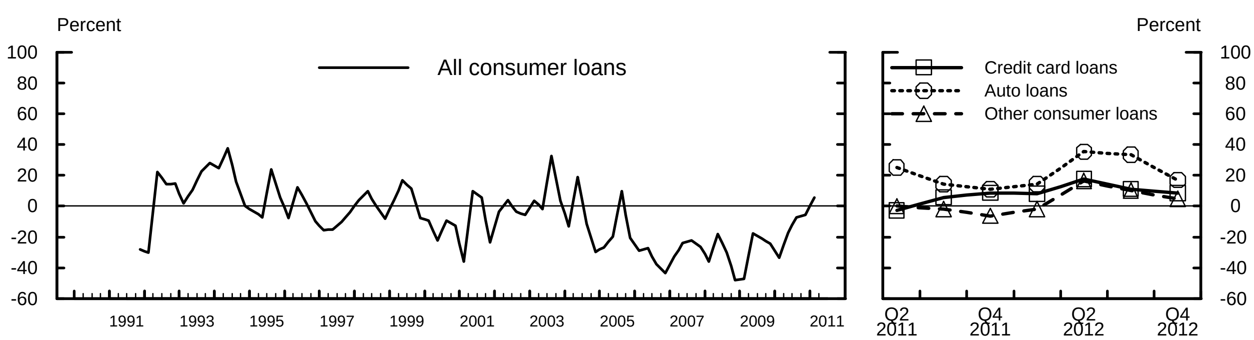


Note: For data starting in 2011:Q2, changes in standards for auto loans and consumer loans excluding credit card and auto loans are reported separately. In 2011:Q2 only, new and used auto loans are reported separately and equally weighted to calculate the auto loans series.

Net Percentage of Domestic Respondents Reporting Increased Willingness to Make Consumer Installment Loans



Net Percentage of Domestic Respondents Reporting Stronger Demand for Consumer Loans



Note: For data starting in 2011:Q2, changes in demand for credit card loans, auto loans, and consumer loans excluding credit card and auto loans are reported separately.

Table 1

Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Large Banks in the United States [1]

(Status of policy as of October 2012)

***Questions 1-6** ask about commercial and industrial (C&I) loans at your bank. Questions 1-3 deal with changes in your bank's lending policies over the past three months. Questions 4-5 deal with changes in demand for C&I loans over the past three months. Question 6 asks about changes in prospective demand for C&I loans at your bank, as indicated by the volume of recent inquiries about the availability of new credit lines or increases in existing lines. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—to large and middle-market firms and to small firms changed? (If your bank defines firm size differently from the categories suggested below, please use your definitions and indicate what they are.)

A. Standards for large and middle-market firms (annual sales of $50 million or more):

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.5	1	2.9	0	0.0
Remained basically unchanged	59	89.4	32	91.4	27	87.1
Eased somewhat	6	9.1	2	5.7	4	12.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	35	100.0	31	100.0

B. Standards for small firms (annual sales of less than $50 million):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.5	0	0.0	1	3.0
Remained basically unchanged	59	89.4	30	90.9	29	87.9
Eased somewhat	6	9.1	3	9.1	3	9.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	33	100.0	33	100.0

2. For applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—from large and middle-market firms and from small firms that your bank currently is willing to approve, how have the terms of those loans changed over the past three months?

A. Terms for large and middle-market firms (annual sales of $50 million or more):

a. Maximum size of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.1	2	5.7	0	0.0
Remained basically unchanged	53	81.5	27	77.1	26	86.7
Eased somewhat	10	15.4	6	17.1	4	13.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	65	100.0	35	100.0	30	100.0

b. Maximum maturity of loans or credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	52	80.0	30	85.7	22	73.3
Eased somewhat	13	20.0	5	14.3	8	26.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	65	100.0	35	100.0	30	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.5	1	2.9	0	0.0
Remained basically unchanged	42	64.6	26	74.3	16	53.3
Eased somewhat	21	32.3	8	22.9	13	43.3
Eased considerably	1	1.5	0	0.0	1	3.3
Total	65	100.0	35	100.0	30	100.0

d. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.5	1	2.9	0	0.0
Remained basically unchanged	28	43.1	20	57.1	8	26.7
Eased somewhat	35	53.8	14	40.0	21	70.0
Eased considerably	1	1.5	0	0.0	1	3.3
Total	65	100.0	35	100.0	30	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	1	1.5	0	0.0	1	3.3
Tightened somewhat	3	4.6	3	8.6	0	0.0
Remained basically unchanged	51	78.5	26	74.3	25	83.3
Eased somewhat	10	15.4	6	17.1	4	13.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	65	100.0	35	100.0	30	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.5	0	0.0	1	3.3
Remained basically unchanged	58	89.2	31	88.6	27	90.0
Eased somewhat	6	9.2	4	11.4	2	6.7
Eased considerably	0	0.0	0	0.0	0	0.0
Total	65	100.0	35	100.0	30	100.0

g. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	63	96.9	34	97.1	29	96.7
Eased somewhat	2	3.1	1	2.9	1	3.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	65	100.0	35	100.0	30	100.0

h. Use of interest rate floors (more use=tightened, less use=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	37	57.8	25	73.5	12	40.0
Eased somewhat	21	32.8	8	23.5	13	43.3
Eased considerably	6	9.4	1	2.9	5	16.7
Total	64	100.0	34	100.0	30	100.0

B. Terms for small firms (annual sales of less than $50 million):

a. Maximum size of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	57	86.4	29	87.9	28	84.8
Eased somewhat	9	13.6	4	12.1	5	15.2
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	33	100.0	33	100.0

b. Maximum maturity of loans or credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	54	81.8	28	84.8	26	78.8
Eased somewhat	12	18.2	5	15.2	7	21.2
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	33	100.0	33	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	46	69.7	29	87.9	17	51.5
Eased somewhat	20	30.3	4	12.1	16	48.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	33	100.0	33	100.0

d. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	33	50.0	22	66.7	11	33.3
Eased somewhat	32	48.5	11	33.3	21	63.6
Eased considerably	1	1.5	0	0.0	1	3.0
Total	66	100.0	33	100.0	33	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.5	0	0.0	1	3.0
Tightened somewhat	1	1.5	1	3.0	0	0.0
Remained basically unchanged	56	84.8	27	81.8	29	87.9
Eased somewhat	8	12.1	5	15.2	3	9.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	33	100.0	33	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.5	0	0.0	1	3.0
Remained basically unchanged	61	92.4	31	93.9	30	90.9
Eased somewhat	4	6.1	2	6.1	2	6.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	33	100.0	33	100.0

g. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	66	100.0	33	100.0	33	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	66	100.0	33	100.0	33	100.0

h. Use of interest rate floors (more use=tightened, less use=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	39	60.0	24	75.0	15	45.5
Eased somewhat	21	32.3	8	25.0	13	39.4
Eased considerably	5	7.7	0	0.0	5	15.2
Total	65	100.0	32	100.0	33	100.0

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change?

A. Possible reasons for tightening credit standards or loan terms:

a. Deterioration in your bank's current or expected capital position

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	5	100.0	3	100.0	2	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	5	100.0	3	100.0	2	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	2	40.0	2	66.7	0	0.0
Somewhat important	2	40.0	1	33.3	1	50.0
Very important	1	20.0	0	0.0	1	50.0
Total	5	100.0	3	100.0	2	100.0

c. Worsening of industry-specific problems (please specify industries)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	1	20.0	1	33.3	0	0.0
Somewhat important	4	80.0	2	66.7	2	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	5	100.0	3	100.0	2	100.0

d. Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	60.0	2	66.7	1	50.0
Somewhat important	2	40.0	1	33.3	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	5	100.0	3	100.0	2	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	40.0	2	66.7	0	0.0
Somewhat important	2	40.0	0	0.0	2	100.0
Very important	1	20.0	1	33.3	0	0.0
Total	5	100.0	3	100.0	2	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	80.0	3	100.0	1	50.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	1	20.0	0	0.0	1	50.0
Total	5	100.0	3	100.0	2	100.0

g. Deterioration in your bank's current or expected liquidity position

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	5	100.0	3	100.0	2	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	5	100.0	3	100.0	2	100.0

h. Increased concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	2	40.0	2	66.7	0	0.0
Somewhat important	3	60.0	1	33.3	2	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	5	100.0	3	100.0	2	100.0

B. Possible reasons for easing credit standards or loan terms:

a. Improvement in your bank's current or expected capital position

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	33	80.5	16	84.2	17	77.3
Somewhat important	8	19.5	3	15.8	5	22.7
Very important	0	0.0	0	0.0	0	0.0
Total	41	100.0	19	100.0	22	100.0

b. More favorable or less uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	31	73.8	16	80.0	15	68.2
Somewhat important	10	23.8	4	20.0	6	27.3
Very important	1	2.4	0	0.0	1	4.5
Total	42	100.0	20	100.0	22	100.0

c. Improvement in industry-specific problems (please specify industries)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	33	80.5	19	95.0	14	66.7
Somewhat important	8	19.5	1	5.0	7	33.3
Very important	0	0.0	0	0.0	0	0.0
Total	41	100.0	20	100.0	21	100.0

d. More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	4.5	0	0.0	2	8.3
Somewhat important	18	40.9	8	40.0	10	41.7
Very important	24	54.5	12	60.0	12	50.0
Total	44	100.0	20	100.0	24	100.0

e. Increased tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	26	63.4	15	78.9	11	50.0
Somewhat important	15	36.6	4	21.1	11	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	41	100.0	19	100.0	22	100.0

f. Increased liquidity in the secondary market for these loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	31	75.6	13	68.4	18	81.8
Somewhat important	9	22.0	6	31.6	3	13.6
Very important	1	2.4	0	0.0	1	4.5
Total	41	100.0	19	100.0	22	100.0

g. Improvement in your bank's current or expected liquidity position

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	28	66.7	14	77.8	14	58.3
Somewhat important	12	28.6	4	22.2	8	33.3
Very important	2	4.8	0	0.0	2	8.3
Total	42	100.0	18	100.0	24	100.0

h. Reduced concerns about the effects of legislative changes, supervisory actions, or changes in accounting standards

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	35	87.5	18	94.7	17	81.0
Somewhat important	2	5.0	0	0.0	2	9.5
Very important	3	7.5	1	5.3	2	9.5
Total	40	100.0	19	100.0	21	100.0

4. Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

A. Demand for C&I loans from large and middle-market firms (annual sales of $50 million or more):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	1.5	0	0.0	1	3.3
Moderately stronger	12	18.5	7	20.0	5	16.7
About the same	35	53.8	17	48.6	18	60.0
Moderately weaker	16	24.6	10	28.6	6	20.0
Substantially weaker	1	1.5	1	2.9	0	0.0
Total	65	100.0	35	100.0	30	100.0

B. Demand for C&I loans from small firms (annual sales of less than $50 million):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	14	21.2	6	18.2	8	24.2
About the same	41	62.1	21	63.6	20	60.6
Moderately weaker	10	15.2	5	15.2	5	15.2
Substantially weaker	1	1.5	1	3.0	0	0.0
Total	66	100.0	33	100.0	33	100.0

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change?

A. If stronger loan demand (answer 1 or 2 to question 4A or 4B), possible reasons:

a. Customer inventory financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	9	50.0	5	55.6	4	44.4
Somewhat important	9	50.0	4	44.4	5	55.6
Very important	0	0.0	0	0.0	0	0.0
Total	18	100.0	9	100.0	9	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	10	55.6	6	66.7	4	44.4
Somewhat important	8	44.4	3	33.3	5	55.6
Very important	0	0.0	0	0.0	0	0.0
Total	18	100.0	9	100.0	9	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	6	33.3	6	66.7	0	0.0
Somewhat important	11	61.1	3	33.3	8	88.9
Very important	1	5.6	0	0.0	1	11.1
Total	18	100.0	9	100.0	9	100.0

d. Customer internally generated funds decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	13	76.5	9	100.0	4	50.0
Somewhat important	3	17.6	0	0.0	3	37.5
Very important	1	5.9	0	0.0	1	12.5
Total	17	100.0	9	100.0	8	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	33.3	3	33.3	3	33.3
Somewhat important	11	61.1	5	55.6	6	66.7
Very important	1	5.6	1	11.1	0	0.0
Total	18	100.0	9	100.0	9	100.0

f. Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	23.5	1	11.1	3	37.5
Somewhat important	8	47.1	5	55.6	3	37.5
Very important	5	29.4	3	33.3	2	25.0
Total	17	100.0	9	100.0	8	100.0

g. Customers' precautionary demand for cash and liquidity increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	13	76.5	8	88.9	5	62.5
Somewhat important	4	23.5	1	11.1	3	37.5
Very important	0	0.0	0	0.0	0	0.0
Total	17	100.0	9	100.0	8	100.0

h. Customers transitioned from commercial real estate loans to C&I loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	15	88.2	9	100.0	6	75.0
Somewhat important	2	11.8	0	0.0	2	25.0
Very important	0	0.0	0	0.0	0	0.0
Total	17	100.0	9	100.0	8	100.0

B. If weaker loan demand (answer 4 or 5 to question 4A or 4B), possible reasons:

a. Customer inventory financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	33.3	4	33.3	2	33.3
Somewhat important	11	61.1	7	58.3	4	66.7
Very important	1	5.6	1	8.3	0	0.0
Total	18	100.0	12	100.0	6	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	16.7	3	25.0	0	0.0
Somewhat important	14	77.8	8	66.7	6	100.0
Very important	1	5.6	1	8.3	0	0.0
Total	18	100.0	12	100.0	6	100.0

c. Customer investment in plant or equipment decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	16.7	3	25.0	0	0.0
Somewhat important	10	55.6	6	50.0	4	66.7
Very important	5	27.8	3	25.0	2	33.3
Total	18	100.0	12	100.0	6	100.0

d. Customer internally generated funds increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	9	50.0	6	50.0	3	50.0
Somewhat important	5	27.8	3	25.0	2	33.3
Very important	4	22.2	3	25.0	1	16.7
Total	18	100.0	12	100.0	6	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	7	38.9	2	16.7	5	83.3
Somewhat important	9	50.0	8	66.7	1	16.7
Very important	2	11.1	2	16.7	0	0.0
Total	18	100.0	12	100.0	6	100.0

f. Customer borrowing shifted from your bank to other bank or nonbank sources because these other sources became more attractive

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	12	66.7	8	66.7	4	66.7
Somewhat important	5	27.8	3	25.0	2	33.3
Very important	1	5.6	1	8.3	0	0.0
Total	18	100.0	12	100.0	6	100.0

g. Customers' precautionary demand for cash and liquidity decreased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	15	83.3	10	83.3	5	83.3
Somewhat important	3	16.7	2	16.7	1	16.7
Very important	0	0.0	0	0.0	0	0.0
Total	18	100.0	12	100.0	6	100.0

h. Customers transitioned from C&I loans to commercial real estate loans

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	17	94.4	12	100.0	5	83.3
Somewhat important	1	5.6	0	0.0	1	16.7
Very important	0	0.0	0	0.0	0	0.0
Total	18	100.0	12	100.0	6	100.0

6. At your bank, apart from seasonal variation, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional or increased C&I lines as opposed to the refinancing of existing loans.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
The number of inquiries has increased substantially	0	0.0	0	0.0	0	0.0
The number of inquiries has increased moderately	19	27.9	7	20.0	12	36.4
The number of inquiries has stayed about the same	31	45.6	18	51.4	13	39.4
The number of inquiries has decreased moderately	18	26.5	10	28.6	8	24.2
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	68	100.0	35	100.0	33	100.0

According to the Federal Reserve's statistical release H.8, ``Assets and Liabilities of Commercial Banks in the United States," aggregate C&I loans have increased significantly in the past year. ***Questions 7-8*** *ask about possible reasons for the growth.* ***Question 9*** *requests feedback on any factors related to recent C&I loan growth that are not fully addressed in questions 7-8.*

7. If your bank's holdings of C&I loans have increased in the past year, approximately what share of the dollar volume of the increase at your bank is attributable to lending that was used to replace debt that was previously provided by nonbank sources of funding?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
75-100 percent	1	4.8	0	0.0	1	20.0
45-75 percent	0	0.0	0	0.0	0	0.0
25-45 percent	3	14.3	2	12.5	1	20.0
Up to 25 percent	17	81.0	14	87.5	3	60.0
Total	21	100.0	16	100.0	5	100.0

For this question, 40 respondents answered "This has not been a factor for C&I loan growth at my bank."

8. If your bank's holdings of C&I loans have increased in the past year as a result of your customers' replacement of debt from nonbank sources of funding (answers 1 through 4 of question 7), how important has been the replacement of debt from the following nonbank sources of funding?

a. Investment-grade bonds

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	17	73.9	15	78.9	2	50.0
Somewhat important	4	17.4	3	15.8	1	25.0
Very important	2	8.7	1	5.3	1	25.0
The most important	0	0.0	0	0.0	0	0.0
Total	23	100.0	19	100.0	4	100.0

b. Non-investment-grade or unrated bonds

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	10	43.5	7	36.8	3	75.0
Somewhat important	11	47.8	11	57.9	0	0.0
Very important	2	8.7	1	5.3	1	25.0
The most important	0	0.0	0	0.0	0	0.0
Total	23	100.0	19	100.0	4	100.0

c. Short-term funding sources, including commercial paper, fed funds, and repurchase agreements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	22	95.7	18	94.7	4	100.0
Somewhat important	1	4.3	1	5.3	0	0.0
Very important	0	0.0	0	0.0	0	0.0
The most important	0	0.0	0	0.0	0	0.0
Total	23	100.0	19	100.0	4	100.0

d. Syndicated loans held by nonbanks, including CLOs

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	11	47.8	8	42.1	3	75.0
Somewhat important	11	47.8	10	52.6	1	25.0
Very important	1	4.3	1	5.3	0	0.0
The most important	0	0.0	0	0.0	0	0.0
Total	23	100.0	19	100.0	4	100.0

e. Loans from finance companies

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	17	73.9	13	68.4	4	100.0
Somewhat important	6	26.1	6	31.6	0	0.0
Very important	0	0.0	0	0.0	0	0.0
The most important	0	0.0	0	0.0	0	0.0
Total	23	100.0	19	100.0	4	100.0

The ongoing fiscal and financial strains in Europe may have affected lending conditions and funding options for banks headquartered in Europe and their affiliates and subsidiaries. ***Question 10*** *addresses changes in your bank's lending policies toward these banking organizations over the past three months.* ***Question 11*** *addresses changes in these organizations' demand for funding from U.S. banks.* ***Question 12*** *asks about changes in business at your bank as a result of increased or decreased competition from European banks and their affiliates and subsidiaries.*

In answering these questions, please consider banks headquartered in Europe and affiliates and subsidiaries of European banks regardless of the location of those affiliates and subsidiaries.

10. Over the past three months, how have your bank's credit standards and terms for approving applications for loans or credit lines to banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions) changed?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	.
Tightened somewhat	9	40.9	9	40.9	0	.
Remained basically unchanged	13	59.1	13	59.1	0	.
Eased somewhat	0	0.0	0	0.0	0	.
Eased considerably	0	0.0	0	0.0	0	.
Total	22	100.0	22	100.0	0	.

For this question, 46 respondents answered "My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries."

11. Over the past three months and apart from normal seasonal variation, how has demand for loans at your bank from banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions) changed? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	.
Moderately stronger	2	9.1	2	9.1	0	.
About the same	19	86.4	19	86.4	0	.
Moderately weaker	1	4.5	1	4.5	0	.
Substantially weaker	0	0.0	0	0.0	0	.
Total	22	100.0	22	100.0	0	.

For this question, 45 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

12. Over the past three months, to what extent has your bank experienced an increase or decrease in business, with either foreign or domestic customers, as a result of increased or decreased competition from European banks and their affiliates and subsidiaries?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
My bank does not compete with European banks for our business	27	42.9	5	15.2	22	73.3
My bank has experienced an increase in competition from European banks	2	3.2	1	3.0	1	3.3
My bank has experienced a decrease in competition from European banks, but such decreased competition has not appreciably increased business	20	31.7	15	45.5	5	16.7
My bank has experienced a decrease in competition from European banks, and such decreased competition has increased business to some extent	14	22.2	12	36.4	2	6.7
My bank has experienced a decrease in competition from European banks, and such decreased competition has increased business to a considerable extent	0	0.0	0	0.0	0	0.0
Total	63	100.0	33	100.0	30	100.0

For this question, 4 respondents answered “Other (please specify).”

***Questions 13-14** ask about commercial real estate (CRE) loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 13 deals with changes in your bank's standards over the past three months. Question 14 deals with changes in demand. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

13. Over the past three months, how have your bank's credit standards for approving applications for CRE loans changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.5	0	0.0	1	3.0
Remained basically unchanged	60	88.2	31	88.6	29	87.9
Eased somewhat	7	10.3	4	11.4	3	9.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	68	100.0	35	100.0	33	100.0

14. Apart from normal seasonal variation, how has demand for CRE loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	34	50.0	17	48.6	17	51.5
About the same	30	44.1	17	48.6	13	39.4
Moderately weaker	4	5.9	1	2.9	3	9.1
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	68	100.0	35	100.0	33	100.0

Questions 15-16 *ask about three categories of* ***residential mortgage loans*** *at your bank—prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 15 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 16 deals with changes in demand for loans in each of these categories over the same period. If your bank's credit standards have not changed over the relevant period, please report them as unchanged even if the standards are either restrictive or accommodative relative to longer-term norms. If your bank's credit standards have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

For the purposes of this survey, please use the following definitions of these loan categories (note that the loan categories are not mutually exclusive) and include first-lien loans only:

- *The* ***prime*** *category of residential mortgages includes loans made to borrowers that typically had relatively strong, well-documented credit histories, relatively high credit scores, and relatively low debt-to-income ratios at the time of origination. This would include fully amortizing loans that have a fixed rate, a standard adjustable rate, or a common hybrid adjustable rate—those for which the interest rate is initially fixed for a multi-year period and subsequently adjusts more frequently.*

- *The* ***nontraditional*** *category of residential mortgages includes, but is not limited to, adjustable-rate mortgages with multiple payment options, interest-only mortgages, and ``Alt-A'' products such as mortgages with limited income verification and mortgages secured by non-owner-occupied properties. (Please exclude standard adjustable-rate mortgages and common hybrid adjustable-rate mortgages.)*

- *The* ***subprime*** *category of residential mortgages typically includes loans made to borrowers that displayed one or more of the following characteristics at the time of origination: weakened credit histories that include payment delinquencies, chargeoffs, judgments, and/or bankruptcies; reduced repayment capacity as measured by credit scores or debt-to-income ratios; or incomplete credit histories.*

15. Over the past three months, how have your bank's credit standards for approving applications from individuals for mortgage loans to purchase homes changed?

A. Credit standards on mortgage loans that your bank categorizes as prime residential mortgages have:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.1	1	3.1	1	3.1
Remained basically unchanged	59	92.2	29	90.6	30	93.8
Eased somewhat	3	4.7	2	6.3	1	3.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	64	100.0	32	100.0	32	100.0

For this question, 1 respondent answered “My bank does not originate prime residential mortgages.”

B. Credit standards on mortgage loans that your bank categorizes as nontraditional residential mortgages have:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	4.3	1	5.9	0	0.0
Remained basically unchanged	21	91.3	15	88.2	6	100.0
Eased somewhat	1	4.3	1	5.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	23	100.0	17	100.0	6	100.0

For this question, 41 respondents answered “My bank does not originate nontraditional residential mortgages.”

C. Credit standards on mortgage loans that your bank categorizes as subprime residential mortgages have:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	4	100.0	2	100.0	2	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	4	100.0	2	100.0	2	100.0

For this question, 60 respondents answered “My bank does not originate subprime residential mortgages.”

16. Apart from normal seasonal variation, how has demand for mortgages to purchase homes changed over the past three months? (Please consider only new originations as opposed to the refinancing of existing mortgages.)

A. Demand for mortgages that your bank categorizes as prime residential mortgages was:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	4	6.3	0	0.0	4	12.5
Moderately stronger	21	32.8	11	34.4	10	31.3
About the same	35	54.7	18	56.3	17	53.1
Moderately weaker	4	6.3	3	9.4	1	3.1
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	64	100.0	32	100.0	32	100.0

For this question, 1 respondent answered “My bank does not originate prime residential mortgages.”

B. Demand for mortgages that your bank categorizes as nontraditional residential mortgages was:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	5	20.8	4	22.2	1	16.7
About the same	17	70.8	12	66.7	5	83.3
Moderately weaker	2	8.3	2	11.1	0	0.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	24	100.0	18	100.0	6	100.0

For this question, 41 respondents answered “My bank does not originate nontraditional residential mortgages.”

C. Demand for mortgages that your bank categorizes as subprime residential mortgages was:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	0	0.0	0	0.0	0	0.0
About the same	4	100.0	2	100.0	2	100.0
Moderately weaker	0	0.0	0	0.0	0	0.0
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	4	100.0	2	100.0	2	100.0

For this question, 61 respondents answered “My bank does not originate subprime residential mortgages.”

Questions 17-18 *ask about* ***revolving home equity lines of credit*** *at your bank. Question 17 deals with changes in your bank's credit standards over the past three months. Question 18 deals with changes in demand. If your bank's credit standards have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's credit standards have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

17. Over the past three months, how have your bank's credit standards for approving applications for revolving home equity lines of credit changed?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	6	9.2	3	9.1	3	9.4
Remained basically unchanged	57	87.7	28	84.8	29	90.6
Eased somewhat	2	3.1	2	6.1	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	65	100.0	33	100.0	32	100.0

18. Apart from normal seasonal variation, how has demand for revolving home equity lines of credit changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	12	18.5	5	15.2	7	21.9
About the same	45	69.2	22	66.7	23	71.9
Moderately weaker	8	12.3	6	18.2	2	6.3
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	65	100.0	33	100.0	32	100.0

Questions 19-22 *ask about residential mortgage lending policies at your institution. Question 19 asks you to compare your current policies in approving applications for FHA mortgage loans to those policies that prevailed in 2006. Question 20 asks about factors that may be affecting your bank's willingness to approve such loans. Questions 21-22 ask about the revised Home Affordable Refinance Program (``HARP 2.0''). If your bank does not originate residential mortgage loans, please skip these questions.*

19. For each of the following questions, indicate how much more or less likely it is, compared with 2006, that your bank would approve an application for a 30-year fixed-rate FHA home purchase mortgage loan to a borrower with the stated FICO score (or equivalent). In each case, assume that the borrower provides a 3.5 percent down payment and that all other characteristics of the borrower and the property are typical for loan applications that are eligible for FHA insurance with that FICO score or equivalent.

a. A borrower with a FICO score (or equivalent) of 660

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much less likely	5	9.8	2	8.3	3	11.1
Somewhat less likely	6	11.8	4	16.7	2	7.4
About the same	34	66.7	16	66.7	18	66.7
Somewhat more likely	4	7.8	1	4.2	3	11.1
Much more likely	2	3.9	1	4.2	1	3.7
Total	51	100.0	24	100.0	27	100.0

b. A borrower with a FICO score (or equivalent) of 620

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much less likely	14	27.5	3	12.5	11	40.7
Somewhat less likely	18	35.3	12	50.0	6	22.2
About the same	17	33.3	7	29.2	10	37.0
Somewhat more likely	2	3.9	2	8.3	0	0.0
Much more likely	0	0.0	0	0.0	0	0.0
Total	51	100.0	24	100.0	27	100.0

c. A borrower with a FICO score (or equivalent) of 580

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much less likely	32	62.7	13	54.2	19	70.4
Somewhat less likely	5	9.8	3	12.5	2	7.4
About the same	12	23.5	6	25.0	6	22.2
Somewhat more likely	2	3.9	2	8.3	0	0.0
Much more likely	0	0.0	0	0.0	0	0.0
Total	51	100.0	24	100.0	27	100.0

20. If you answered ``much less likely'' or ``somewhat less likely'' (answers 1 or 2) to any of the borrower categories in question 19, please indicate how important the following factors were for your answers.

a. Higher servicing cost if mortgage were to become delinquent

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	16	43.2	5	27.8	11	57.9
Somewhat important	13	35.1	7	38.9	6	31.6
Very important	8	21.6	6	33.3	2	10.5
The most important	0	0.0	0	0.0	0	0.0
Total	37	100.0	18	100.0	19	100.0

b. Higher risk of put-back of delinquent mortgages by the FHA

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	15.8	3	16.7	3	15.0
Somewhat important	9	23.7	3	16.7	6	30.0
Very important	14	36.8	9	50.0	5	25.0
The most important	9	23.7	3	16.7	6	30.0
Total	38	100.0	18	100.0	20	100.0

c. Heightened concerns about the possibility that my bank's "compare ratio" (the ratio of my bank's FHA delinquency rate to the delinquency rate in the geographic area) might hinder my bank's eligibility to participate in FHA programs

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	12	31.6	7	38.9	5	25.0
Somewhat important	12	31.6	4	22.2	8	40.0
Very important	5	13.2	1	5.6	4	20.0
The most important	9	23.7	6	33.3	3	15.0
Total	38	100.0	18	100.0	20	100.0

d. Heightened concerns about the solvency of the FHA insurance fund

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	23	60.5	13	72.2	10	50.0
Somewhat important	12	31.6	3	16.7	9	45.0
Very important	2	5.3	2	11.1	0	0.0
The most important	1	2.6	0	0.0	1	5.0
Total	38	100.0	18	100.0	20	100.0

e. Greater concern about my bank's exposure to residential real estate loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	13	33.3	5	27.8	8	38.1
Somewhat important	15	38.5	8	44.4	7	33.3
Very important	7	17.9	4	22.2	3	14.3
The most important	4	10.3	1	5.6	3	14.3
Total	39	100.0	18	100.0	21	100.0

f. A less favorable or more uncertain outlook for house prices

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	15	39.5	7	38.9	8	40.0
Somewhat important	19	50.0	8	44.4	11	55.0
Very important	3	7.9	2	11.1	1	5.0
The most important	1	2.6	1	5.6	0	0.0
Total	38	100.0	18	100.0	20	100.0

g. Periods of high volume of loan applications exceed application process capacity

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	25	65.8	12	66.7	13	65.0
Somewhat important	9	23.7	4	22.2	5	25.0
Very important	3	7.9	2	11.1	1	5.0
The most important	1	2.6	0	0.0	1	5.0
Total	38	100.0	18	100.0	20	100.0

21. Over the past three months, about what proportion of refinance applications that your bank has received can be attributed to the revised HARP 2.0?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
More than 70 percent	0	0.0	0	0.0	0	0.0
Between 50 and 70 percent	2	6.5	2	10.0	0	0.0
Between 30 and 50 percent	5	16.1	4	20.0	1	9.1
Between 10 and 30 percent	13	41.9	9	45.0	4	36.4
Less than 10 percent	11	35.5	5	25.0	6	54.5
Total	31	100.0	20	100.0	11	100.0

For this question, 25 respondents answered “My bank has very little participation in HARP 2.0.”

22. Based on your experience to date with HARP 2.0, about what share of applications under HARP 2.0 do you anticipate will be approved and successfully completed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
More than 80 percent	6	20.0	4	20.0	2	20.0
Between 60 and 80 percent	14	46.7	10	50.0	4	40.0
Between 40 and 60 percent	6	20.0	5	25.0	1	10.0
Between 20 and 40 percent	3	10.0	1	5.0	2	20.0
Less than 20 percent	1	3.3	0	0.0	1	10.0
Total	30	100.0	20	100.0	10	100.0

For this question, 26 respondents answered “My bank has very little participation in HARP 2.0.”

Questions 23-32 *ask about consumer lending at your bank. Question 23 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 24-29 deal with changes in credit standards and loan terms over the same period. Questions 30-32deal with changes in demand for consumer loans over the past three months. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

23. Please indicate your bank's willingness to make consumer installment loans now as opposed to three months ago.

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much more willing	0	0.0	0	0.0	0	0.0
Somewhat more willing	8	12.7	2	6.7	6	18.2
About unchanged	55	87.3	28	93.3	27	81.8
Somewhat less willing	0	0.0	0	0.0	0	0.0
Much less willing	0	0.0	0	0.0	0	0.0
Total	63	100.0	30	100.0	33	100.0

24. Over the past three months, how have your bank's credit standards for approving applications for credit cards from individuals or households changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	48	88.9	21	80.8	27	96.4
Eased somewhat	6	11.1	5	19.2	1	3.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	26	100.0	28	100.0

25. Over the past three months, how have your bank's credit standards for approving applications for auto loans to individuals or households changed? (Please include loans arising from retail sales of passenger cars and other vehicles such as minivans, vans, sport-utility vehicles, pickup trucks, and similar light trucks for personal use, whether new or used. Please exclude loans to finance fleet sales, personal cash loans secured by automobiles already paid for, loans to finance the purchase of commercial vehicles and farm equipment, and lease financing.)

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	56	90.3	25	86.2	31	93.9
Eased somewhat	6	9.7	4	13.8	2	6.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	62	100.0	29	100.0	33	100.0

26. Over the past three months, how have your bank's credit standards for approving applications for consumer loans other than credit card and auto loans changed?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	62	96.9	31	100.0	31	93.9
Eased somewhat	2	3.1	0	0.0	2	6.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	64	100.0	31	100.0	33	100.0

27. Over the past three months, how has your bank changed the following terms and conditions on new or existing credit card accounts for individuals or households?

a. Credit limits

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	42	91.3	20	83.3	22	100.0
Eased somewhat	4	8.7	4	16.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	46	100.0	24	100.0	22	100.0

b. Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	4.3	2	8.3	0	0.0
Remained basically unchanged	42	91.3	21	87.5	21	95.5
Eased somewhat	2	4.3	1	4.2	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	46	100.0	24	100.0	22	100.0

c. Minimum percent of outstanding balances required to be repaid each month

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	45	97.8	24	100.0	21	95.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	1	2.2	0	0.0	1	4.5
Total	46	100.0	24	100.0	22	100.0

d. Minimum required credit score (increased score=tightened, reduced score=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	45	97.8	23	95.8	22	100.0
Eased somewhat	1	2.2	1	4.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	46	100.0	24	100.0	22	100.0

e. The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	45	97.8	23	95.8	22	100.0
Eased somewhat	1	2.2	1	4.2	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	46	100.0	24	100.0	22	100.0

28. Over the past three months, how has your bank changed the following terms and conditions on loans to individuals or households to purchase autos?

a. Maximum maturity

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.7	1	3.6	0	0.0
Remained basically unchanged	54	90.0	23	82.1	31	96.9
Eased somewhat	5	8.3	4	14.3	1	3.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	60	100.0	28	100.0	32	100.0

b. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	1	1.7	0	0.0	1	3.1
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	50	83.3	24	85.7	26	81.3
Eased somewhat	9	15.0	4	14.3	5	15.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	60	100.0	28	100.0	32	100.0

c. Minimum required down payment (higher=tightened, lower=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.7	1	3.6	0	0.0
Remained basically unchanged	56	93.3	25	89.3	31	96.9
Eased somewhat	3	5.0	2	7.1	1	3.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	60	100.0	28	100.0	32	100.0

d. Minimum required credit score (increased score=tightened, reduced score=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.7	1	3.6	0	0.0
Remained basically unchanged	56	93.3	25	89.3	31	96.9
Eased somewhat	3	5.0	2	7.1	1	3.1
Eased considerably	0	0.0	0	0.0	0	0.0
Total	60	100.0	28	100.0	32	100.0

e. The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.3	1	3.6	1	3.1
Remained basically unchanged	58	96.7	27	96.4	31	96.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	60	100.0	28	100.0	32	100.0

29. Over the past three months, how has your bank changed the following terms and conditions on consumer loans *other than* credit card and auto loans?

a. Maximum maturity

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.6	1	3.2	0	0.0
Remained basically unchanged	61	98.4	30	96.8	31	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	62	100.0	31	100.0	31	100.0

b. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.2	0	0.0	2	6.5
Remained basically unchanged	54	87.1	29	93.5	25	80.6
Eased somewhat	6	9.7	2	6.5	4	12.9
Eased considerably	0	0.0	0	0.0	0	0.0
Total	62	100.0	31	100.0	31	100.0

c. Minimum required down payment (higher=tightened, lower=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	61	98.4	31	100.0	30	96.8
Eased somewhat	1	1.6	0	0.0	1	3.2
Eased considerably	0	0.0	0	0.0	0	0.0
Total	62	100.0	31	100.0	31	100.0

d. Minimum required credit score (increased score=tightened, reduced score=eased)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	1.6	1	3.2	0	0.0
Remained basically unchanged	60	96.8	30	96.8	30	96.8
Eased somewhat	1	1.6	0	0.0	1	3.2
Eased considerably	0	0.0	0	0.0	0	0.0
Total	62	100.0	31	100.0	31	100.0

e. The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	2	3.2	1	3.2	1	3.2
Remained basically unchanged	60	96.8	30	96.8	30	96.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	62	100.0	31	100.0	31	100.0

30. Apart from normal seasonal variation, how has demand from individuals or households for credit card loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	8	17.0	6	26.1	2	8.3
About the same	35	74.5	17	73.9	18	75.0
Moderately weaker	4	8.5	0	0.0	4	16.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	47	100.0	23	100.0	24	100.0

31. Apart from normal seasonal variation, how has demand from individuals or households for auto loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	13	22.0	6	21.4	7	22.6
About the same	43	72.9	22	78.6	21	67.7
Moderately weaker	3	5.1	0	0.0	3	9.7
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	59	100.0	28	100.0	31	100.0

32. Apart from normal seasonal variation, how has demand from individuals or households for consumer loans other than credit card and auto loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	8	12.9	3	9.7	5	16.1
About the same	49	79.0	27	87.1	22	71.0
Moderately weaker	5	8.1	1	3.2	4	12.9
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	62	100.0	31	100.0	31	100.0

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1. The sample is selected from among the largest banks in each Federal Reserve District. In the table, large banks are defined as those with total domestic assets of $20 billion or more as of June 30, 2012. The combined assets of the 35 large banks totaled $7.6 trillion, compared to $7.9 trillion for the entire panel of 68 banks, and $11.3 trillion for all domestically chartered, federally insured commercial banks.

Table 2

Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Branches and Agencies of Foreign Banks in the United States [1]

(Status of policy as of October 2012)

***Questions 1-6** ask about commercial and industrial (C&I) loans at your bank. Questions 1-3 deal with changes in your bank's lending policies over the past three months. Questions 4-5 deal with changes in demand for C&I loans over the past three months. Question 6 asks about changes in prospective demand for C&I loans at your bank, as indicated by the volume of recent inquiries about the availability of new credit lines or increases in existing lines. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

1. Over the past three months, how have your bank's credit standards for approving applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	1	4.3
Remained basically unchanged	20	87.0
Eased somewhat	2	8.7
Eased considerably	0	0.0
Total	23	100.0

2. For applications for C&I loans or credit lines—other than those to be used to finance mergers and acquisitions—that your bank currently is willing to approve, how have the terms of those loans changed over the past three months?

a. Maximum size of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	8.7
Remained basically unchanged	17	73.9
Eased somewhat	4	17.4
Eased considerably	0	0.0
Total	23	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	23	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

c. Costs of credit lines

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	1	4.5
Remained basically unchanged	21	95.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	22	100.0

d. Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	2	9.1
Remained basically unchanged	16	72.7
Eased somewhat	4	18.2
Eased considerably	0	0.0
Total	22	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	Percent
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	81.8
Eased somewhat	4	18.2
Eased considerably	0	0.0
Total	22	100.0

f. Loan covenants

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	19	82.6
Eased somewhat	4	17.4
Eased considerably	0	0.0
Total	23	100.0

g. Collateralization requirements

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	23	100.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

h. Use of interest rate floors (more use=tightened, less use=eased)

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	18	90.0
Eased somewhat	2	10.0
Eased considerably	0	0.0
Total	20	100.0

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change?

A. Possible reasons for tightening credit standards or loan terms:

a. Deterioration in your bank's current or expected capital position

	All Respondents	
	Banks	**Percent**
Not important	1	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	1	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	0	0.0
Very important	1	100.0
Total	1	100.0

c. Worsening of industry-specific problems (please specify industries)

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	1	100.0
Very important	0	0.0
Total	1	100.0

d. Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

	All Respondents	
	Banks	**Percent**
Not important	1	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	1	100.0

e. Reduced tolerance for risk

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	0	0.0
Very important	1	100.0
Total	1	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	1	100.0
Very important	0	0.0
Total	1	100.0

g. Deterioration in your bank's current or expected liquidity position

	All Respondents	
	Banks	**Percent**
Not important	1	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	1	100.0

h. Increased concerns about the potential effects of legislative changes, supervisory actions, or accounting standards

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	1	100.0
Very important	0	0.0
Total	1	100.0

B. Possible reasons for easing credit standards or loan terms:

a. Improvement in your bank's current or expected capital position

	All Respondents	
	Banks	**Percent**
Not important	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	100.0

b. More favorable or less uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	100.0

c. Improvement in industry-specific problems (please specify industries)

	All Respondents	
	Banks	**Percent**
Not important	5	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	5	100.0

d. More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)

	All Respondents	
	Banks	**Percent**
Not important	1	16.7
Somewhat important	2	33.3
Very important	3	50.0
Total	6	100.0

e. Increased tolerance for risk

	All Respondents	
	Banks	**Percent**
Not important	4	66.7
Somewhat important	2	33.3
Very important	0	0.0
Total	6	100.0

f. Increased liquidity in the secondary market for these loans

	All Respondents	
	Banks	**Percent**
Not important	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	100.0

g. Improvement in your bank's current or expected liquidity position

	All Respondents	
	Banks	**Percent**
Not important	4	80.0
Somewhat important	1	20.0
Very important	0	0.0
Total	5	100.0

h. Reduced concerns about the potential effects of legislative changes, supervisory actions, or accounting standards

	All Respondents	
	Banks	Percent
Not important	5	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	5	100.0

4. Apart from normal seasonal variation, how has demand for C&I loans changed over the past three months? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

	All Respondents	
	Banks	Percent
Substantially stronger	0	0.0
Moderately stronger	4	18.2
About the same	15	68.2
Moderately weaker	3	13.6
Substantially weaker	0	0.0
Total	22	100.0

5. If demand for C&I loans has strengthened or weakened over the past three months (as described in question 4), how important have been the following possible reasons for the change?

A. If stronger loan demand (answer 1 or 2 to question 4), possible reasons:

a. Customer inventory financing needs increased

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100.0

b. Customer accounts receivable financing needs increased

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100.0

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	Percent
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100.0

d. Customer internally generated funds decreased

	All Respondents	
	Banks	Percent
Not important	3	75.0
Somewhat important	1	25.0
Very important	0	0.0
Total	4	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents	
	Banks	Percent
Not important	1	25.0
Somewhat important	2	50.0
Very important	1	25.0
Total	4	100.0

f. Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive

	All Respondents	
	Banks	**Percent**
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100.0

g. Customers' precautionary demand for cash and liquidity increased

	All Respondents	
	Banks	**Percent**
Not important	2	50.0
Somewhat important	2	50.0
Very important	0	0.0
Total	4	100.0

h. Customers transitioned from commercial real estate loans to C&I loans

	All Respondents	
	Banks	**Percent**
Not important	4	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	4	100.0

B. If weaker loan demand (answer 4 or 5 to question 4), possible reasons:

a. Customer inventory financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	2	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	2	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	2	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	2	100.0

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	**Percent**
Not important	1	33.3
Somewhat important	2	66.7
Very important	0	0.0
Total	3	100.0

d. Customer internally generated funds increased

	All Respondents	
	Banks	**Percent**
Not important	1	33.3
Somewhat important	2	66.7
Very important	0	0.0
Total	3	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	100.0

f. Customer borrowing shifted from your bank to other bank or nonbank sources because these other sources became more attractive

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	2	66.7
Very important	1	33.3
Total	3	100.0

g. Customers’ precautionary demand for cash and liquidity decreased

	All Respondents	
	Banks	Percent
Not important	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	100.0

h. Customers transitioned from C&I loans to commercial real estate loans

	All Respondents	
	Banks	Percent
Not important	2	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	2	100.0

6. At your bank, apart from normal seasonal variation, how has the number of inquiries from potential business borrowers regarding the availability and terms of new credit lines or increases in existing lines changed over the past three months? (Please consider only inquiries for additional or increased C&I lines as opposed to the refinancing of existing loans.)

	All Respondents	
	Banks	Percent
The number of inquiries has increased substantially	0	0.0
The number of inquiries has increased moderately	5	22.7
The number of inquiries has stayed about the same	16	72.7
The number of inquiries has decreased moderately	1	4.5
The number of inquiries has decreased substantially	0	0.0
Total	22	100.0

According to the Federal Reserve's statistical release H.8, ``Assets and Liabilities of Commercial Banks in the United States," aggregate C&I loans have increased significantly in the past year. ***Questions 7-8*** *ask about possible reasons for the growth.* ***Question 9*** *requests feedback on any factors related to recent C&I loan growth that are not fully addressed in questions 7-8.*

7. If your bank's holdings of C&I loans have increased in the past year, approximately what share of the dollar volume of the increase at your bank is attributable to lending that was used to replace debt that was previously provided by nonbank sources of funding?

	All Respondents	
	Banks	**Percent**
75-100 percent	0	0.0
45-75 percent	1	33.3
25-45 percent	0	0.0
Up to 25 percent	2	66.7
Total	3	100.0

For this question, 13 respondents answered "This has not been a factor for C&I loan growth at my bank."

8. If your bank's holdings of C&I loans have increased in the past year as a result of your customers' replacement of debt from nonbank sources of funding (answers 1 through 4 of question 7), how important has been the replacement of debt from the following nonbank sources of funding?

a. Investment-grade bonds

	All Respondents	
	Banks	**Percent**
Not important	1	33.3
Somewhat important	1	33.3
Very important	1	33.3
The most important	0	0.0
Total	3	100.0

b. Non-investment-grade or unrated bonds

	All Respondents	
	Banks	**Percent**
Not important	1	33.3
Somewhat important	1	33.3
Very important	1	33.3
The most important	0	0.0
Total	3	100.0

c. Short-term funding sources, including commercial paper, fed funds, and repurchase agreements

	All Respondents	
	Banks	**Percent**
Not important	2	66.7
Somewhat important	0	0.0
Very important	1	33.3
The most important	0	0.0
Total	3	100.0

d. Syndicated loans held by nonbanks, including CLOs

	All Respondents	
	Banks	**Percent**
Not important	2	66.7
Somewhat important	1	33.3
Very important	0	0.0
The most important	0	0.0
Total	3	100.0

e. Loans from finance companies

	All Respondents	
	Banks	**Percent**
Not important	2	66.7
Somewhat important	1	33.3
Very important	0	0.0
The most important	0	0.0
Total	3	100.0

The ongoing fiscal and financial strains in Europe may have affected lending conditions and funding options for banks headquartered in Europe and their affiliates and subsidiaries. ***Question 10*** *addresses changes in your bank's lending policies toward these banking organizations over the past three months.* ***Question 11*** *addresses changes in these organizations' demand for funding.*

In answering these questions, please consider banks headquartered in Europe and affiliates and subsidiaries of European banks regardless of the location of those affiliates and subsidiaries.

10. Over the past three months, how have your bank's credit standards and terms for approving applications for loans or credit lines to banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions) changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	2	14.3
Remained basically unchanged	12	85.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100.0

For this question, 6 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

11. Over the past three months and apart from normal seasonal variation, how has demand for loans at your bank from banks headquartered in Europe and their affiliates and subsidiaries (as described in the introduction to these special questions) changed? (Please consider only funds actually disbursed as opposed to requests for new or increased lines of credit.)

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	1	7.1
About the same	11	78.6
Moderately weaker	2	14.3
Substantially weaker	0	0.0
Total	14	100.0

For this question, 5 respondents answered “My bank does not make loans or extend credit lines to banks headquartered in Europe or their affiliates or subsidiaries.”

Questions 12-13 *ask about commercial real estate (CRE) loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 12 deals with changes in your bank's standards over the past three months. Question 13 deals with changes in demand. If your bank's lending standards or terms have not changed over the relevant period, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's standards or terms have tightened or eased over the relevant period, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing standards as changes in standards.*

12. Over the past three months, how have your bank's credit standards for approving applications for CRE loans changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	0	0.0
Remained basically unchanged	12	92.3
Eased somewhat	1	7.7
Eased considerably	0	0.0
Total	13	100.0

13. Apart from normal seasonal variation, how has demand for CRE loans changed over the past three months?

	All Respondents	
	Banks	**Percent**
Substantially stronger	2	15.4
Moderately stronger	3	23.1
About the same	6	46.2
Moderately weaker	2	15.4
Substantially weaker	0	0.0
Total	13	100.0

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1. As of June 30, 2012, the 23 respondents had combined assets of $1.1 trillion, compared to $2.0 trillion for all foreign related banking institutions in the United States. The sample is selected from among the largest foreign-related banking institutions in those Federal Reserve Districts where such institutions are common.