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## Part A, Section 2: 1-4 Family Residential Lending: Home Improvement and Home Equity Loans General Instructions:

### *What type of lending is reported in this section?*

This section of Part A of the survey focuses on 1-4 family home improvement and home equity loans—excluding lines of credit (collectively referred to as “home improvement loans” or “home improvement lending” below).

### *What is the time period covered and general scope of questions?*

This section asks questions about your 1-4 family home improvement lending experiences, including information on your 1999 lending activities, on the loans held in portfolio as of December 31, 1999, and on loan performance and profitability of CRA and overall lending in this category. Many of the questions ask you to compare the experiences you have had regarding your CRA lending activities with the experiences you have had on your non-CRA 1-4 family home improvement lending. This section also asks a few questions about 1-4 family home improvement loans extended under “CRA special lending programs.”

### *How is CRA lending defined for this section?*

For this section of the survey, we define CRA loans using the following definition: any 1-4 family home improvement loan made **within your banking institution’s local CRA-assessment area(s)** to a lower-income borrower (regardless of neighborhood income) or in a lower-income neighborhood (regardless of borrower income). According to the regulations that implement the CRA, a lower-income (low- and moderate-income) borrower is one whose income is less than 80 percent of the median family income of their metropolitan statistical area (MSA) or nonmetropolitan portion of their state. A lower-income (low- and moderate-income) neighborhood (census tract) is one whose median family income is less than 80 percent of the median family income of the MSA or nonmetropolitan portion of the state where the property is located.

### *How are CRA special lending programs defined for this section?*

By CRA special lending programs, we mean programs your institution has developed (or participates in) and uses specifically to enhance its CRA performance. A program meets this definition only if one of its documented purposes is to enhance your institution’s CRA performance. These may include special affordable lending programs that offer more flexible underwriting standards and special loan terms (such as discounted interest rates or waivers or discounts of fees); and special programs offered or developed in conjunction with third parties, such as lending consortia, nonprofit organizations, or government agencies that offer special lending programs in which you participate. **Exclude** traditional government-backed 1-4 family home improvement lending programs, such as those offered by the Federal Housing Administration (FHA) and the Department of Veterans Affairs (VA), **unless** your institution provides a special enhancement to the program, such as providing a formal program of homeowner education or a waiver of fees.

### *How should the activities of your affiliates be treated in this section?*

Please provide information for your bank or savings association. Include the activities of affiliates **only** if they are considered in evaluating your

### Contact Person for this Section

In case questions arise about answers given in this section, please provide (*print clearly*):

Institution Name \_\_\_\_\_

Contact \_\_\_\_\_

Phone Number (     ) \_\_\_\_\_ - \_\_\_\_\_

institution’s CRA performance, and in such cases only include affiliate activity that occurs in your institution’s CRA assessment areas. Thus, in calculating your CRA and overall lending, do not include any activities of your affiliates in geographic markets outside of your institution’s CRA assessment areas. Consider the activities of an affiliate in the same manner in which they are considered in your CRA evaluation. For example, if you purchase loans originated by an affiliate but they are considered as originations for your CRA evaluation, then these loans should be counted as originations and not purchases.

### *What activity should be included in the “overall” column?*

Responses in the “overall” column below should include **all** your 1-4 family home improvement loans, **including** loans both within and outside your CRA assessment areas and **including** your CRA loans in this product category.

### *How should the survey question responses be filled out?*

Please provide a response to each question in the survey. In responding to all questions, we strongly urge you to make calculations and assessments using hard data whenever possible. If a particular question is not applicable to your institution (e.g., a question relates to loan purchases and your institution does not purchase any loans), check the “N/A” box provided in the survey. **If you do not know the answer to any question, please write “Don’t Know” or “DK” anywhere in the appropriate question response area.** If you do any 1-4 family home improvement lending, then no question in this section should be left blank. If a question response area is left completely blank, additional follow-up with your institution may be required to determine if the question was inadvertently skipped.

### *What precision should be used in responding to questions?*

If the answer calls for a dollar amount, please answer in thousands. If it calls for a percent, please round to the nearest whole percent. If it calls for percentage points, please round to the nearest hundredth of a percentage point.

**The information collected in the survey will not be made available to the public in a way that would allow members of the public to identify the responses provided by your institution. Also, the data will not be used for supervisory purposes.**

If you have any questions about this questionnaire, please contact the Federal Reserve Board using the toll-free number (800-281-4930). Your call will be forwarded into a voice mail system where you can record your message. Every effort will be made to return your call within 24 hours.

## General Questions

1. Does your banking institution originate or purchase 1-4 family home improvement loans?  
 Yes       No, do not answer the remaining questions 2–66 in this section
2. Were originations or purchases of 1-4 family home improvement loans **by your affiliates** considered in your last CRA examination?  
 Yes       No
3. Do you have a distinct unit or department that specializes in CRA 1-4 family home improvement lending?  
 Yes       No
4. Do you have any CRA special lending programs that focus on 1-4 family home improvement lending?  
 Yes       No

## Profile of 1999 Origination Activity

*Please answer the following questions pertaining to your 1999 loan origination experiences in 1-4 family home improvement lending. (Respond by completing the appropriate blank or checking the box that best applies).*

	Column A Overall (all 1-4 family home improvement loans, including CRA loans)	Column B CRA Loans Only
5. What was the dollar amount of 1-4 family home improvement loans originated in calendar year 1999 by your banking institution (including originations in your assessment area(s) by your affiliates that counted for your CRA evaluation)?	a. \$ _____ <i>(in thousands)</i> b. <input type="checkbox"/> None	a. \$ _____ <i>(in thousands)</i> b. <input type="checkbox"/> None
6. The answer to question 5 was based upon: <i>(which of the following best applies)</i>	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered
7. Of the 1999 1-4 family home improvement loan dollars reported in question 5, what percentage was originated by affiliates?	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no affiliate originations included	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no affiliate originations included
8. Of the 1999 1-4 family home improvement loan dollars reported in question 5, what percentage was originated under CRA special lending programs?	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no CRA special lending programs	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no CRA special lending programs
9. Of the 1999 1-4 family home improvement loan dollars reported in question 5, what percentage was retained at year-end in your portfolio?	a. <input type="checkbox"/> Virtually all (95-100%) b. <input type="checkbox"/> Most (60-94%) c. <input type="checkbox"/> About half (40-59%) d. <input type="checkbox"/> Some (6-39%) e. <input type="checkbox"/> Virtually none (0-5%)	a. <input type="checkbox"/> Virtually all (95-100%) b. <input type="checkbox"/> Most (60-94%) c. <input type="checkbox"/> About half (40-59%) d. <input type="checkbox"/> Some (6-39%) e. <input type="checkbox"/> Virtually none (0-5%)

## Profile of 1999 Purchase Activity

Please answer the following questions pertaining to your 1999 experiences in purchasing 1-4 family home improvement loans. (Respond by completing the appropriate blank or checking the box that best applies).

	Column A Overall (all 1-4 family home improvement loans, including CRA loans)	Column B CRA Loans Only
10. What was the dollar amount of 1-4 family home improvement loans purchased in calendar year 1999 by your banking institution and retained in your portfolio at year-end (including purchases in your assessment area(s) by affiliates that counted for your CRA evaluation)?	a. \$ _____ <i>(in thousands)</i> b. <input type="checkbox"/> None	a. \$ _____ <i>(in thousands)</i> b. <input type="checkbox"/> None
11. The answer to question 10 was based upon: (which of the following best applies)	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered
12. Of the 1999 1-4 family home improvement loan dollars reported in question 10, what percentage was purchased by your affiliates?	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no affiliate purchases included	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no affiliate purchases included
13. Of the 1999 1-4 family home improvement loan dollars reported in question 10, what percentage did you purchase under CRA special lending programs?	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no CRA special lending programs	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no CRA special lending programs

## Profile of Portfolio as of December 31, 1999

Please answer the following questions pertaining to your 1-4 family home improvement loan portfolio as of year-end 1999. (Respond by completing the appropriate blank or checking the box that best applies).

	Column A Overall (all 1-4 family home improvement loans, including CRA loans)	Column B CRA Loans Only
14. What was the dollar amount of 1-4 family home improvement loans outstanding for your banking institution as of December 31, 1999?	a. \$ _____ <i>(in thousands)</i> b. <input type="checkbox"/> None	a. \$ _____ <i>(in thousands)</i> b. <input type="checkbox"/> None
15. The answer to question 14 was based upon: (which of the following best applies)	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered
16. Of the 1-4 family home improvement loan dollars in your portfolio as of December 31, 1999, what percentage did you purchase or originate under CRA special lending programs?	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no CRA special programs	a. _____ percent (0-100%) b. <input type="checkbox"/> N/A-no CRA special programs
17. Approximately what percentage of the 1-4 family home improvement loan dollars in your portfolio as of December 31, 1999 was in the following categories: (should total 100%) a. Loans not backed by a third party guarantee b. Loans backed by a third party guarantee including PMI and FHA	a. _____ percent b. _____ percent	a. _____ percent b. _____ percent
18. Approximately what percentage of the 1-4 family home improvement loan dollars in your portfolio as of December 31, 1999 was in the following categories: (should total 100%) a. Fixed-rate loans b. Adjustable-rate loans	a. _____ percent b. _____ percent	a. _____ percent b. _____ percent
19. Approximately what percentage of the 1-4 family home improvement loan dollars in your portfolio as of December 31, 1999 was in the following categories: (should total 100%) a. Loans with an original maturity of 5 years or less b. Loans with an original maturity of 6 to 10 years c. Loans with an original maturity of more than 10 years	a. _____ percent b. _____ percent c. _____ percent	a. _____ percent b. _____ percent c. _____ percent
20. Approximately what percentage of the 1-4 family home improvement loan dollars in your portfolio as of December 31, 1999 was in the following categories: (should total 100%) a. Loans originated in 1999 b. Loans originated in 1997-98 c. Loans originated in 1995-96 d. Loans originated in 1994 or earlier	a. _____ percent b. _____ percent c. _____ percent d. _____ percent	a. _____ percent b. _____ percent c. _____ percent d. _____ percent

**Profile of Portfolio as of December 31, 1999 -- Continued**

	Column A Overall (all 1-4 family home improvement loans, including CRA loans)	Column B CRA Loans Only
21. Approximately what percentage of the 1-4 family home improvement loan dollars in your portfolio as of December 31, 1999 was in the following categories: <i>(should total 100%)</i>		
a. Loans secured by first (senior) liens	a. _____ percent	a. _____ percent
b. Loans secured by second or third (junior) liens	b. _____ percent	b. _____ percent
c. Unsecured by a mortgage	c. _____ percent	c. _____ percent
22. Approximately what percentage of the 1-4 family home improvement loan dollars in your portfolio as of December 31, 1999 was in the following categories: <i>(should total 100%)</i>		
a. Loans with an outstanding balance less than \$10,000	a. _____ percent	a. _____ percent
b. Loans with an outstanding balance of \$10,000-\$24,999	b. _____ percent	b. _____ percent
c. Loans with an outstanding balance of \$25,000 or more	c. _____ percent	c. _____ percent

**Profile of Delinquency as of December 31, 1999 and 1999 Net Charge-offs**

*Please answer the following questions pertaining to your 1-4 family home improvement loan delinquency in your 1999 year-end portfolio and net charge-off experience over calendar year 1999. (Respond by completing the appropriate blank or checking the box that best applies).*

	Column A Overall (all 1-4 family home improvement loans, including CRA loans)	Column B CRA Loans Only
23. What percentage of the 1-4 family home improvement loan dollars outstanding in your portfolio as of December 31, 1999 was 30-89 days delinquent?	a. _____.____ percentage points	a. _____.____ percentage points
24. The answer to question 23 was based upon: <i>(which of the following best applies)</i>	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered
25. What percentage of the 1-4 family home improvement loan dollars as of December 31, 1999 that you either (1) held in portfolio or (2) sold, but continue to service, was 30-89 days delinquent?	a. _____.____ percentage points	a. _____.____ percentage points

**Profile of Delinquency as of December 31, 1999 and 1999 Net Charge-offs – *Continued***

	<b>Column A</b> Overall (all 1-4 family home improvement loans, including CRA loans)	<b>Column B</b> CRA Loans Only
26. The answer to the preceding question 25 was based upon: (which of the following best applies)	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered
27. What percentage of the 1-4 family home improvement loan dollars outstanding in your portfolio as of December 31, 1999 was 90 days or more delinquent or non-accruing?	a. ____ . ____ percentage points	a. ____ . ____ percentage points
28. The answer to question 27 was based upon: (which of the following best applies)	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered
29. What percentage of the 1-4 family home improvement loan dollars as of December 31, 1999 that you either (1) held in portfolio or (2) sold, but continue to service, was 90 days or more delinquent or non-accruing?	a. ____ . ____ percentage points	a. ____ . ____ percentage points
30. The answer to question 29 was based upon: (which of the following best applies)	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered
31. What was your net charge-off rate (in percentage points) in 1999 for 1-4 family home improvement lending (total net charge-offs of 1-4 family home improvement loans during 1999 divided by your average 1-4 family home improvement loan dollars outstanding over 1999)?	a. ____ . ____ percentage points	a. ____ . ____ percentage points
32. The answer to question 31 was based upon: (which of the following best applies)	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered	a. <input type="checkbox"/> Actual tabulations b. <input type="checkbox"/> Estimate based on reasonable assumptions and data c. <input type="checkbox"/> Educated guess d. <input type="checkbox"/> Previous question not answered

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## Profile of 1999 Profitability

Please answer the following questions pertaining to the **profitability** of your 1999 1-4 family home improvement lending. We are seeking a comprehensive measure of profitability and consequently your responses should reflect all factors that relate to profitability, **including revenues and costs associated with overhead; origination; servicing; pricing; delinquency, default and losses; prepayment; loan sales and purchases; and related customer account business (e.g., deposit account relationships)**. (Respond by completing the appropriate blank or checking the box that best applies).

33. Overall, considering all factors, your banking institution's 1999 1-4 family home improvement lending was:

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**Column A**  
Overall  
(all 1-4 family home improvement loans, including CRA loans)

**Column B**  
CRA Loans Only

- |   |   |
|---|---|
| a. <input type="checkbox"/> Profitable              | a. <input type="checkbox"/> Profitable              |
| b. <input type="checkbox"/> Marginally profitable   | b. <input type="checkbox"/> Marginally profitable   |
| c. <input type="checkbox"/> Break even              | c. <input type="checkbox"/> Break even              |
| d. <input type="checkbox"/> Marginally unprofitable | d. <input type="checkbox"/> Marginally unprofitable |
| e. <input type="checkbox"/> Unprofitable            | e. <input type="checkbox"/> Unprofitable            |

34. What was your overall return on equity (ROE) for your 1-4 family home improvement lending for 1999?

a. \_\_\_\_ . \_\_\_\_ percentage points    a. \_\_\_\_ . \_\_\_\_ percentage points

35. The answers to questions 33 and 34 were based upon: (which of the following best applies)

- |   |   |
|---|---|
| a. <input type="checkbox"/> Actual tabulations                                | a. <input type="checkbox"/> Actual tabulations                                |
| b. <input type="checkbox"/> Estimate based on reasonable assumptions and data | b. <input type="checkbox"/> Estimate based on reasonable assumptions and data |
| c. <input type="checkbox"/> Educated guess                                    | c. <input type="checkbox"/> Educated guess                                    |
| d. <input type="checkbox"/> Previous questions not answered                   | d. <input type="checkbox"/> Previous questions not answered                   |

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## Comparing Experiences with CRA and Non-CRA Lending

The following series of questions asks you to compare your experiences with 1999 CRA 1-4 family home improvement lending to those with non-CRA 1-4 family home improvement lending. In other words, we ask you to compare your experiences with loans included under our definition of

CRA loans with those for all loans that are not included under this definition. (Respond by completing the appropriate blank or checking the box that best applies).

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### Relative Profitability

36. Considering all factors, **compared to non-CRA** 1-4 family home improvement lending, your banking institution's return on equity (ROE) for CRA 1-4 family home improvement lending for 1999 was:
- a.  Higher for CRA loans
  - b.  Somewhat higher for CRA loans
  - c.  About the same for CRA loans
  - d.  Somewhat lower for CRA loans
  - e.  Lower for CRA loans
- 
37. If higher or lower, how much higher or lower (e.g., if non-CRA loans had an ROE of 16.0% and CRA loans had an ROE of 17.5% the difference is 1.5 percentage points higher)?
- a. \_\_\_\_ . \_\_\_\_ percentage points higher
  - b.  ROE about the same
  - c. \_\_\_\_ . \_\_\_\_ percentage points lower
- 
38. The answers to questions 36 and 37 were based upon: (which of the following best applies)
- a.  Actual tabulations
  - b.  Estimate based on reasonable assumptions and data
  - c.  Educated guess
  - d.  Previous questions not answered
- 
39. Considering all factors, compared to non-CRA 1-4 family home improvement lending of the same loan size, lien status, product type (fixed versus adjustable rate), and loan seasoning, your return on equity (ROE) for CRA 1-4 family home improvement lending for 1999 was:
- a.  Higher for CRA loans
  - b.  Somewhat higher for CRA loans
  - c.  About the same for CRA loans
  - d.  Somewhat lower for CRA loans
  - e.  Lower for CRA loans
- 
40. If higher or lower, how much higher or lower?
- a. \_\_\_\_ . \_\_\_\_ percentage points higher
  - b.  ROE about the same
  - c. \_\_\_\_ . \_\_\_\_ percentage points lower
- 
41. The answers to questions 39 and 40 were based upon: (which of the following best applies)
- a.  Actual tabulations
  - b.  Estimate based on reasonable assumptions and data
  - c.  Educated guess
  - d.  Previous questions not answered
- 
42. Considering all factors, compared to 1-4 family home improvement lending outside of your CRA assessment area(s) to lower-income borrowers or made in lower-income neighborhoods, your return on equity (ROE) for CRA 1-4 family home improvement lending for 1999 was:
- a.  Higher for CRA loans
  - b.  Somewhat higher for CRA loans
  - c.  About the same for CRA loans
  - d.  Somewhat lower for CRA loans
  - e.  Lower for CRA loans
- 
43. If higher or lower, how much higher or lower?
- a. \_\_\_\_ . \_\_\_\_ percentage points higher
  - b.  ROE about the same
  - c. \_\_\_\_ . \_\_\_\_ percentage points lower
- 
44. The answers to questions 42 and 43 were based upon: (which of the following best applies)
- a.  Actual tabulations
  - b.  Estimate based on reasonable assumptions and data
  - c.  Educated guess
  - d.  Previous questions not answered
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## Relative Profitability – Continued

45. Considering all factors, compared to non-CRA 1-4 family home improvement lending, your return on equity (ROE) for CRA 1-4 family home improvement lending **not originated under a CRA special lending program** for 1999 was: (i.e., compare non-CRA lending with CRA lending that was **not** originated under a CRA special lending program)
- a.  Higher for CRA loans  
 b.  Somewhat higher for CRA loans  
 c.  About the same for CRA loans  
 d.  Somewhat lower for CRA loans  
 e.  Lower for CRA loans
- 
46. If higher or lower, how much higher or lower?
- a. \_\_\_\_\_. \_\_\_\_ percentage points higher  
 b.  ROE about the same  
 c. \_\_\_\_\_. \_\_\_\_ percentage points lower
- 
47. The answers to questions 45 and 46 were based upon: (which of the following best applies)
- a.  Actual tabulations  
 b.  Estimate based on reasonable assumptions and data  
 c.  Educated guess  
 d.  Previous questions not answered

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## Relative Origination Costs

48. Compared to non-CRA 1-4 family home improvement loans, your average origination costs for CRA 1-4 family home improvement loans originated in 1999 were:
- a.  Higher for CRA loans  
 b.  Somewhat higher for CRA loans  
 c.  About the same for CRA loans  
 d.  Somewhat lower for CRA loans  
 e.  Lower for CRA loans
- 
49. Compared to non-CRA 1-4 family home improvement loans **of the same loan size, lien status, and product type (fixed versus adjustable rate)**, your average origination costs for CRA 1-4 family home improvement loans originated in 1999 were:
- a.  Higher for CRA loans  
 b.  Somewhat higher for CRA loans  
 c.  About the same for CRA loans  
 d.  Somewhat lower for CRA loans  
 e.  Lower for CRA loans
- 
50. Please evaluate each of the following factors on their impact on your average origination costs for CRA compared to **non-CRA (all other)** 1-4 family home improvement loans **of the same loan size, lien status, and product type**.
- |  | <u>Higher for CRA</u>    | <u>About the same</u>    | <u>Lower for CRA</u>     |
|--|--------------------------|--------------------------|--------------------------|
| a. Time spent by your staff working with applicants and processing loan applications   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Net effect of the involvement of government agencies or other third parties (i.e., total value of products and services provided by third parties less costs associated with their involvement) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Financial incentives to your staff  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Loan approval rate  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Other (specify) _____   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
- Compared to origination costs of non-CRA loans, this factor causes origination costs of CRA loans to be: (check one box in each row)
- 
51. The responses to questions 48, 49, and 50 were based on: (which of the following best applies)
- a.  Actual tabulations  
 b.  Estimate based on reasonable assumptions and data  
 c.  Educated guess  
 d.  Previous questions not answered

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## Relative Servicing Costs

Please answer the following questions pertaining to your 1999 loan servicing costs for 1-4 family home improvement loans that your institution **either (1) held in portfolio or (2) sold but continued to**

**service.** (Respond by completing the appropriate blank or checking the box that best applies).

52. Compared to non-CRA 1-4 family home improvement loans, your average servicing costs for CRA 1-4 family home improvement loans serviced in 1999 were:

- a.  Higher for CRA loans
- b.  Somewhat higher for CRA loans
- c.  About the same for CRA loans
- d.  Somewhat lower for CRA loans
- e.  Lower for CRA loans

53. Compared to non-CRA 1-4 family home improvement loans **of the same loan size, lien status, product type (fixed versus adjustable rate), and loan seasoning**, your average servicing costs for CRA 1-4 family home improvement loans serviced in 1999 were:

- a.  Higher for CRA loans
- b.  Somewhat higher for CRA loans
- c.  About the same for CRA loans
- d.  Somewhat lower for CRA loans
- e.  Lower for CRA loans

54. Please evaluate each of the following factors and their impact on your average servicing costs for CRA compared to **non-CRA (all other)** 1-4 family home improvement loans **of the same loan size, lien status, product type, and loan seasoning**.

- a. Cost of working with delinquent borrowers
- b. Cost of working with non-delinquent borrowers
- c. Net effect of the involvement of government agencies or other third parties (i.e., total value of products and services provided by third parties less costs associated with their involvement)
- d. Other (specify) \_\_\_\_\_

Compared to servicing costs of non-CRA loans, this factor causes servicing costs of CRA loans to be: (check one box in each row)

- |    | <u>Higher for CRA</u>    | <u>About the same</u>    | <u>Lower for CRA</u>     |
|----|--------------------------|--------------------------|--------------------------|
| a. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

55. The responses to questions 52, 53, and 54 were based on: (which of the following best applies)

- a.  Actual tabulations
- b.  Estimate based on reasonable assumptions and data
- c.  Educated guess
- d.  Previous questions not answered

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## Relative Credit Losses

56. Compared to non-CRA 1-4 family home improvement loans, your average credit losses for CRA 1-4 family home improvement loans during 1999 were:

- a.  Higher for CRA loans
- b.  Somewhat higher for CRA loans
- c.  About the same for CRA loans
- d.  Somewhat lower for CRA loans
- e.  Lower for CRA loans

57. Compared to non-CRA 1-4 family home improvement loans **of the same loan size, lien status, product type (fixed versus adjustable rate), and loan seasoning**, your average credit losses for CRA 1-4 family home improvement loans during 1999 were:

- a.  Higher for CRA loans
- b.  Somewhat higher for CRA loans
- c.  About the same for CRA loans
- d.  Somewhat lower for CRA loans
- e.  Lower for CRA loans

## Relative Credit Losses – Continued

58. Please evaluate each of the following factors on their impact on credit losses for CRA compared to **non-CRA (all other)** 1-4 family home improvement loans of the same loan size, lien status, product type, and loan seasoning.
- Compared to credit losses of non-CRA loans, this factor causes credit losses of CRA loans to be: (check one box in each row)
- |  | Higher for CRA           | About the same           | Lower for CRA            |
|--|--------------------------|--------------------------|--------------------------|
| a. Default rate  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Loss given default  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Losses associated with loss mitigation activities of loans not in default (e.g., forgiving interest payments and penalties)   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Net effect of the involvement of government agencies or other third parties (i.e., total value of products and services provided by third parties less costs associated with their involvement) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Other (specify) _____   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
59. The responses to questions 56, 57, and 58 were based on: (which of the following best applies)
- a.  Actual tabulations  
 b.  Estimate based on reasonable assumptions and data  
 c.  Educated guess  
 d.  Previous questions not answered

## Relative Pricing

For the questions below, please answer the following questions pertaining to the annual percentage rate (APR) for 1-4 family home improvement loans you originated during 1999. We are interested in the APR of the loan at the time the loan was originated. (Respond by checking the box that best applies).

60. Compared to non-CRA 1-4 family home improvement loans, your **average** annual percentage rate (APR) for CRA 1-4 family home improvement loans originated in 1999 was:
- a.  Higher for CRA loans  
 b.  Somewhat higher for CRA loans  
 c.  About the same for CRA loans  
 d.  Somewhat lower for CRA loans  
 e.  Lower for CRA loans
61. Compared to non-CRA 1-4 family home improvement loans **of the same loan size, lien status, and product type (fixed versus adjustable rate), and originated at the same time**, your average annual percentage rate (APR) for CRA 1-4 family home improvement loans originated in 1999 was:
- a.  Higher for CRA loans  
 b.  Somewhat higher for CRA loans  
 c.  About the same for CRA loans  
 d.  Somewhat lower for CRA loans  
 e.  Lower for CRA loans
62. Please evaluate each of the following factors on their impact on pricing for CRA compared to **non-CRA (all other)** 1-4 family home improvement loans of the same loan size, lien status, and product type, and originated at the same time:
- Compared to pricing of non-CRA loans, this factor causes pricing of CRA loans to be: (check one box in each row)
- |  | Higher for CRA           | About the same           | Lower for CRA            |
|--|--------------------------|--------------------------|--------------------------|
| a. Credit risk   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Origination costs   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Servicing costs   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. Net effect of the involvement of government agencies or other third parties (i.e., total value of products and services provided by third parties less costs associated with their involvement) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. Waivers of fees, discounted interest rates  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. Ability to sell in secondary market   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. Prepayment propensity   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h. Other account relationships   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| i. Other (specify) _____   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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**Relative Pricing – Continued**

63. The responses to questions 60, 61, and 62 were based on: (which of the following best applies)
- a.  Actual tabulations
  - b.  Estimate based on reasonable assumptions and data
  - c.  Educated guess
  - d.  Previous questions not answered

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64. In general, has your CRA 1-4 family home improvement lending led to new profitable business opportunities for your bank?

Yes       No

↓

If yes, has this lending resulted in:

- a. New customers?       Yes       No
- b. Additional deposits?       Yes       No
- c. Greater market share?       Yes       No
- d. Additional loans?       Yes       No
- e. New opportunities to cross-market products?       Yes       No

65. Other than items related to profitability, are there other benefits that your banking institution receives from CRA 1-4 family home improvement lending?

Yes       No

↓

If yes, please specify \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

66. Other than items related to profitability, are there other costs that your banking institution incurs from CRA 1-4 family home improvement lending?

Yes       No

↓

If yes, please specify \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Please complete and return the general information sheet and both parts of the survey (four sections in Part A and one section in Part B) no later than March 1, 2000 to:**  
**Federal Reserve Board**  
**Attention: CRA Lending Survey**  
**1709 New York Avenue, NW, Fifth Floor**  
**Washington, DC 20006**