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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 January 2008 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/boarddocs/surveys).

Board of Governors of the Federal Reserve System

The January 2008 Senior Loan Officer Opinion Survey on Bank Lending Practices

The January 2008 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.[1] Special questions in the survey queried banks about changes in terms on commercial real estate loans during 2007, expected changes in asset quality in 2008, and loss-mitigation strategies on residential mortgage loans. In addition, the survey included a new set of recurring questions regarding revolving home equity lines of credit. This article is based on responses from fifty-six domestic banks and twenty-three foreign banking institutions.

In the January survey, domestic and foreign institutions reported having tightened their lending standards and terms for a broad range of loan types over the past three months. Demand for bank loans reportedly had weakened, on net, for both businesses and households over the same period.

C&I Lending

(Table 1, questions 1-6; Table 2, questions 1-6)

In the January survey, one-third of domestic institutions—a larger net fraction than in the October survey—reported having tightened their lending standards on C&I loans to small as well as to large and middle-market firms over the past three months. Significant net fractions of respondents also noted that they had tightened price terms on C&I loans to all types of firms, including raising the cost of credit lines and the premiums charged on riskier loans over the survey period. About two-fifths of domestic banks—a higher net fraction than in the October survey—reported having increased spreads of loan rates over their cost of funds over the previous three months. Smaller net fractions of domestic banks also indicated that they had tightened non-price terms on C&I loans to all types of firms.

Compared with domestic institutions, larger net fractions of U.S. branches and agencies of foreign banks reported having tightened lending standards and terms on C&I loans. About two-thirds of foreign banks—up from one-third in the October survey—noted that they had tightened their lending standards on C&I loans over the past three months, and large majorities also reported that they had tightened selected price terms for such loans. About 85 percent of foreign banks—a higher net fraction than in the October survey—indicated that they had increased spreads of loan rates over their cost of funds over the past three months.

Large majorities of domestic and foreign institutions that reported having tightened lending standards and terms on C&I loans over the past three months pointed to a less

[1] Banks received the survey in early January, and their responses were due on January 17.

favorable or more uncertain economic outlook, a worsening of industry-specific problems, and a reduced tolerance for risk as reasons for their more-restrictive lending policies. Smaller but significant fractions of domestic and foreign respondents noted that a deterioration of their banks' current or expected capital or liquidity positions had contributed to the tightening of lending standards and terms over the past three months.

On net, large domestic banks reported that demand for C&I loans from large and middle-market firms was about unchanged over the past three months, whereas about 35 percent of small domestic banks, on net, reportedly experienced weaker demand for C&I loans from these firms. About one-fourth of both large and small domestic banks, on net, also saw weaker demand for C&I loans from small firms. Finally, about 40 percent of foreign institutions reported weaker demand, on net, for C&I loans over the past three months.

Very large majorities of domestic institutions that indicated a weakening of loan demand pointed to a decrease in customers' needs to finance inventories and investment in plant and equipment. In addition, 70 percent of domestic banks and all foreign respondents cited a decrease in customers' needs for merger and acquisition financing as a reason for lower demand for C&I loans. Regarding future business, about 20 percent of domestic and 50 percent of foreign respondents, on net, reported that the number of inquiries from potential business borrowers had decreased over the previous three months.

Commercial Real Estate Lending
(Table 1, questions 7-10; Table 2, questions 7-10)

About 80 percent of domestic banks reported tightening their lending standards on commercial real estate loans over the past three months, a notable increase from the October survey. The net fraction of domestic banks reporting tighter lending standards on these loans was the highest since this question was introduced in 1990. About 55 percent of foreign banks—up from about 40 percent in the October survey—indicated that they had tightened their lending standards on such loans. Concerning loan demand, about 45 percent of both domestic and foreign respondents, on net, reported weaker demand for commercial real estate loans over the past three months.

As in past years, the January survey queried banks about changes in their lending terms on commercial real estate loans over the previous twelve months. The responses to these special questions indicated that considerable net fractions of banks had tightened terms on commercial real estate loans in 2007; in contrast, in last year's survey, banks reported that they had eased lending terms, on net, in 2006. In the latest survey, about 55 percent of domestic respondents and 45 percent of foreign respondents noted that they had required higher debt service coverage ratios and lower loan-to-value ratios on commercial real estate loans in 2007. In addition, about 40 percent of domestic banks and 50 percent of foreign banks indicated that they had reduced the maximum loan sizes that they were willing to grant over the past twelve months. About 45 percent of domestic banks and 75 percent of foreign banks reported raising loan rate spreads over their cost of funds in 2007.

A large number of domestic and foreign respondents pointed to a less favorable economic outlook and to a worsening of the conditions of, or the outlook for, commercial real estate in the markets where their banks operate as reasons for tightening terms on commercial real estate loans in 2007. In addition, a large fraction of domestic banks noted a reduced tolerance for risk, whereas foreign banks indicated that reduced liquidity of the securities collateralized by these types of loans was an important factor.

Lending to Households
(Table 1, questions 11-20)

In the January survey, significant numbers of domestic respondents reported that they had tightened their lending standards on prime, nontraditional, and subprime residential mortgages over the past three months; the remaining respondents noted that their lending standards had remained basically unchanged. About 55 percent of domestic respondents indicated that they had tightened their lending standards on prime mortgages, up from about 40 percent in the October survey.[2] Of the thirty-nine banks that originated nontraditional residential mortgage loans, about 85 percent reported a tightening of their lending standards on such loans over the past three months, compared with about 60 percent in the October survey.[3] Finally, five of the seven banks that originated subprime mortgage loans noted that they had tightened their lending standards on such loans, a proportion similar to that in the October survey.[4]

About 60 percent of domestic respondents, on net, indicated that demand for prime residential mortgages had weakened over the past three months, and 70 percent of respondents, on net, noted weaker demand for nontraditional and subprime mortgage loans over the same period. The net fractions reporting weaker demand for each of the three types of mortgage loans increased relative to the October survey.

About 60 percent of domestic respondents indicated that they had tightened their lending standards for approving applications for revolving home equity lines of credit over the past three months. Regarding demand, about 35 percent of domestic banks, on net, reported that demand for revolving home equity lines of credit had weakened over the past three months.

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[2] Fifty-three institutions reported that they originated prime residential mortgages. According to Call Reports, these fifty-three banks accounted for about 80 percent of residential real estate loans on the books of all commercial banks as of September 30, 2007.
[3] According to Call Reports, these thirty-nine institutions accounted for about 70 percent of residential real estate loans on the books of all commercial banks as of September 30, 2007.
[4] According to Call Reports, these seven institutions accounted for about 45 percent of residential real estate loans on the books of all commercial banks as of September 30, 2007.

About 10 percent of respondents—up from about 5 percent in the October survey—reported that they had tightened their lending standards on credit card loans over the past three months. About 30 percent of respondents noted that they had reduced the extent to which such loans were granted to customers who did not meet credit-scoring thresholds; smaller net fractions also indicated an increase in minimum required credit scores and a reduction of credit limits on credit card loans. About 15 percent of domestic banks—up from about 5 percent in the October survey—indicated a diminished willingness to make consumer installment loans relative to three months earlier. About one-third of domestic banks—up from about one-fourth in the October survey—reported that they had tightened their lending standards on consumer loans other than credit card loans. Significant net fractions of banks also noted that they had tightened lending terms and conditions on such loans. In particular, domestic banks had increased minimum credit scores, reduced the extent to which such loans were granted to customers who did not meet credit-scoring thresholds, and widened spreads of loan rates over their cost of funds. Regarding loan demand, about 35 percent of domestic institutions, on net, indicated that they had experienced weaker demand for consumer loans of all types.

Special Questions on the Outlook for Loan Quality in 2008
(Table 1, questions 21-22; Table 2, question 11)

A set of special questions asked banks about their expectations for delinquencies and charge-offs on loans to businesses and households in 2008 under the assumption that economic activity progresses in line with consensus forecasts. On balance, the responses indicate that large majorities of domestic and foreign banks expect a deterioration in loan quality in 2008. Regarding loans to businesses, between about 75 percent and 85 percent of domestic and foreign banks expect a deterioration in the quality of their C&I and commercial real estate loan portfolios. About 15 percent of domestic and 20 percent of foreign respondents expect a substantial deterioration in the quality of their commercial real estate portfolios. Concerning residential real estate loans, between about 70 percent and 80 percent of domestic respondents expect the quality of their prime, nontraditional, and subprime residential mortgage loans, as well as of their revolving home equity loans, to deteriorate in 2008. Finally, about 70 percent of domestic respondents expect a deterioration in the quality of both credit card and other consumer loans.

Special Questions on Loss-Mitigation Strategies on Residential Mortgage Loans
(Table 1, questions 23-24)

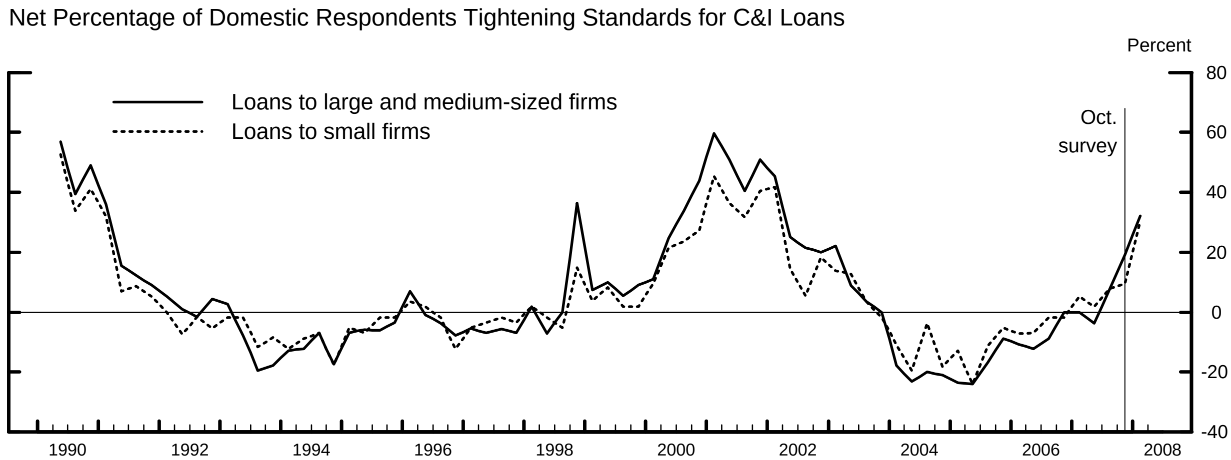
A final set of special questions queried domestic respondents about strategies that they expect their banks to employ in order to mitigate a potential deterioration in the credit quality of their bank's residential mortgage loan portfolio or of the mortgage loans that their banks service for others. More than 85 percent of respondents indicated that they expect loan-by-loan modifications based on individual borrowers' circumstances to be at least a somewhat significant loss-mitigation strategy at their banks. More than 65 percent of respondents also anticipate steps—such as short sales or deed-in-lieu of foreclosures—in which borrowers lose possession of the house to be at least somewhat significant loss-mitigation steps at their banks. A large number of respondents also indicated that their banks' loss-mitigation strategies will include refinancing of loans into other mortgage products at their banks or into Federal Housing Administration (FHA) products. Finally, about 35 percent of respondents expected streamlined loan modifications of the sort proposed by the Hope Now alliance to be at least a somewhat significant loss-mitigating strategy for their banks.[5]

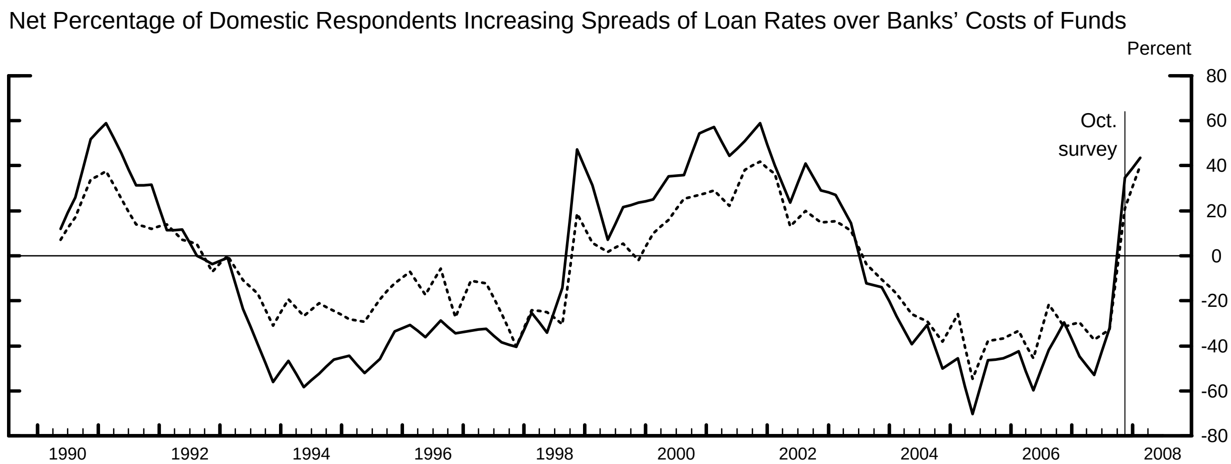
Domestic respondents expect their banks to face several potential obstacles in undertaking these loss-mitigation strategies: Respondents anticipate difficulties in contacting borrowers, and they are concerned with borrowers' reduced motivation to retain possession of their properties. To a lesser extent, respondents also anticipate difficulties arising from a shortage of qualified loss-mitigation specialists at their banks.

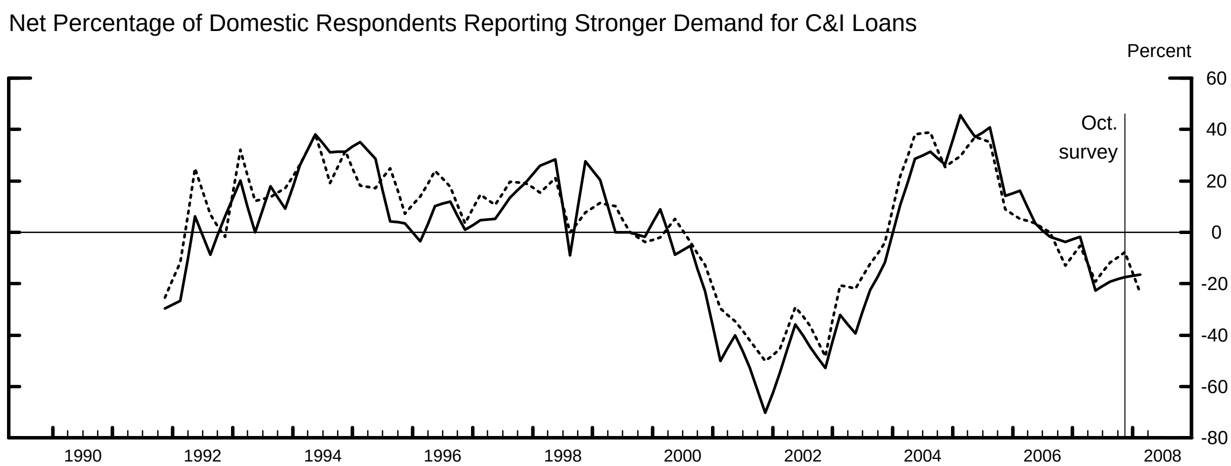
This document was prepared by David Lucca with the assistance of April Gifford, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

[5] Hope Now is an alliance of credit counselors, mortgage servicers, mortgage investors, and other mortgage market participants. Further information on Hope Now can be found at: www.hopenow.com.

Measures of Supply and Demand for C&I Loans, by Size of Firm Seeking Loan

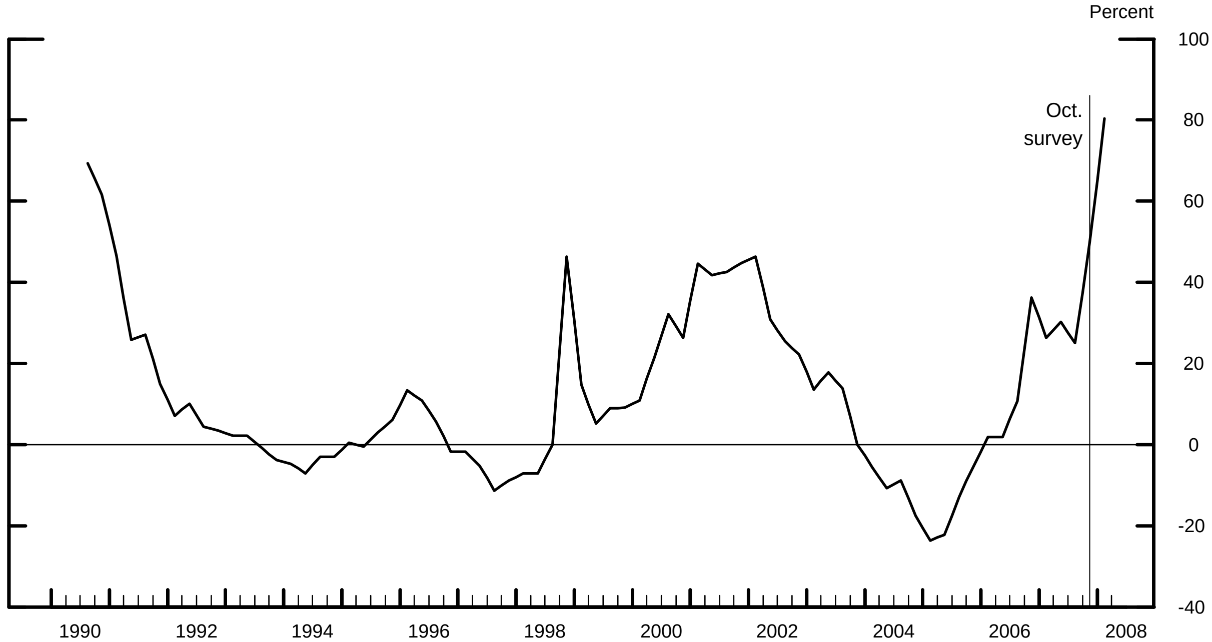




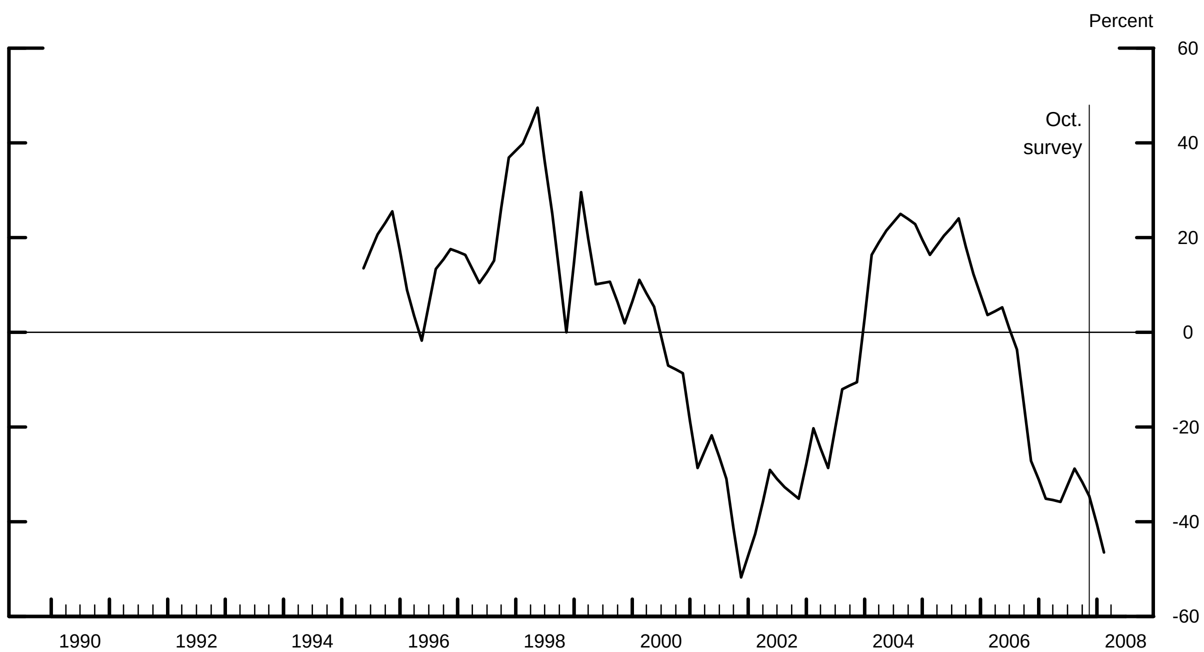


Measures of Supply and Demand for Commercial Real Estate Loans

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

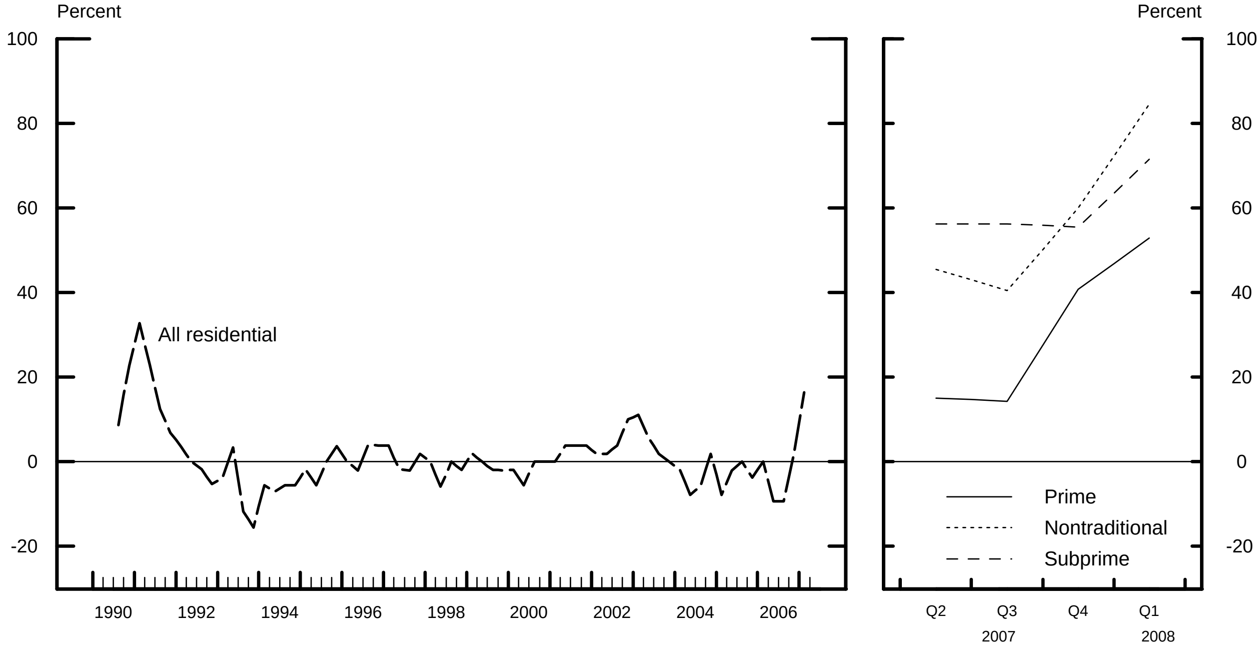


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



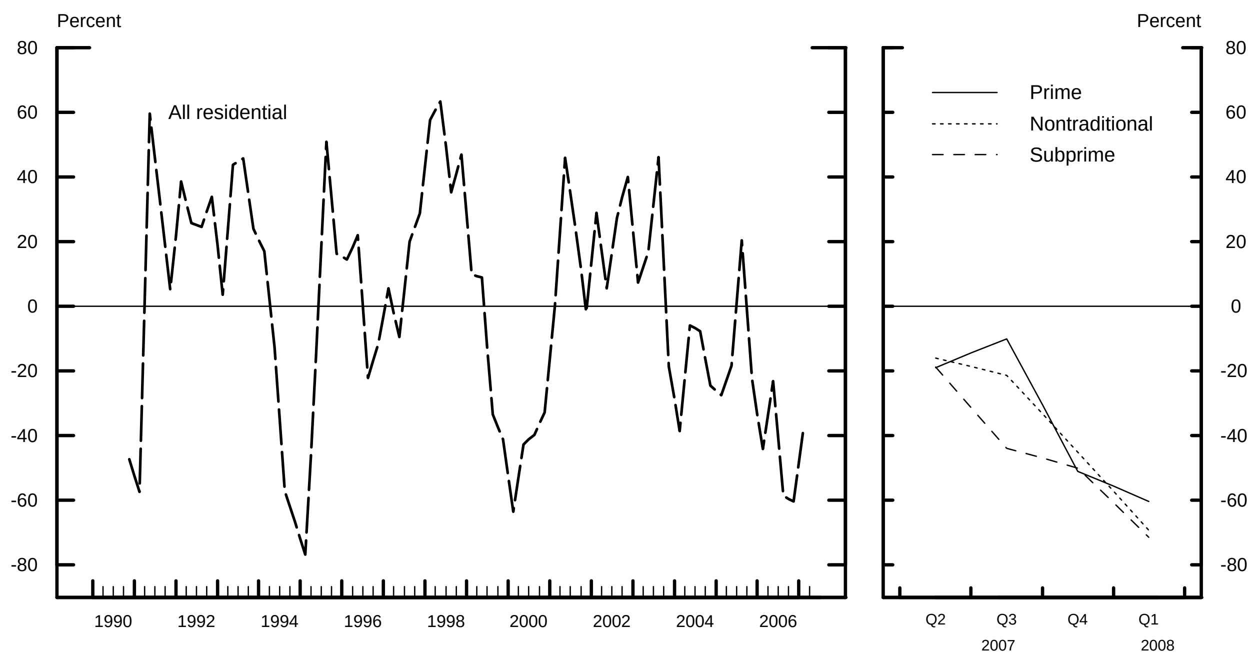
Measures of Supply and Demand for Residential Mortgage Loans

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.

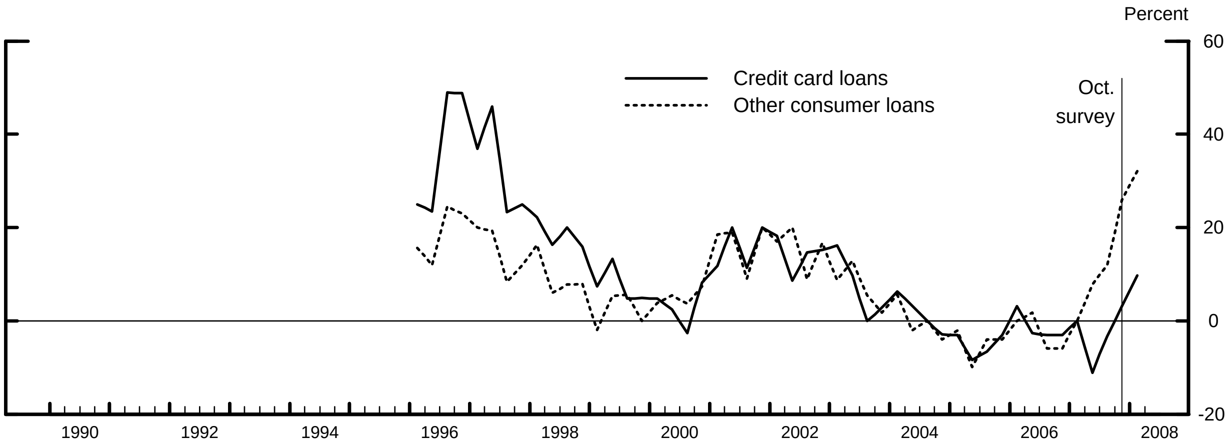
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



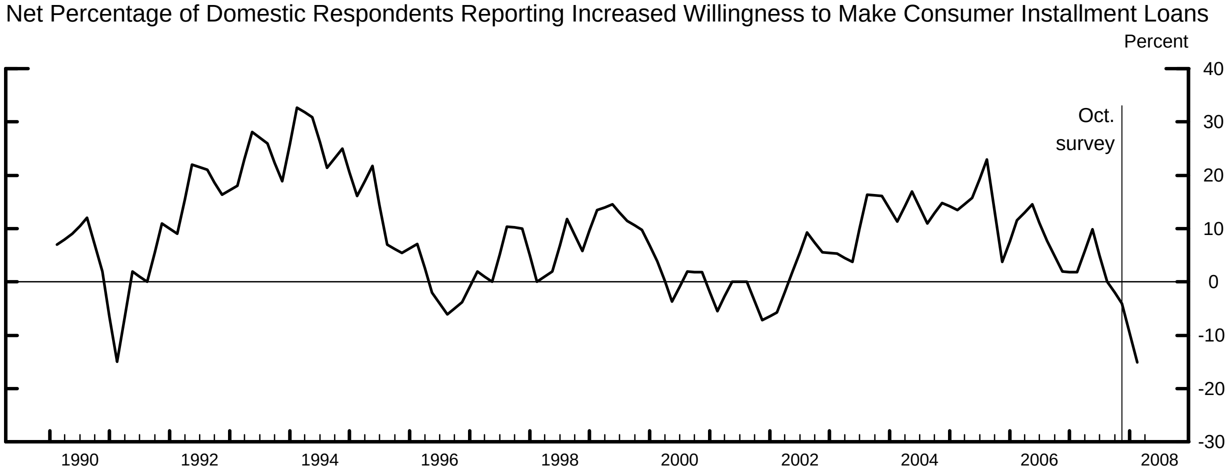
Note. For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately.

Measures of Supply and Demand for Consumer Loans

Net Percentage of Domestic Respondents Tightening Standards for Consumer Loans



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



Net Percentage of Domestic Respondents Reporting Stronger Demand for Consumer Loans

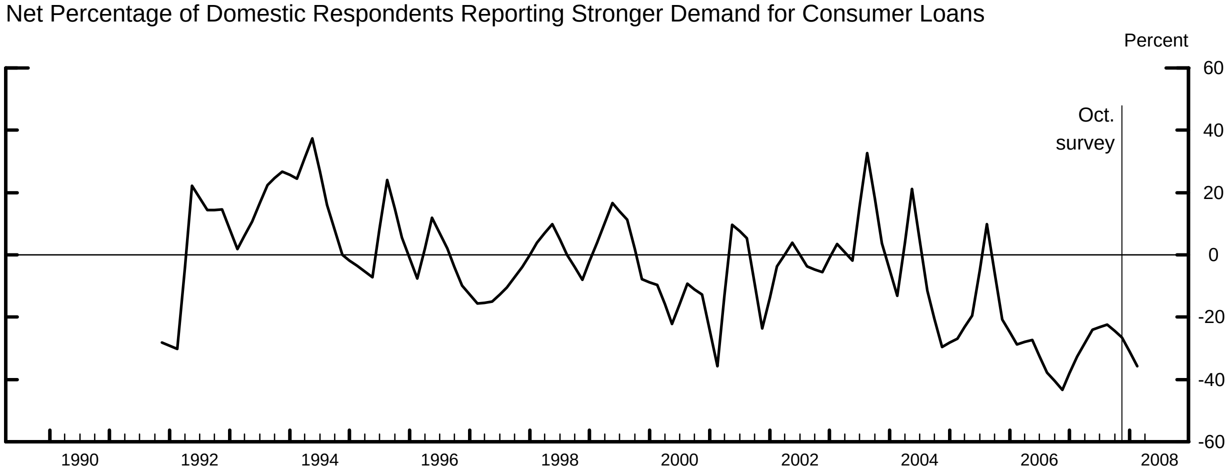


Table 1

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

(Status of policy as of January 2008)

***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	1	1.8	1	3.0	0	0.0
Tightened somewhat	17	30.4	8	24.2	9	39.1
Remained basically unchanged	38	67.9	24	72.7	14	60.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	33	100.0	23	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	1	1.8	1	3.0	0	0.0
Tightened somewhat	16	28.6	8	24.2	8	34.8
Remained basically unchanged	39	69.6	24	72.7	15	65.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	33	100.0	23	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	1	1.8	0	0.0	1	4.5
Tightened somewhat	11	20.0	8	24.2	3	13.6
Remained basically unchanged	39	70.9	22	66.7	17	77.3
Eased somewhat	4	7.3	3	9.1	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	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	9	16.4	7	21.2	2	9.1
Remained basically unchanged	45	81.8	26	78.8	19	86.4
Eased somewhat	1	1.8	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

c. Costs of credit lines:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	3	5.5	2	6.1	1	4.5
Tightened somewhat	22	40.0	13	39.4	9	40.9
Remained basically unchanged	29	52.7	17	51.5	12	54.5
Eased somewhat	1	1.8	1	3.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	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	2	3.6	2	6.1	0	0.0
Tightened somewhat	25	45.5	14	42.4	11	50.0
Remained basically unchanged	25	45.5	15	45.5	10	45.5
Eased somewhat	3	5.5	2	6.1	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

e. Premiums charged on riskier loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	9.1	4	12.1	1	4.5
Tightened somewhat	24	43.6	15	45.5	9	40.9
Remained basically unchanged	25	45.5	14	42.4	11	50.0
Eased somewhat	1	1.8	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

f. Loan covenants:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.8	0	0.0	1	4.5
Tightened somewhat	16	29.1	10	30.3	6	27.3
Remained basically unchanged	38	69.1	23	69.7	15	68.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

g. Collateralization requirements:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.8	0	0.0	1	4.5
Tightened somewhat	9	16.4	6	18.2	3	13.6
Remained basically unchanged	44	80.0	27	81.8	17	77.3
Eased somewhat	1	1.8	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	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	1	1.9	0	0.0	1	4.8
Tightened somewhat	10	18.5	6	18.2	4	19.0
Remained basically unchanged	41	75.9	26	78.8	15	71.4
Eased somewhat	2	3.7	1	3.0	1	4.8
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	33	100.0	21	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	5	9.1	3	9.1	2	9.1
Remained basically unchanged	49	89.1	30	90.9	19	86.4
Eased somewhat	1	1.8	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

c. Costs of credit lines:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	2	3.6	2	6.1	0	0.0
Tightened somewhat	20	36.4	12	36.4	8	36.4
Remained basically unchanged	32	58.2	18	54.5	14	63.6
Eased somewhat	1	1.8	1	3.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	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	3	5.5	2	6.1	1	4.5
Tightened somewhat	21	38.2	11	33.3	10	45.5
Remained basically unchanged	29	52.7	19	57.6	10	45.5
Eased somewhat	2	3.6	1	3.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

e. Premiums charged on riskier loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	4	7.3	2	6.1	2	9.1
Tightened somewhat	20	36.4	14	42.4	6	27.3
Remained basically unchanged	30	54.5	17	51.5	13	59.1
Eased somewhat	1	1.8	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

f. Loan covenants:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	1	1.8	0	0.0	1	4.5
Tightened somewhat	10	18.2	5	15.2	5	22.7
Remained basically unchanged	44	80.0	28	84.8	16	72.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

g. Collateralization requirements:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	1	1.8	0	0.0	1	4.5
Tightened somewhat	8	14.5	4	12.1	4	18.2
Remained basically unchanged	45	81.8	29	87.9	16	72.7
Eased somewhat	1	1.8	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	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? (Please respond to either A, B, or both as appropriate and rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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	29	76.3	18	78.3	11	73.3
Somewhat important	7	18.4	3	13.0	4	26.7
Very important	2	5.3	2	8.7	0	0.0
Total	38	100.0	23	100.0	15	100.0

b. Less favorable or more uncertain economic outlook:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	3	7.7	2	8.3	1	6.7
Somewhat important	23	59.0	15	62.5	8	53.3
Very important	13	33.3	7	29.2	6	40.0
Total	39	100.0	24	100.0	15	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	11	28.2	9	37.5	2	13.3
Somewhat important	15	38.5	7	29.2	8	53.3
Very important	13	33.3	8	33.3	5	33.3
Total	39	100.0	24	100.0	15	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	24	63.2	13	56.5	11	73.3
Somewhat important	13	34.2	10	43.5	3	20.0
Very important	1	2.6	0	0.0	1	6.7
Total	38	100.0	23	100.0	15	100.0

e. Reduced tolerance for risk:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	7	18.4	5	21.7	2	13.3
Somewhat important	25	65.8	13	56.5	12	80.0
Very important	6	15.8	5	21.7	1	6.7
Total	38	100.0	23	100.0	15	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	20	52.6	9	39.1	11	73.3
Somewhat important	13	34.2	10	43.5	3	20.0
Very important	5	13.2	4	17.4	1	6.7
Total	38	100.0	23	100.0	15	100.0

g. Increase in defaults by borrowers in public debt markets:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	25	65.8	15	65.2	10	66.7
Somewhat important	11	28.9	7	30.4	4	26.7
Very important	2	5.3	1	4.3	1	6.7
Total	38	100.0	23	100.0	15	100.0

h. Increased concern about your bank's current or expected liquidity position:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	29	76.3	17	73.9	12	80.0
Somewhat important	5	13.2	4	17.4	1	6.7
Very important	4	10.5	2	8.7	2	13.3
Total	38	100.0	23	100.0	15	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	5	62.5	3	50.0	2	100.0
Somewhat important	2	25.0	2	33.3	0	0.0
Very important	1	12.5	1	16.7	0	0.0
Total	8	100.0	6	100.0	2	100.0

b. More favorable or less uncertain economic outlook:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	44.4	3	42.9	1	50.0
Somewhat important	5	55.6	4	57.1	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	9	100.0	7	100.0	2	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	6	75.0	5	83.3	1	50.0
Somewhat important	1	12.5	1	16.7	0	0.0
Very important	1	12.5	0	0.0	1	50.0
Total	8	100.0	6	100.0	2	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	4	44.4	3	42.9	1	50.0
Somewhat important	1	11.1	1	14.3	0	0.0
Very important	4	44.4	3	42.9	1	50.0
Total	9	100.0	7	100.0	2	100.0

e. Increased tolerance for risk:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	4	44.4	2	28.6	2	100.0
Somewhat important	4	44.4	4	57.1	0	0.0
Very important	1	11.1	1	14.3	0	0.0
Total	9	100.0	7	100.0	2	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	7	87.5	5	83.3	2	100.0
Somewhat important	1	12.5	1	16.7	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	8	100.0	6	100.0	2	100.0

g. Reduction in defaults by borrowers in public debt markets:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	7	87.5	5	83.3	2	100.0
Somewhat important	1	12.5	1	16.7	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	8	100.0	6	100.0	2	100.0

h. Reduced concern about your bank's current or expected liquidity:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	6	75.0	4	66.7	2	100.0
Somewhat important	2	25.0	2	33.3	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	8	100.0	6	100.0	2	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	0	0.0	0	0.0	0	0.0
Moderately stronger	7	12.7	6	18.2	1	4.5
About the same	32	58.2	20	60.6	12	54.5
Moderately weaker	16	29.1	7	21.2	9	40.9
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	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	5	9.1	3	9.1	2	9.1
About the same	32	58.2	19	57.6	13	59.1
Moderately weaker	17	30.9	10	30.3	7	31.8
Substantially weaker	1	1.8	1	3.0	0	0.0
Total	55	100.0	33	100.0	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 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	4	44.4	3	42.9	1	50.0
Somewhat important	5	55.6	4	57.1	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	9	100.0	7	100.0	2	100.0

b. Customer accounts receivable financing needs increased:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	22.2	2	28.6	0	0.0
Somewhat important	7	77.8	5	71.4	2	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	9	100.0	7	100.0	2	100.0

c. Customer investment in plant or equipment increased:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	3	33.3	3	42.9	0	0.0
Somewhat important	6	66.7	4	57.1	2	100.0
Very important	0	0.0	0	0.0	0	0.0
Total	9	100.0	7	100.0	2	100.0

d. Customer internally generated funds decreased:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	4	44.4	3	42.9	1	50.0
Somewhat important	5	55.6	4	57.1	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	9	100.0	7	100.0	2	100.0

e. Customer merger or acquisition financing needs increased:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	3	33.3	2	28.6	1	50.0
Somewhat important	6	66.7	5	71.4	1	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	9	100.0	7	100.0	2	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	5	55.6	4	57.1	1	50.0
Somewhat important	2	22.2	1	14.3	1	50.0
Very important	2	22.2	2	28.6	0	0.0
Total	9	100.0	7	100.0	2	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	4	20.0	3	23.1	1	14.3
Somewhat important	15	75.0	9	69.2	6	85.7
Very important	1	5.0	1	7.7	0	0.0
Total	20	100.0	13	100.0	7	100.0

b. Customer accounts receivable financing needs decreased:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	8	40.0	6	46.2	2	28.6
Somewhat important	11	55.0	6	46.2	5	71.4
Very important	1	5.0	1	7.7	0	0.0
Total	20	100.0	13	100.0	7	100.0

c. Customer investment in plant or equipment decreased:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	5.0	1	7.7	0	0.0
Somewhat important	14	70.0	9	69.2	5	71.4
Very important	5	25.0	3	23.1	2	28.6
Total	20	100.0	13	100.0	7	100.0

d. Customer internally generated funds increased:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	14	70.0	9	69.2	5	71.4
Somewhat important	5	25.0	3	23.1	2	28.6
Very important	1	5.0	1	7.7	0	0.0
Total	20	100.0	13	100.0	7	100.0

e. Customer merger or acquisition financing needs decreased:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	6	30.0	3	23.1	3	42.9
Somewhat important	7	35.0	6	46.2	1	14.3
Very important	7	35.0	4	30.8	3	42.9
Total	20	100.0	13	100.0	7	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	12	60.0	8	61.5	4	57.1
Somewhat important	4	20.0	3	23.1	1	14.3
Very important	4	20.0	2	15.4	2	28.6
Total	20	100.0	13	100.0	7	100.0

6. At your bank, 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 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	6	10.9	4	12.5	2	8.7
The number of inquiries has stayed about the same	33	60.0	21	65.6	12	52.2
The number of inquiries has decreased moderately	16	29.1	7	21.9	9	39.1
The number of inquiries has decreased substantially	0	0.0	0	0.0	0	0.0
Total	55	100.0	32	100.0	23	100.0

Questions 7-8 *ask about commercial real estate loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 7 deals with changes in your bank's standards over the last three months. Question 8 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.*

7. Over the past three months, how have your bank's credit standards for approving applications for commercial real estate loans changed?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	11	19.6	7	21.2	4	17.4
Tightened somewhat	34	60.7	22	66.7	12	52.2
Remained basically unchanged	11	19.6	4	12.1	7	30.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	56	100.0	33	100.0	23	100.0

8. Apart from normal seasonal variation, how has demand for commercial real estate loans changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	1	1.8	1	3.0	0	0.0
Moderately stronger	6	10.7	2	6.1	4	17.4
About the same	16	28.6	11	33.3	5	21.7
Moderately weaker	23	41.1	12	36.4	11	47.8
Substantially weaker	10	17.9	7	21.2	3	13.0
Total	56	100.0	33	100.0	23	100.0

Questions 9-10 *focus on changes in your bank's terms on commercial real estate loans over the* ***past year****. If your bank's lending terms have not changed over the past year, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's lending terms have tightened or eased over the past year, please so report them regardless of how they stand relative to longer-term norms.*

9. Over the **past year**, how has your bank changed the following terms on commercial real estate loans?

a. Maximum loan size:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	4	7.3	2	6.1	2	9.1
Tightened somewhat	19	34.5	14	42.4	5	22.7
Remained basically unchanged	32	58.2	17	51.5	15	68.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

b. Maximum loan maturity:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	1	1.8	0	0.0	1	4.5
Tightened somewhat	10	18.2	7	21.2	3	13.6
Remained basically unchanged	44	80.0	26	78.8	18	81.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

c. 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	5	9.1	4	12.1	1	4.5
Tightened somewhat	24	43.6	14	42.4	10	45.5
Remained basically unchanged	22	40.0	14	42.4	8	36.4
Eased somewhat	4	7.3	1	3.0	3	13.6
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

d. Loan-to-value ratios:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	4	7.3	3	9.1	1	4.5
Tightened somewhat	28	50.9	17	51.5	11	50.0
Remained basically unchanged	22	40.0	13	39.4	9	40.9
Eased somewhat	1	1.8	0	0.0	1	4.5
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

e. Requirements for take-out 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	13	23.6	10	30.3	3	13.6
Remained basically unchanged	42	76.4	23	69.7	19	86.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

f. Debt-service coverage ratios:

	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	29	52.7	22	66.7	7	31.8
Remained basically unchanged	26	47.3	11	33.3	15	68.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	55	100.0	33	100.0	22	100.0

10. If your bank has tightened or eased its terms on commercial real estate loans over the **past year** (as described in question 9), how important have been the following possible reasons for the change?

A. Possible reasons for tightening commercial real estate loan terms:

a. Less favorable economic outlook:

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	2	4.4	0	0.0	2	12.5
Somewhat important	14	31.1	7	24.1	7	43.8
Very important	29	64.4	22	75.9	7	43.8
Total	45	100.0	29	100.0	16	100.0

b. Worsening of the condition of, or the outlook for, commercial real estate in the markets where your bank operates:

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	4	8.9	2	6.9	2	12.5
Somewhat important	18	40.0	10	34.5	8	50.0
Very important	23	51.1	17	58.6	6	37.5
Total	45	100.0	29	100.0	16	100.0

c. 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	29	64.4	19	65.5	10	62.5
Somewhat important	9	20.0	5	17.2	4	25.0
Very important	7	15.6	5	17.2	2	12.5
Total	45	100.0	29	100.0	16	100.0

d. Reduced tolerance for risk:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	9	20.0	3	10.3	6	37.5
Somewhat important	25	55.6	16	55.2	9	56.3
Very important	11	24.4	10	34.5	1	6.3
Total	45	100.0	29	100.0	16	100.0

e. Less liquid market for securities collateralized by these loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	24	54.5	13	44.8	11	73.3
Somewhat important	11	25.0	10	34.5	1	6.7
Very important	9	20.5	6	20.7	3	20.0
Total	44	100.0	29	100.0	15	100.0

B. Possible reasons for easing commercial real estate loan terms:

a. More favorable economic outlook:

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

b. Improvement in the condition of, or the outlook for, commercial real estate in the markets where your bank operates:

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

c. 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	1	33.3	1	33.3	0	0.0
Somewhat important	1	33.3	1	33.3	0	0.0
Very important	1	33.3	1	33.3	0	0.0
Total	3	100.0	3	100.0	0	0.0

d. Increased tolerance for risk:

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

e. More liquid market for securities collateralized by these loans:

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

Questions 11-12 *ask about three categories of* ***residential mortgage loans*** *at your bank--prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 11 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 12 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.*

11. 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	2	3.8	0	0.0	2	9.1
Tightened somewhat	26	49.1	17	54.8	9	40.9
Remained basically unchanged	25	47.2	14	45.2	11	50.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	100.0

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	10	25.6	6	23.1	4	30.8
Tightened somewhat	23	59.0	16	61.5	7	53.8
Remained basically unchanged	6	15.4	4	15.4	2	15.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	39	100.0	26	100.0	13	100.0

For this question, 14 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	3	42.9	2	40.0	1	50.0
Tightened somewhat	2	28.6	1	20.0	1	50.0
Remained basically unchanged	2	28.6	2	40.0	0	0.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	7	100.0	5	100.0	2	100.0

For this question, 47 respondents answered “My bank does not originate subprime residential mortgages.”

12. 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	0	0.0	0	0.0	0	0.0
Moderately stronger	2	3.8	1	3.2	1	4.5
About the same	17	32.1	10	32.3	7	31.8
Moderately weaker	29	54.7	18	58.1	11	50.0
Substantially weaker	5	9.4	2	6.5	3	13.6
Total	53	100.0	31	100.0	22	100.0

For this question, 0 respondents 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	1	2.6	1	3.8	0	0.0
Moderately stronger	0	0.0	0	0.0	0	0.0
About the same	10	25.6	7	26.9	3	23.1
Moderately weaker	18	46.2	11	42.3	7	53.8
Substantially weaker	10	25.6	7	26.9	3	23.1
Total	39	100.0	26	100.0	13	100.0

For this question, 14 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	2	28.6	1	20.0	1	50.0
Moderately weaker	2	28.6	2	40.0	0	0.0
Substantially weaker	3	42.9	2	40.0	1	50.0
Total	7	100.0	5	100.0	2	100.0

For this question, 47 respondents answered "My bank does not originate subprime residential mortgages."

Questions 13-14 *ask about* ***revolving home equity lines of credit*** *at your bank. Question 13 deals with changes in your bank's credit standards over the last three months. Question 14 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.*

13. 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	7	13.0	5	16.1	2	8.7
Tightened somewhat	25	46.3	16	51.6	9	39.1
Remained basically unchanged	22	40.7	10	32.3	12	52.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	54	100.0	31	100.0	23	100.0

14. 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	5	9.3	2	6.5	3	13.0
About the same	24	44.4	15	48.4	9	39.1
Moderately weaker	21	38.9	13	41.9	8	34.8
Substantially weaker	4	7.4	1	3.2	3	13.0
Total	54	100.0	31	100.0	23	100.0

Questions 15-20 *ask about consumer lending at your bank. Question 15 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 16-19 deal with changes in credit standards and loan terms over the same period. Question 20 deals 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.*

15. 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	0	0.0	0	0.0	0	0.0
About unchanged	45	84.9	25	80.6	20	90.9
Somewhat less willing	8	15.1	6	19.4	2	9.1
Much less willing	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	100.0

16. 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	1	2.4	1	4.5	0	0.0
Tightened somewhat	3	7.3	1	4.5	2	10.5
Remained basically unchanged	37	90.2	20	90.9	17	89.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	41	100.0	22	100.0	19	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	0	0.0	1	4.5
Tightened somewhat	16	30.2	10	32.3	6	27.3
Remained basically unchanged	36	67.9	21	67.7	15	68.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	100.0

18. 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	2	5.1	2	9.5	0	0.0
Tightened somewhat	4	10.3	3	14.3	1	5.6
Remained basically unchanged	33	84.6	16	76.2	17	94.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	39	100.0	21	100.0	18	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	4	10.3	3	14.3	1	5.6
Remained basically unchanged	32	82.1	15	71.4	17	94.4
Eased somewhat	3	7.7	3	14.3	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	39	100.0	21	100.0	18	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	1	2.6	0	0.0	1	5.6
Remained basically unchanged	36	92.3	19	90.5	17	94.4
Eased somewhat	2	5.1	2	9.5	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	39	100.0	21	100.0	18	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	7	17.9	5	23.8	2	11.1
Remained basically unchanged	31	79.5	15	71.4	16	88.9
Eased somewhat	1	2.6	1	4.8	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	39	100.0	21	100.0	18	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	1	2.6	0	0.0	1	5.6
Tightened somewhat	10	25.6	7	33.3	3	16.7
Remained basically unchanged	28	71.8	14	66.7	14	77.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	39	100.0	21	100.0	18	100.0

19. Over the past three months, how has your bank changed the following terms and conditions on consumer loans other than credit card 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	2	3.8	2	6.5	0	0.0
Remained basically unchanged	51	96.2	29	93.5	22	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	53	100.0	31	100.0	22	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	1.9	1	3.2	0	0.0
Tightened somewhat	12	22.6	6	19.4	6	27.3
Remained basically unchanged	40	75.5	24	77.4	16	72.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	100.0

c. Minimum required downpayment:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.2	0	0.0
Tightened somewhat	10	18.9	7	22.6	3	13.6
Remained basically unchanged	42	79.2	23	74.2	19	86.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	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	1	1.9	0	0.0	1	4.5
Tightened somewhat	14	26.4	8	25.8	6	27.3
Remained basically unchanged	38	71.7	23	74.2	15	68.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	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	1	1.9	0	0.0	1	4.5
Tightened somewhat	14	26.4	7	22.6	7	31.8
Remained basically unchanged	38	71.7	24	77.4	14	63.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	53	100.0	31	100.0	22	100.0

20. Apart from normal seasonal variation, how has demand for consumer loans of all types 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	3	5.7	2	6.5	1	4.5
About the same	28	52.8	19	61.3	9	40.9
Moderately weaker	21	39.6	10	32.3	11	50.0
Substantially weaker	1	1.9	0	0.0	1	4.5
Total	53	100.0	31	100.0	22	100.0

*In recent quarters, loan delinquencies and chargeoffs have moved somewhat higher. **Questions 21-22** ask about your bank's expectations for the behavior of these measures of loan quality in 2008.*

21. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **loans to businesses** in 2008?

a. Outlook for loan quality on C&I loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	9	16.7	5	16.1	4	17.4
Loan quality is likely to deteriorate somewhat	44	81.5	25	80.6	19	82.6
Loan quality is likely to deteriorate substantially	1	1.9	1	3.2	0	0.0
Total	54	100.0	31	100.0	23	100.0

For this question, 0 respondents answered “My bank does not originate this type of loan.”

b. Outlook for loan quality on commercial real estate loans:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	1	1.9	1	3.1	0	0.0
Loan quality is likely to stabilize around current levels	6	11.1	4	12.5	2	9.1
Loan quality is likely to deteriorate somewhat	38	70.4	19	59.4	19	86.4
Loan quality is likely to deteriorate substantially	9	16.7	8	25.0	1	4.5
Total	54	100.0	32	100.0	22	100.0

For this question, 0 respondents answered “My bank does not originate this type of loan.”

22. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's **loans to households** in 2008?

a. Outlook for loan quality on prime residential mortgage loans:*

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	16	29.6	5	15.6	11	50.0
Loan quality is likely to deteriorate somewhat	37	68.5	26	81.3	11	50.0
Loan quality is likely to deteriorate substantially	1	1.9	1	3.1	0	0.0
Total	54	100.0	32	100.0	22	100.0

For this question, 0 respondents answered “My bank does not originate this type of loan.”

b. Outlook for loan quality on nontraditional residential mortgage loans:*

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	7	17.9	3	11.1	4	33.3
Loan quality is likely to deteriorate somewhat	29	74.4	22	81.5	7	58.3
Loan quality is likely to deteriorate substantially	3	7.7	2	7.4	1	8.3
Total	39	100.0	27	100.0	12	100.0

For this question, 15 respondents answered “My bank does not originate this type of loan.”

c. Outlook for loan quality on subprime residential mortgage loans:*

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	2	28.6	2	40.0	0	0.0
Loan quality is likely to deteriorate somewhat	4	57.1	3	60.0	1	50.0
Loan quality is likely to deteriorate substantially	1	14.3	0	0.0	1	50.0
Total	7	100.0	5	100.0	2	100.0

For this question, 47 respondents answered “My bank does not originate this type of loan.”

d. Outlook for loan quality on revolving home equity lines of credit:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	12	21.8	4	12.5	8	34.8
Loan quality is likely to deteriorate somewhat	38	69.1	25	78.1	13	56.5
Loan quality is likely to deteriorate substantially	5	9.1	3	9.4	2	8.7
Total	55	100.0	32	100.0	23	100.0

For this question, 0 respondents answered “My bank does not originate this type of loan.”

e. Outlook for loan quality on credit card loans:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	10	26.3	7	33.3	3	17.6
Loan quality is likely to deteriorate somewhat	26	68.4	12	57.1	14	82.4
Loan quality is likely to deteriorate substantially	2	5.3	2	9.5	0	0.0
Total	38	100.0	21	100.0	17	100.0

For this question, 10 respondents answered “My bank does not originate this type of loan.”

f. Outlook for loan quality on consumer loans other than credit cards:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Loan quality is likely to improve substantially	0	0.0	0	0.0	0	0.0
Loan quality is likely to improve somewhat	0	0.0	0	0.0	0	0.0
Loan quality is likely to stabilize around current levels	16	29.6	9	29.0	7	30.4
Loan quality is likely to deteriorate somewhat	38	70.4	22	71.0	16	69.6
Loan quality is likely to deteriorate substantially	0	0.0	0	0.0	0	0.0
Total	54	100.0	31	100.0	23	100.0

For this question, 1 respondent answered “My bank does not originate this type of loan.”

Question 23 *asks about strategies that you expect your bank to take in order to mitigate a potential deterioration in the credit quality of its residential mortgage loan portfolio or of the mortgage loans that your bank services for others.* ***Question 23*** *asks about strategies that you expect your bank to take in order to mitigate a potential deterioration in the credit quality of its residential mortgage loan portfolio or of the mortgage loans that your bank services for others.* ***Question 24*** *asks about obstacles that you expect your bank to incur while pursuing these loss-mitigating strategies.*

23. If you anticipate that your bank will experience a deterioration in the credit quality of its residential mortgage loan portfolio or of the mortgage loans that your bank services for others, how important do you expect each of the following strategies to be in mitigating the deterioration in loan quality?

a. Refinancing of loans into Federal Housing Administration (FHA) products:

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not significant	23	51.1	11	37.9	12	75.0
Somewhat significant	20	44.4	17	58.6	3	18.8
Very significant	2	4.4	1	3.4	1	6.3
Total	45	100.0	29	100.0	16	100.0

b. Refinancing of loans into other mortgage products at your bank:

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not significant	17	37.8	11	37.9	6	37.5
Somewhat significant	23	51.1	14	48.3	9	56.3
Very significant	5	11.1	4	13.8	1	6.3
Total	45	100.0	29	100.0	16	100.0

c. Loan-by-loan modifications based on individual borrowers' circumstances (for example, lowering loan rates or rolling missed payments in the principal balance):

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not significant	6	13.3	1	3.4	5	31.3
Somewhat significant	14	31.1	9	31.0	5	31.3
Very significant	25	55.6	19	65.5	6	37.5
Total	45	100.0	29	100.0	16	100.0

d. Streamlined modifications of the sort proposed by the Hope Now alliance:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not significant	29	64.4	17	58.6	12	75.0
Somewhat significant	10	22.2	7	24.1	3	18.8
Very significant	6	13.3	5	17.2	1	6.3
Total	45	100.0	29	100.0	16	100.0

e. Short sales, deed-in-lieu of foreclosures, or other steps where borrowers lose possession of the house:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not significant	15	33.3	6	20.7	9	56.3
Somewhat significant	18	40.0	15	51.7	3	18.8
Very significant	12	26.7	8	27.6	4	25.0
Total	45	100.0	29	100.0	16	100.0

24. How significant do you anticipate the following potential obstacles to be for your bank to undertake the loss-mitigating strategies listed in question 23? (Please rate the significance of *each* possible obstacle using the following scale: 1=not significant, 2=somewhat significant, 3=very significant.)

a. Limited number of qualified loss mitigation specialists:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not significant	24	54.5	15	51.7	9	60.0
Somewhat significant	12	27.3	8	27.6	4	26.7
Very significant	8	18.2	6	20.7	2	13.3
Total	44	100.0	29	100.0	15	100.0

b. Difficulty in contacting borrowers:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not significant	17	38.6	9	31.0	8	53.3
Somewhat significant	18	40.9	13	44.8	5	33.3
Very significant	9	20.5	7	24.1	2	13.3
Total	44	100.0	29	100.0	15	100.0

c. Legal restrictions, such as pooling and servicing agreements:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not significant	29	65.9	17	58.6	12	80.0
Somewhat significant	11	25.0	8	27.6	3	20.0
Very significant	4	9.1	4	13.8	0	0.0
Total	44	100.0	29	100.0	15	100.0

d. Borrowers are less motivated to retain possession of property:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not significant	10	22.7	6	20.7	4	26.7
Somewhat significant	17	38.6	12	41.4	5	33.3
Very significant	17	38.6	11	37.9	6	40.0
Total	44	100.0	29	100.0	15	100.0

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 Sept. 30, 2007. The combined assets of the 33 large banks totaled $5.69 trillion, compared to $5.95 trillion for the entire panel of 56 banks, and $11.07 trillion for all domestically chartered, federally insured commercial banks.

[*]For definitions of prime, nontraditional and subprime mortgage loans, please refer to questions 11-12.

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 January 2008)

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	3	13.0
Tightened somewhat	12	52.2
Remained basically unchanged	8	34.8
Eased somewhat	0	0.0
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	2	8.7
Tightened somewhat	9	39.1
Remained basically unchanged	12	52.2
Eased somewhat	0	0.0
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	4	17.4
Remained basically unchanged	19	82.6
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	16	69.6
Remained basically unchanged	7	30.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	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	3	13.0
Tightened somewhat	16	69.6
Remained basically unchanged	4	17.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

e. Premiums charged on riskier loans:

	All Respondents	
	Banks	**Percent**
Tightened considerably	7	30.4
Tightened somewhat	11	47.8
Remained basically unchanged	5	21.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

f. Loan covenants:

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	17	73.9
Remained basically unchanged	6	26.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	100.0

g. Collateralization requirements:

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	5	21.7
Remained basically unchanged	18	78.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	23	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? (Please respond to either A, B, or both as appropriate and rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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	11	57.9
Somewhat important	4	21.1
Very important	4	21.1
Total	19	100.0

b. Less favorable or more uncertain economic outlook:

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	10	52.6
Very important	9	47.4
Total	19	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	6	31.6
Somewhat important	5	26.3
Very important	8	42.1
Total	19	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	13	68.4
Somewhat important	6	31.6
Very important	0	0.0
Total	19	100.0

e. Reduced tolerance for risk:

	All Respondents	
	Banks	**Percent**
Not important	4	21.1
Somewhat important	12	63.2
Very important	3	15.8
Total	19	100.0

f. Decreased liquidity in the secondary market for these loans:

	All Respondents	
	Banks	**Percent**
Not important	3	15.8
Somewhat important	7	36.8
Very important	9	47.4
Total	19	100.0

g. Increase in defaults by borrowers in public debt markets:

	All Respondents	
	Banks	**Percent**
Not important	11	57.9
Somewhat important	6	31.6
Very important	2	10.5
Total	19	100.0

h. Increased concern about your bank's current or expected liquidity position:

	All Respondents	
	Banks	**Percent**
Not important	13	68.4
Somewhat important	1	5.3
Very important	5	26.3
Total	19	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	0	0.0
Somewhat important	0	0.0
Very important	1	100.0
Total	1	100.0

b. More favorable or less uncertain economic outlook:

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

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

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

e. Increased tolerance for risk:

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

f. Increased 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. Reduction in defaults by borrowers in public debt markets:

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

h. Reduced concern about your bank's current or expected liquidity:

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	0	0.0
Very important	1	100.0
Total	1	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	2	8.7
About the same	10	43.5
Moderately weaker	10	43.5
Substantially weaker	1	4.3
Total	23	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	1	50.0
Somewhat important	1	50.0
Very important	0	0.0
Total	2	100.0

b. Customer accounts receivable financing needs increased:

	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 increased:

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

d. Customer internally generated funds decreased:

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

e. Customer merger or acquisition financing needs increased:

	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 to your bank from other bank or nonbank sources because these other sources became less attractive:

	All Respondents	
	Banks	Percent
Not important	1	50.0
Somewhat important	0	0.0
Very important	1	50.0
Total	2	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	8	80.0
Somewhat important	2	20.0
Very important	0	0.0
Total	10	100.0

b. Customer accounts receivable financing needs decreased:

	All Respondents	
	Banks	**Percent**
Not important	9	90.0
Somewhat important	1	10.0
Very important	0	0.0
Total	10	100.0

c. Customer investment in plant or equipment decreased:

	All Respondents	
	Banks	**Percent**
Not important	5	50.0
Somewhat important	5	50.0
Very important	0	0.0
Total	10	100.0

d. Customer internally generated funds increased:

	All Respondents	
	Banks	Percent
Not important	10	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	10	100.0

e. Customer merger or acquisition financing needs decreased:

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	3	30.0
Very important	7	70.0
Total	10	100.0

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

	All Respondents	
	Banks	Percent
Not important	9	90.0
Somewhat important	1	10.0
Very important	0	0.0
Total	10	100.0

6. At your bank, 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 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	1	4.3
The number of inquiries has stayed about the same	10	43.5
The number of inquiries has decreased moderately	12	52.2
The number of inquiries has decreased substantially	0	0.0
Total	23	100.0

Questions 7-8 *ask about commercial real estate loans at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 7 deals with changes in your bank's standards over the last three months. Question 8 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.*

7. Over the past three months, how have your bank's credit standards for approving applications for commercial real estate loans changed?

	All Respondents	
	Banks	**Percent**
Tightened considerably	2	12.5
Tightened somewhat	7	43.8
Remained basically unchanged	7	43.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

8. Apart from normal seasonal variation, how has demand for commercial real estate loans changed over the past three months?

	All Respondents	
	Banks	**Percent**
Substantially stronger	0	0.0
Moderately stronger	1	6.3
About the same	7	43.8
Moderately weaker	3	18.8
Substantially weaker	5	31.3
Total	16	100.0

Questions 9-10 *focus on changes in your bank's terms on commercial real estate loans over the* ***past year****. If your bank's lending terms have not changed over the past year, please report them as unchanged even if they are either restrictive or accommodative relative to longer-term norms. If your bank's lending terms have tightened or eased over the past year, please so report them regardless of how they stand relative to longer-term norms.*

9. Over the **past year**, how has your bank changed the following terms on commercial real estate loans?

a. Maximum loan size:

	All Respondents	
	Banks	**Percent**
Tightened considerably	2	12.5
Tightened somewhat	6	37.5
Remained basically unchanged	8	50.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

b. Maximum loan maturity:

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	6.3
Tightened somewhat	0	0.0
Remained basically unchanged	15	93.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

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

	All Respondents	
	Banks	**Percent**
Tightened considerably	6	37.5
Tightened somewhat	6	37.5
Remained basically unchanged	4	25.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

d. Loan-to-value ratios:

	All Respondents	
	Banks	**Percent**
Tightened considerably	4	25.0
Tightened somewhat	3	18.8
Remained basically unchanged	9	56.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

e. Requirements for take-out financing:

	All Respondents	
	Banks	Percent
Tightened considerably	2	12.5
Tightened somewhat	3	18.8
Remained basically unchanged	11	68.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

f. Debt-service coverage ratios:

	All Respondents	
	Banks	Percent
Tightened considerably	3	18.8
Tightened somewhat	4	25.0
Remained basically unchanged	9	56.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	16	100.0

10. If your bank has tightened or eased its terms on commercial real estate loans over the **past year** (as described in question 9), how important have been the following possible reasons for the change?

A. Possible reasons for tightening commercial real estate loan terms:

a. Less favorable economic outlook:

	All Respondents	
	Banks	**Percent**
Not important	3	23.1
Somewhat important	4	30.8
Very important	6	46.2
Total	13	100.0

b. Worsening of the condition of, or the outlook for, commercial real estate in the markets where your bank operates:

	All Respondents	
	Banks	**Percent**
Not important	5	38.5
Somewhat important	4	30.8
Very important	4	30.8
Total	13	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	7	53.8
Somewhat important	5	38.5
Very important	1	7.7
Total	13	100.0

d. Reduced tolerance for risk:

	All Respondents	
	Banks	**Percent**
Not important	7	53.8
Somewhat important	4	30.8
Very important	2	15.4
Total	13	100.0

e. Less liquid market for securities collateralized by these loans:

	All Respondents	
	Banks	**Percent**
Not important	4	30.8
Somewhat important	2	15.4
Very important	7	53.8
Total	13	100.0

B. Possible reasons for easing commercial real estate loan terms:

a. More favorable economic outlook:

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

b. Improvement in the condition of, or the outlook for, commercial real estate in the markets where your bank operates:

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

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

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

d. Increased tolerance for risk:

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

e. More liquid market for securities collateralized by these loans:

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

In recent quarters, loan delinquencies and chargeoffs have moved somewhat higher. ***Question 11*** *ask about your bank's expectations for the behavior of these measures of loan quality in 2008.*

11. Assuming that economic activity progresses in line with consensus forecasts, what is your outlook for delinquencies and chargeoffs on your bank's loans to businesses in 2008?

a. Outlook for loan quality on C&I loans:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to stabilize around current levels	4	17.4
Loan quality is likely to deteriorate somewhat	17	73.9
Loan quality is likely to deteriorate substantially	2	8.7
Total	23	100.0

b. Outlook for loan quality on commercial real estate loans:

	All Respondents	
	Banks	**Percent**
Loan quality is likely to improve substantially	0	0.0
Loan quality is likely to improve somewhat	0	0.0
Loan quality is likely to stabilize around current levels	4	26.7
Loan quality is likely to deteriorate somewhat	8	53.3
Loan quality is likely to deteriorate substantially	3	20.0
Total	15	100.0

For this question, 4 respondents answered “My bank does not originate this type of loan.”

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1. As of Sept. 30, 2007, the 23 respondents had combined assets of $1.01 trillion, compared to $1.86 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.