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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 July 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).

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

The July 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] The survey also included two sets of special questions: The first set queried domestic banks about securitizations with, or sales to, Fannie Mae and Freddie Mac of conforming-jumbo mortgage loans; the second set asked respondents how they expected credit standards on loans to businesses and households at their bank to change in the second half of 2008 and in the first half of 2009, assuming that economic activity progresses in line with consensus forecasts. This article is based on responses from 52 domestic banks and 21 U.S. branches and agencies of foreign banks.

In the current survey, large net fractions of domestic institutions reported having tightened their lending standards and terms on all major loan categories over the previous three months. In particular, the net fractions of banks that had tightened credit standards on consumer loans increased notably relative to the April survey. On net, considerable fractions of foreign institutions also had tightened their credit standards and terms on loans to businesses over the past three months, although these fractions were generally smaller than those reported in the April survey. Large net fractions of domestic and foreign respondents expected their banks to tighten credit standards on all major loan categories in the second half of this year, and smaller, though substantial, net fractions of respondents expected their banks to tighten standards in the first half of 2009. Finally, demand for loans from both businesses and households at domestic and foreign institutions reportedly weakened, on net, over the past three months.

Business Lending

(Table 1, questions 1-8; Table 2, questions 1-8)

Questions on commercial and industrial lending. About 60 percent of domestic banks—a slightly larger fraction than in the April survey—reported having tightened lending standards on commercial and industrial (C&I) loans to large and middle-market firms over the past three months. About 65 percent of those institutions—up notably from roughly 50 percent in the April survey—also indicated that they had tightened their lending standards on C&I loans to small firms over the same period. Significant majorities of domestic respondents indicated that they had tightened selected price terms on C&I loans to firms of all sizes: About 80 percent of banks—up from roughly 70 percent in the April survey—noted that they had increased spreads of loan rates over

[1] Banks received the survey on or after July 10, and their responses were due on July 24.

their cost of funds on C&I loans to large and middle-market firms, and about 70 percent of respondents—a somewhat higher fraction than in the April survey—reported having widened spreads on loans to small firms. In addition, considerable fractions of domestic respondents reported having boosted non-price-related lending terms on C&I loans to firms of all sizes over the survey period, and the fraction of banks that tightened such terms on loans to small firms increased significantly relative to the April survey.

About 35 percent of U.S. branches and agencies of foreign banks—down from about 60 percent in the April survey—indicated that they had tightened their lending standards on C&I loans over the past three months. Majorities of foreign respondents reported that they had tightened various price terms on such loans, although the fractions of those institutions that reported having tightened such terms over the previous three months were, on net, significantly smaller than in the April survey. For example, about 60 percent of foreign banks—down from about 80 percent in the April survey—reported having raised spreads of loan rates over their cost of funds over the past three months.

Very large majorities of domestic and foreign respondents pointed to a less favorable or more uncertain economic outlook, their bank's reduced tolerance for risk, and the worsening of industry-specific problems as reasons for tightening their lending standards and terms on C&I loans over the past three months. Roughly 65 percent of foreign respondents—up from about 45 percent in the April survey—also noted that concerns about their bank's current or expected capital position had contributed to the more-stringent lending policies over the past three months. In contrast, only about 25 percent of domestic respondents—down from about 35 percent in the April survey—reported having tightened their lending standards because of concerns about their bank's current or expected capital position.

On balance, the July survey pointed to a further weakening of C&I loan demand over the past three months. On net, about 15 percent of small domestic and 25 percent of foreign banks reported weaker demand for C&I loans from firms of all sizes over the survey period. About 15 percent of large domestic banks, on net, experienced weaker demand from small firms, although about 5 percent of these banks, on balance, reported that demand for C&I loans from large and middle-market firms had increased over the past three months.

Substantial majorities of domestic institutions that experienced weaker loan demand over the past three months cited a decrease in customers' needs to finance investment in plant or equipment as well as firms' decreased need to finance inventories. In addition, about 65 percent of domestic and 70 percent of foreign respondents pointed to a decrease in customers' needs for merger and acquisition financing as a reason for the lower demand for C&I loans. Regarding future business, small domestic and foreign institutions, on balance, reported that inquiries from potential business borrowers were about unchanged during the survey period. In contrast, about 15 percent of large domestic banks, on net, reported an increase in the number of inquiries from potential business borrowers over the past three months.

Questions on commercial real estate lending. About 80 percent of domestic banks—a fraction similar to that in the April survey—reported having tightened their lending standards on commercial real estate loans over the past three months. About 35 percent of foreign banks—down from roughly 55 percent in the April survey—also indicated that they had tightened their lending standards on commercial real estate loans. Regarding demand for these types of loans, about 30 percent of domestic banks and 45 percent of foreign institutions—fractions somewhat smaller than those in the April survey—reported weaker demand for commercial real estate loans over the survey period on net.

Lending to Households
(Table 1, questions 9-21)

Questions on residential real estate lending. Large majorities of domestic respondents reported having tightened their lending standards on prime, nontraditional, and subprime residential mortgages over the previous three months. About 75 percent of domestic respondents—up from about 60 percent in the previous survey—indicated that they had tightened their lending standards on prime mortgages.[2] Of the 32 respondents that originated nontraditional residential mortgage loans, about 85 percent—up from about 75 percent in the April survey—reported having tightened their lending standards on such loans.[3] Finally, 6 of the 7 respondents that originated subprime mortgage loans—a somewhat higher proportion than in the April survey—indicated that they had tightened their lending standards on those loans over the past three months.[4]

On net, about 30 percent of domestic respondents—a slightly higher fraction than in the April survey—experienced weaker demand for prime residential mortgage loans over the past three months, and about 45 percent—up from roughly 30 percent in the April

[2] A total of 50 institutions reported that they had originated prime residential mortgages. According to the Call Reports, these 50 banks accounted for about 80 percent of residential real estate loans on the books of all commercial banks as of March 31, 2008.

[3] According to the Call Reports, these 32 institutions accounted for about 70 percent of residential real estate loans on the books of all commercial banks as of March 31, 2008.

[4] According to the Call Reports, these 7 institutions accounted for about 40 percent of residential real estate loans on the books of all commercial banks as of March 31, 2008.

survey—saw weaker demand for nontraditional mortgage loans over the same period. On balance, 2 of the 7 domestic banks that originated subprime mortgage loans reported weaker demand for subprime loans over the survey period—a proportion significantly smaller than in the April survey.

About 80 percent of domestic respondents—up from about 70 percent in the April survey—noted that they had tightened their lending standards for approving applications for revolving home equity lines of credit (HELOCs) over the past three months. Concerning demand for this product, about 10 percent of domestic banks, on net, reported weaker demand for HELOCs over the past three months, down from about 20 percent in the April survey.

Special questions on securitizations and sales of conforming-jumbo mortgage loans.[5] About 30 percent of domestic respondents indicated that their bank had securitized with, or sold to, Fannie Mae and Freddie Mac (the government-sponsored enterprises, or GSEs) conforming-jumbo mortgage loans over the past three months, and about 45 percent of respondents expected their bank to do so over the next six months.[6] As reasons for not securitizing or selling conforming-jumbo loans over the past three months or in the next six months, about 50 percent of respondents pointed to a lack of demand for conforming-jumbo loans at their bank, and about 45 percent cited the cost of the GSEs' guarantee fees or other pricing terms. Finally, roughly 40 percent of respondents pointed to a limited number of mortgage applicants at their bank who meet the GSEs' underwriting criteria.

Questions on consumer lending. About 65 percent of domestic banks—up notably from about 30 percent in the April survey—indicated that they had tightened their lending standards on credit card loans over the past three months, and about the same fraction of respondents—up from roughly 45 percent in the April survey—reported having tightened standards on consumer loans other than credit card loans. In addition,

[5] The Economic Stimulus Act of 2008 raised the conforming loan limit through the end of 2008 for a first mortgage on a single-family home in the contiguous United States from $417,000 to 125 percent of the median house price in certain high-cost areas, with an overall cap of $729,750. In the survey, conforming-jumbo mortgage loans were defined as those that do not conform under the previous loan-size limits but do under the new limits. For additional information about the maximum conforming loan limits that will be in effect through the end of 2008 see: www.ofheo.gov/newsroom.aspx?ID=418&q1=0&q2=0.

[6] A total of 16 banks reported having securitized with, or sold to, the GSEs conforming-jumbo loans over the past three months. According to the Call Reports, these 16 banks accounted for about 60 percent of residential real estate loans on the books of all commercial banks as of March 31, 2008. A total of 22 respondents expect their banks to securitize with, or sell to, the GSEs conforming-jumbo mortgage loans in the next six months. According to the Call Reports, these 22 banks accounted for about 70 percent of residential real estate loans on the books of all commercial banks as of March 31, 2008.

considerable fractions of respondents reported having increased minimum required credit scores on both types of consumer loans and reduced the extent to which such loans were granted to customers who did not meet their bank's credit-scoring thresholds. Finally, large net fractions of banks noted that they had lowered credit limits on credit card accounts over the past three months, and increased interest rate spreads on consumer loans other than credit card loans. On balance, about 35 percent of domestic banks—up from roughly 25 percent in the April survey—expressed a diminished willingness to make consumer installment loans relative to three months earlier. Regarding loan demand, about 30 percent of respondents, on net, indicated that they had experienced weaker demand for consumer loans of all types over the past three months, up from about 20 percent in the April survey.

Special questions on the outlook for credit standards
(Table 1, question 22-23; Table 2, question 9)

A final set of special questions in the July survey queried respondents about their outlook for changes in credit standards at their banks on loans to businesses and households in the second half of 2008 and in the first half of 2009, under the assumption that economic activity progresses in line with consensus forecasts. Responses to these questions suggested a gradual decline in the fractions of banks tightening lending standards over the next year, with only very few banks expecting to ease standards over that period.

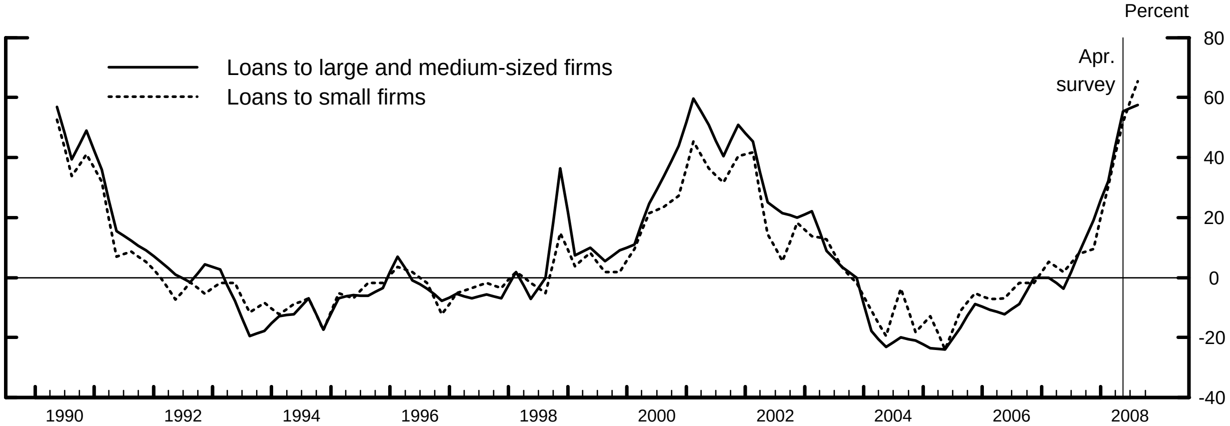
Concerning loans to businesses, about 55 percent of domestic and 45 percent of foreign respondents indicated that they expected their banks to tighten credit standards on C&I loans in the second half of this year, and about 45 percent of domestic and 30 percent of foreign institutions, on net, anticipated tightening their lending standards on these loans in the first half of next year. Regarding commercial real estate loans, about 70 percent of domestic and 45 percent of foreign respondents believed that their institutions would tighten their lending standards on these loans in the second half of 2008, and roughly 50 percent of both domestic and foreign banks anticipated doing so in the first half of 2009.

On the household side, about 45 percent of domestic respondents noted that they expected their banks to tighten lending standards on prime residential mortgage loans in the second half of 2008, and about 30 percent, on balance, thought that they would tighten standards on those loans in the first half of 2009. Concerning nonprime mortgage loans—a category that includes both nontraditional and subprime mortgage loans—about 65 percent of the respondents that reported having originated such loans indicated that they anticipated tightening their lending standards in the second half of this year, and about 50 percent believed that they would do so in the first half of 2009. About 60 percent of domestic respondents, on net, reported that they expected to tighten their credit standards for approving applications for revolving HELOCs through the end of 2008, and roughly 40 percent of banks anticipated a tightening on these products in the first half of 2009. Regarding credit card loans, about 60 percent of domestic respondents indicated that they expected their banks to tighten standards on these loans in the second half of 2008, and about 35 percent, on balance, thought that their banks would tighten such standards on these loans in the first half of 2009. Finally, about 50 percent of respondents reported that they expected to tighten their lending standards on consumer loans other than credit cards through the end of 2008, and 30 percent, on net, indicated that they anticipated doing so in the first half of next year.

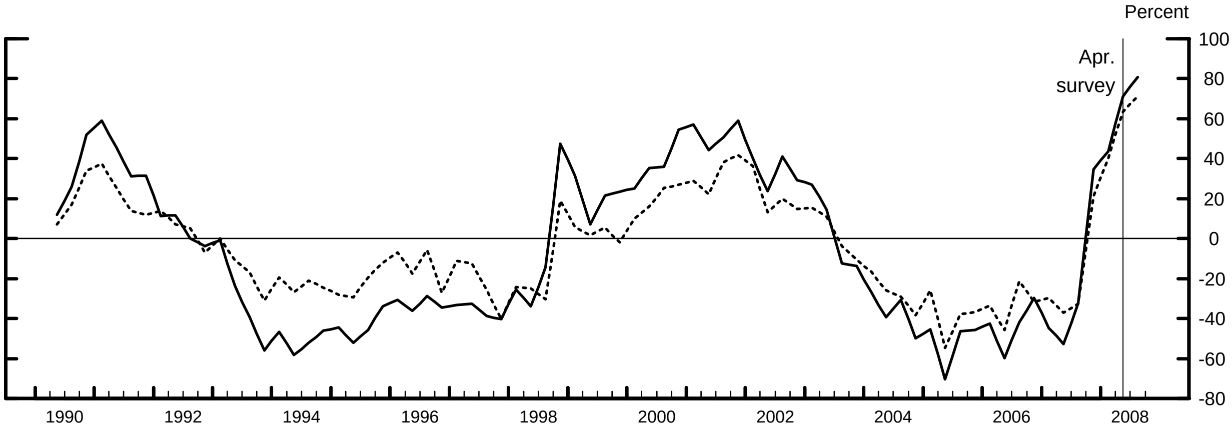
This document was prepared by David Lucca and Mary Beth Muething, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.

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

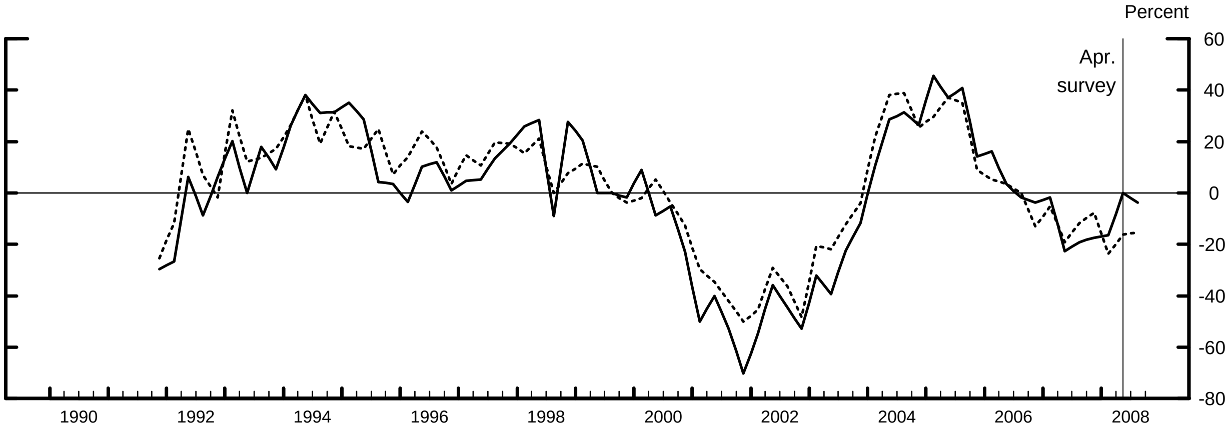
Net Percentage of Domestic Respondents Tightening Standards for C&I Loans



Net Percentage of Domestic Respondents Increasing Spreads of Loan Rates over Banks' Costs of Funds

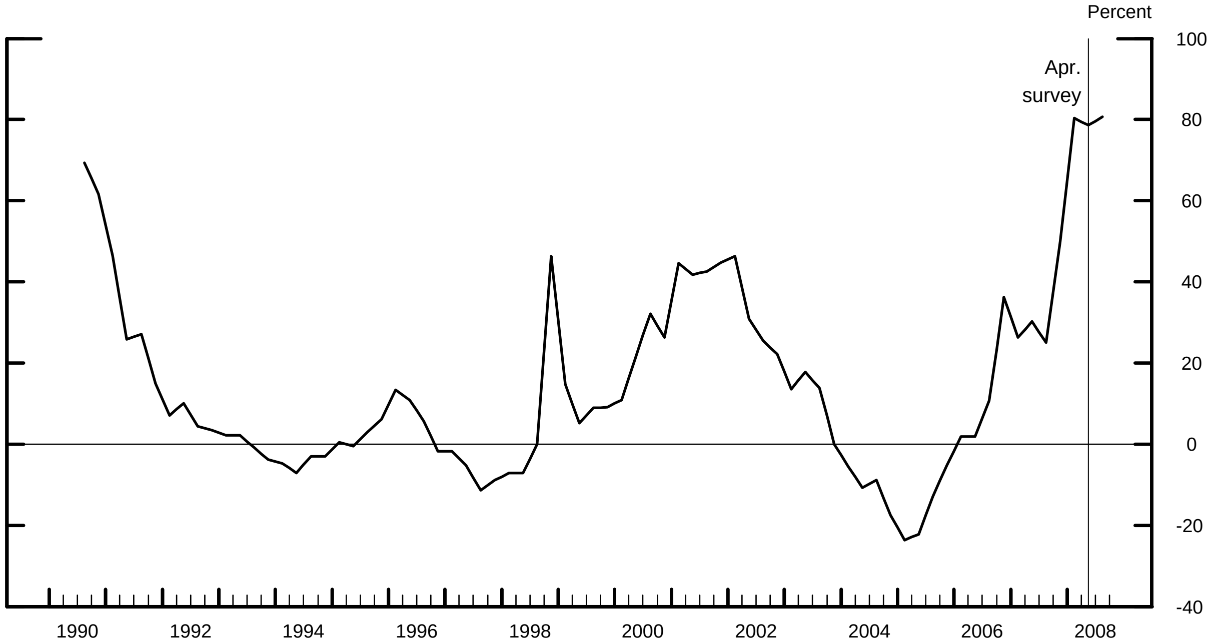


Net Percentage of Domestic Respondents Reporting Stronger Demand for C&I Loans

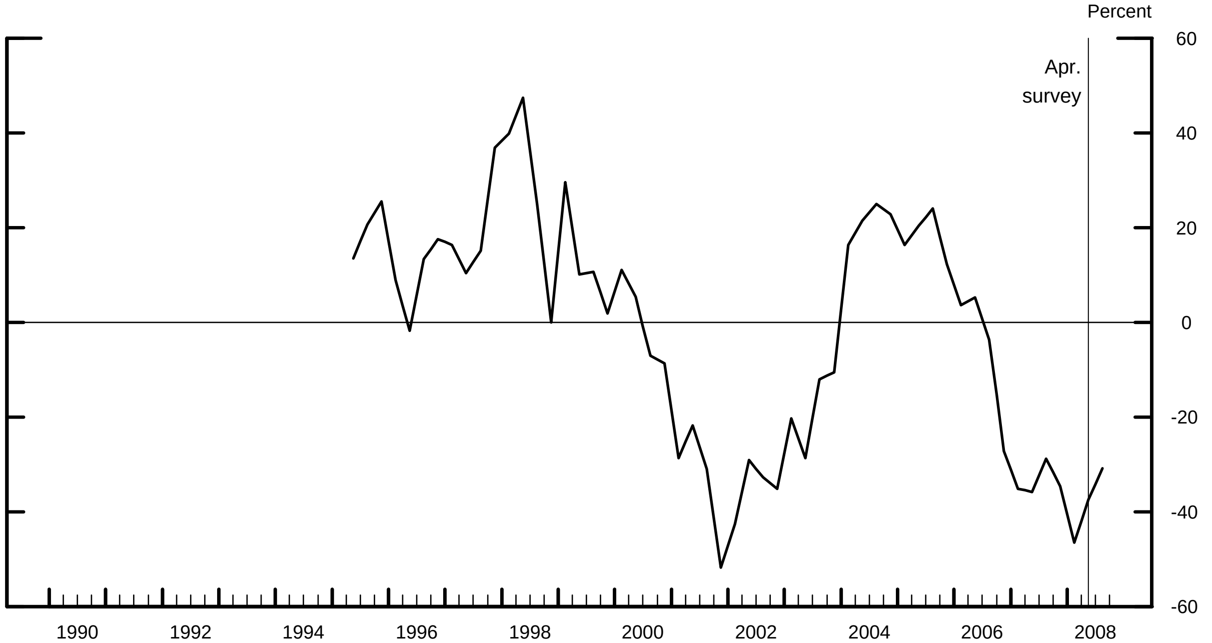


Measures of Supply and Demand for Commercial Real Estate Loans

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

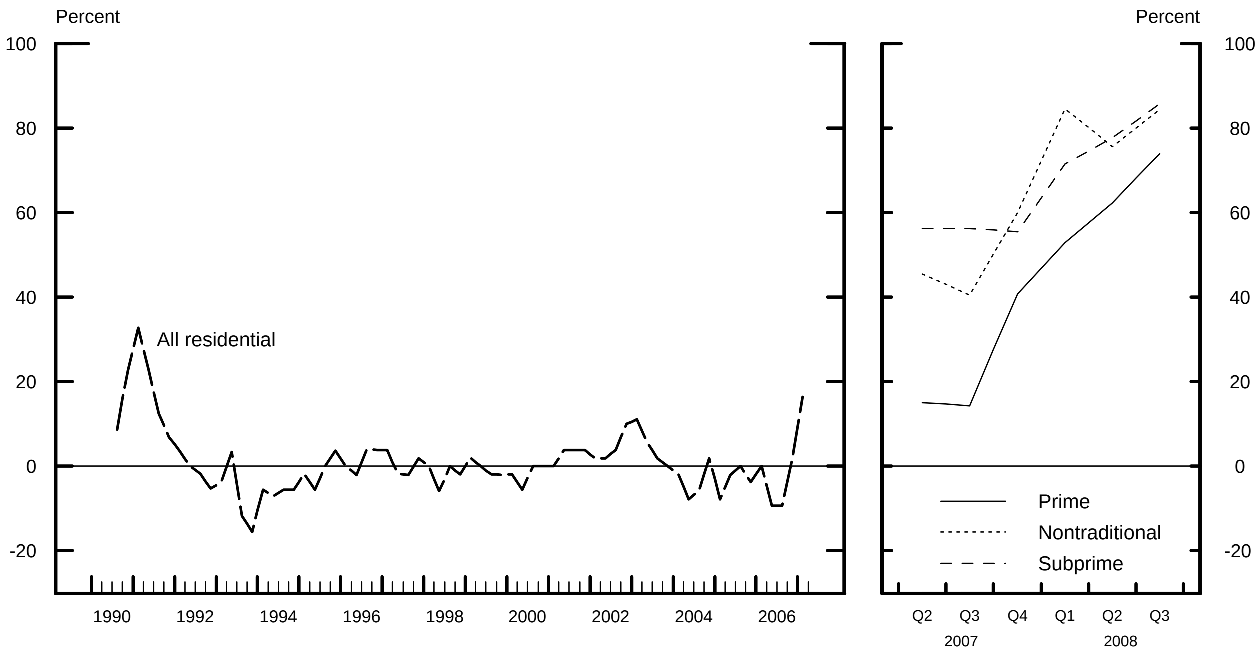


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



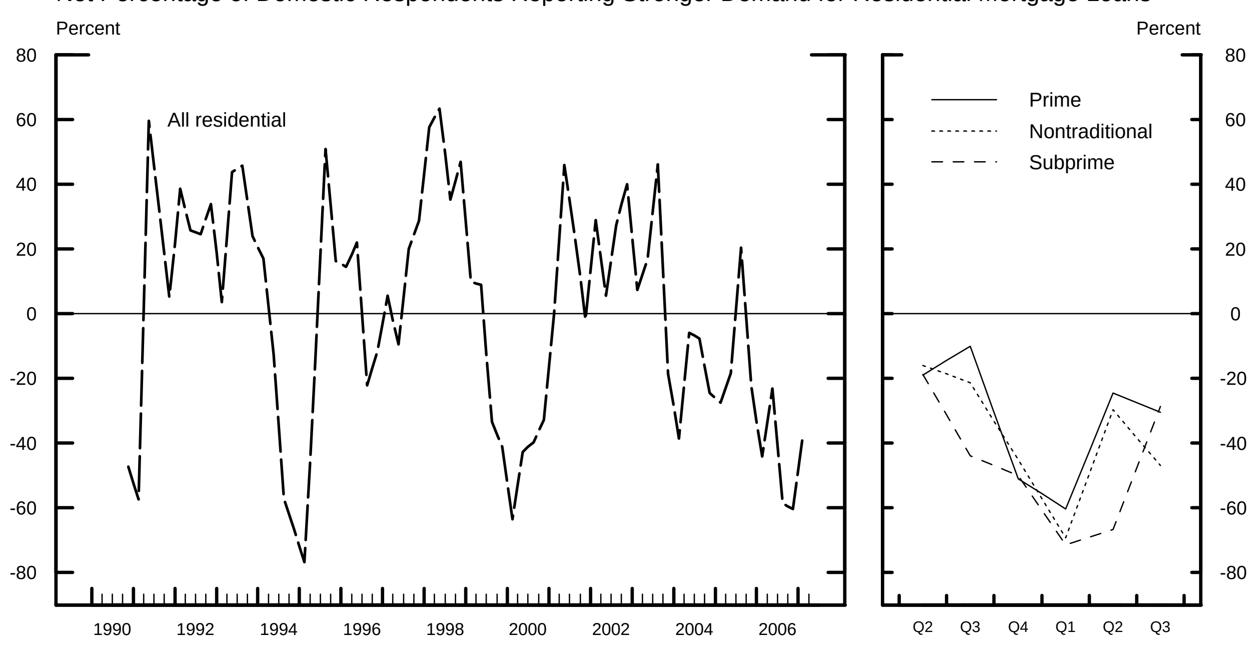
Measures of Supply and Demand for Residential Mortgage Loans

Net Percentage of Domestic Respondents Tightening Standards for Residential Mortgage Loans



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

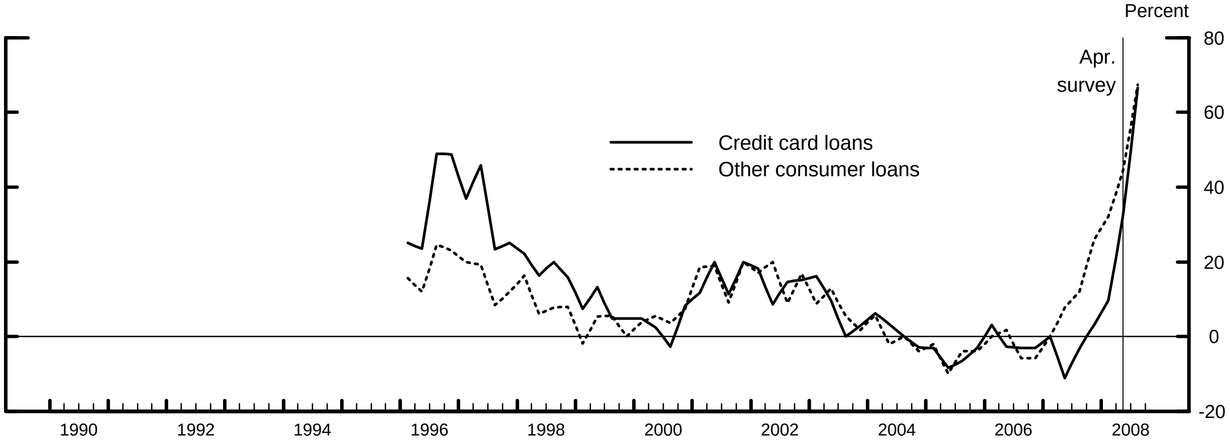
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



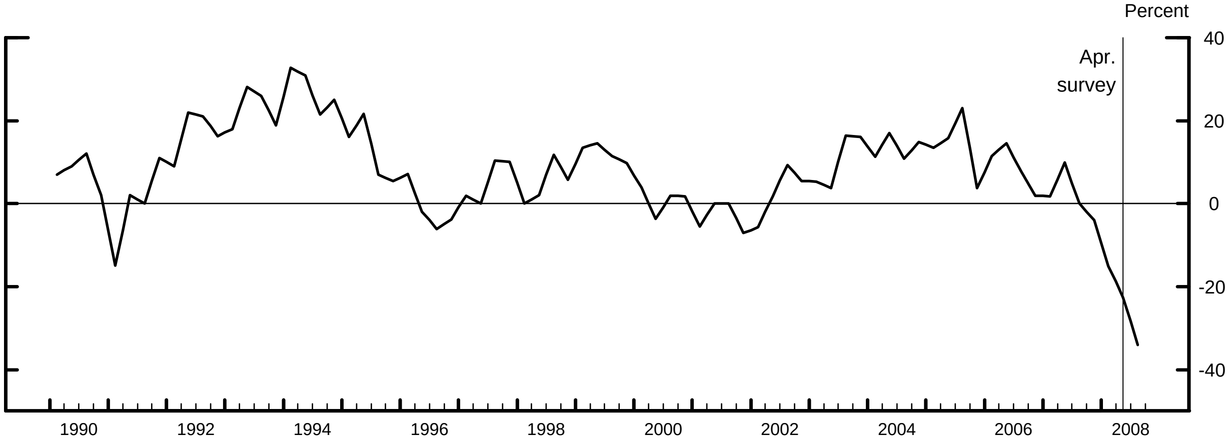
Note. For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately.

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

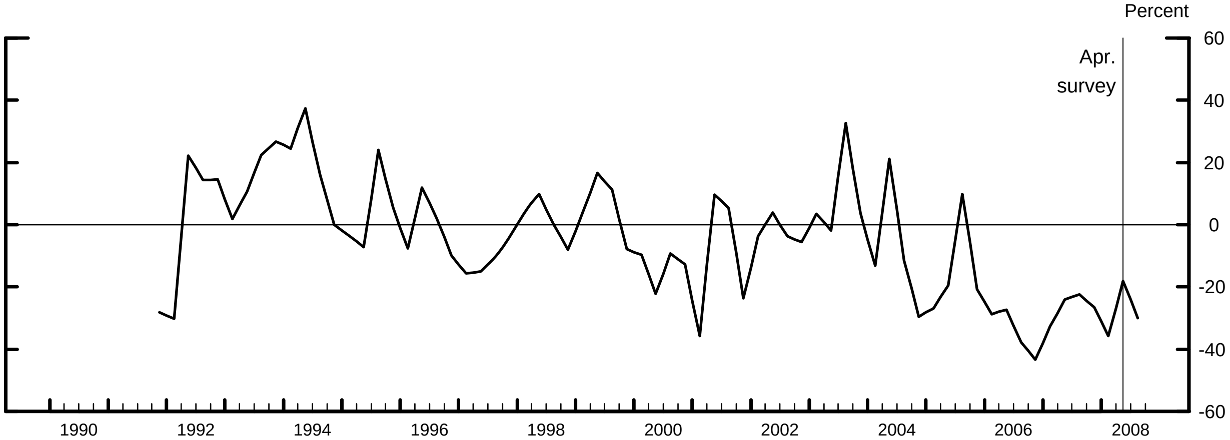


Table 1

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

(Status of policy as of July 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	2	3.8	2	6.9	0	0.0
Tightened somewhat	28	53.8	14	48.3	14	60.9
Remained basically unchanged	22	42.3	13	44.8	9	39.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	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	2	3.8	2	6.9	0	0.0
Tightened somewhat	32	61.5	16	55.2	16	69.6
Remained basically unchanged	18	34.6	11	37.9	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	52	100.0	29	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	1.9	1	3.4	0	0.0
Tightened somewhat	19	36.5	11	37.9	8	34.8
Remained basically unchanged	32	61.5	17	58.6	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	52	100.0	29	100.0	23	100.0

b. Maximum maturity of loans or credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.4	0	0.0
Tightened somewhat	17	32.7	12	41.4	5	21.7
Remained basically unchanged	34	65.4	16	55.2	18	78.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	100.0	23	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	9.6	4	13.8	1	4.3
Tightened somewhat	33	63.5	18	62.1	15	65.2
Remained basically unchanged	14	26.9	7	24.1	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	52	100.0	29	100.0	23	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	8	15.4	5	17.2	3	13.0
Tightened somewhat	34	65.4	19	65.5	15	65.2
Remained basically unchanged	10	19.2	5	17.2	5	21.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	100.0	23	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	15	28.8	8	27.6	7	30.4
Tightened somewhat	25	48.1	16	55.2	9	39.1
Remained basically unchanged	12	23.1	5	17.2	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	52	100.0	29	100.0	23	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.4	0	0.0
Tightened somewhat	24	46.2	13	44.8	11	47.8
Remained basically unchanged	27	51.9	15	51.7	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	52	100.0	29	100.0	23	100.0

g. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	0	0.0	1	4.3
Tightened somewhat	21	40.4	11	37.9	10	43.5
Remained basically unchanged	30	57.7	18	62.1	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	52	100.0	29	100.0	23	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	2	3.8	2	6.9	0	0.0
Tightened somewhat	15	28.8	8	27.6	7	30.4
Remained basically unchanged	35	67.3	19	65.5	16	69.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	100.0	23	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	18	34.6	13	44.8	5	21.7
Remained basically unchanged	34	65.4	16	55.2	18	78.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	100.0	23	100.0

c. Costs of credit lines

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	3.8	1	3.4	1	4.3
Tightened somewhat	30	57.7	18	62.1	12	52.2
Remained basically unchanged	20	38.5	10	34.5	10	43.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	100.0	23	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	5	9.6	3	10.3	2	8.7
Tightened somewhat	32	61.5	18	62.1	14	60.9
Remained basically unchanged	15	28.8	8	27.6	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	52	100.0	29	100.0	23	100.0

e. Premiums charged on riskier loans

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	13	25.0	6	20.7	7	30.4
Tightened somewhat	23	44.2	15	51.7	8	34.8
Remained basically unchanged	16	30.8	8	27.6	8	34.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	100.0	23	100.0

f. Loan covenants

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.4	0	0.0
Tightened somewhat	24	46.2	13	44.8	11	47.8
Remained basically unchanged	27	51.9	15	51.7	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	52	100.0	29	100.0	23	100.0

g. Collateralization requirements

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	0	0.0	1	4.3
Tightened somewhat	20	38.5	12	41.4	8	34.8
Remained basically unchanged	31	59.6	17	58.6	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	52	100.0	29	100.0	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?

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	31	73.8	18	78.3	13	68.4
Somewhat important	9	21.4	4	17.4	5	26.3
Very important	2	4.8	1	4.3	1	5.3
Total	42	100.0	23	100.0	19	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	2.4	0	0.0	1	5.6
Somewhat important	19	45.2	10	41.7	9	50.0
Very important	22	52.4	14	58.3	8	44.4
Total	42	100.0	24	100.0	18	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	9	21.4	4	16.7	5	27.8
Somewhat important	20	47.6	14	58.3	6	33.3
Very important	13	31.0	6	25.0	7	38.9
Total	42	100.0	24	100.0	18	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	22	55.0	12	54.5	10	55.6
Somewhat important	13	32.5	6	27.3	7	38.9
Very important	5	12.5	4	18.2	1	5.6
Total	40	100.0	22	100.0	18	100.0

e. Reduced tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	7	17.5	6	27.3	1	5.6
Somewhat important	23	57.5	11	50.0	12	66.7
Very important	10	25.0	5	22.7	5	27.8
Total	40	100.0	22	100.0	18	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	23	56.1	10	43.5	13	72.2
Somewhat important	14	34.1	11	47.8	3	16.7
Very important	4	9.8	2	8.7	2	11.1
Total	41	100.0	23	100.0	18	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	26	63.4	15	65.2	11	61.1
Somewhat important	13	31.7	8	34.8	5	27.8
Very important	2	4.9	0	0.0	2	11.1
Total	41	100.0	23	100.0	18	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	72.5	16	72.7	13	72.2
Somewhat important	7	17.5	5	22.7	2	11.1
Very important	4	10.0	1	4.5	3	16.7
Total	40	100.0	22	100.0	18	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	0	-	0	-	0	-
Somewhat important	0	-	0	-	0	-
Very important	0	-	0	-	0	-
Total	0	-	0	-	0	-

b. More favorable or less uncertain economic outlook

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	0	-	0	-	0	-
Somewhat important	0	-	0	-	0	-
Very important	0	-	0	-	0	-
Total	0	-	0	-	0	-

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	0	-	0	-	0	-
Somewhat important	0	-	0	-	0	-
Very important	0	-	0	-	0	-
Total	0	-	0	-	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	0	-	0	-	0	-
Somewhat important	0	-	0	-	0	-
Very important	0	-	0	-	0	-
Total	0	-	0	-	0	-

e. Increased tolerance for risk

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	0	-	0	-	0	-
Somewhat important	0	-	0	-	0	-
Very important	0	-	0	-	0	-
Total	0	-	0	-	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	0	-	0	-	0	-
Somewhat important	0	-	0	-	0	-
Very important	0	-	0	-	0	-
Total	0	-	0	-	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	0	-	0	-	0	-
Somewhat important	0	-	0	-	0	-
Very important	0	-	0	-	0	-
Total	0	-	0	-	0	-

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

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	0	-	0	-	0	-
Somewhat important	0	-	0	-	0	-
Very important	0	-	0	-	0	-
Total	0	-	0	-	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	13	25.0	10	34.5	3	13.0
About the same	24	46.2	10	34.5	14	60.9
Moderately weaker	13	25.0	9	31.0	4	17.4
Substantially weaker	2	3.8	0	0.0	2	8.7
Total	52	100.0	29	100.0	23	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	6	11.5	3	10.3	3	13.0
About the same	32	61.5	19	65.5	13	56.5
Moderately weaker	13	25.0	7	24.1	6	26.1
Substantially weaker	1	1.9	0	0.0	1	4.3
Total	52	100.0	29	100.0	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 4A or 4B), possible reasons:

a. Customer inventory financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	9	69.2	7	77.8	2	50.0
Somewhat important	3	23.1	1	11.1	2	50.0
Very important	1	7.7	1	11.1	0	0.0
Total	13	100.0	9	100.0	4	100.0

b. Customer accounts receivable financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	9	64.3	7	70.0	2	50.0
Somewhat important	3	21.4	1	10.0	2	50.0
Very important	2	14.3	2	20.0	0	0.0
Total	14	100.0	10	100.0	4	100.0

c. Customer investment in plant or equipment increased

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	10	76.9	8	88.9	2	50.0
Somewhat important	3	23.1	1	11.1	2	50.0
Very important	0	0.0	0	0.0	0	0.0
Total	13	100.0	9	100.0	4	100.0

d. Customer internally generated funds decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	8	57.1	5	50.0	3	75.0
Somewhat important	5	35.7	4	40.0	1	25.0
Very important	1	7.1	1	10.0	0	0.0
Total	14	100.0	10	100.0	4	100.0

e. Customer merger or acquisition financing needs increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	12	92.3	8	88.9	4	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	1	7.7	1	11.1	0	0.0
Total	13	100.0	9	100.0	4	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	1	7.7	0	0.0	1	25.0
Somewhat important	4	30.8	2	22.2	2	50.0
Very important	8	61.5	7	77.8	1	25.0
Total	13	100.0	9	100.0	4	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	26.7	4	40.0	0	0.0
Somewhat important	9	60.0	5	50.0	4	80.0
Very important	2	13.3	1	10.0	1	20.0
Total	15	100.0	10	100.0	5	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	5	33.3	4	40.0	1	20.0
Somewhat important	9	60.0	6	60.0	3	60.0
Very important	1	6.7	0	0.0	1	20.0
Total	15	100.0	10	100.0	5	100.0

c. Customer investment in plant or equipment decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	0	0.0	0	0.0	0	0.0
Somewhat important	9	60.0	7	70.0	2	40.0
Very important	6	40.0	3	30.0	3	60.0
Total	15	100.0	10	100.0	5	100.0

d. Customer internally generated funds increased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	10	66.7	8	80.0	2	40.0
Somewhat important	5	33.3	2	20.0	3	60.0
Very important	0	0.0	0	0.0	0	0.0
Total	15	100.0	10	100.0	5	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	5	33.3	3	30.0	2	40.0
Somewhat important	6	40.0	4	40.0	2	40.0
Very important	4	26.7	3	30.0	1	20.0
Total	15	100.0	10	100.0	5	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	15	100.0	10	100.0	5	100.0
Somewhat important	0	0.0	0	0.0	0	0.0
Very important	0	0.0	0	0.0	0	0.0
Total	15	100.0	10	100.0	5	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	2	3.8	2	6.9	0	0.0
The number of inquiries has increased moderately	13	25.0	9	31.0	4	17.4
The number of inquiries has stayed about the same	26	50.0	11	37.9	15	65.2
The number of inquiries has decreased moderately	9	17.3	7	24.1	2	8.7
The number of inquiries has decreased substantially	2	3.8	0	0.0	2	8.7
Total	52	100.0	29	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	15	28.8	8	27.6	7	30.4
Tightened somewhat	27	51.9	17	58.6	10	43.5
Remained basically unchanged	10	19.2	4	13.8	6	26.1
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	29	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	1.9	0	0.0	1	4.3
Moderately stronger	9	17.3	4	13.8	5	21.7
About the same	16	30.8	8	27.6	8	34.8
Moderately weaker	16	30.8	10	34.5	6	26.1
Substantially weaker	10	19.2	7	24.1	3	13.0
Total	52	100.0	29	100.0	23	100.0

Questions 9-10 *ask about three categories of* ***residential mortgage loans*** *at your bank—prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 9 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 10 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.*

9. 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	4.0	1	3.6	1	4.5
Tightened somewhat	35	70.0	21	75.0	14	63.6
Remained basically unchanged	13	26.0	6	21.4	7	31.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	28	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	31.3	7	35.0	3	25.0
Tightened somewhat	17	53.1	10	50.0	7	58.3
Remained basically unchanged	5	15.6	3	15.0	2	16.7
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	32	100.0	20	100.0	12	100.0

For this question, 18 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	2	28.6	2	40.0	0	0.0
Tightened somewhat	4	57.1	2	40.0	2	100.0
Remained basically unchanged	1	14.3	1	20.0	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, 43 respondents answered “My bank does not originate subprime residential mortgages.”

10. 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	2	4.1	1	3.7	1	4.5
Moderately stronger	9	18.4	6	22.2	3	13.6
About the same	12	24.5	6	22.2	6	27.3
Moderately weaker	25	51.0	14	51.9	11	50.0
Substantially weaker	1	2.0	0	0.0	1	4.5
Total	49	100.0	27	100.0	22	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	5	15.6	3	15.0	2	16.7
About the same	7	21.9	4	20.0	3	25.0
Moderately weaker	16	50.0	11	55.0	5	41.7
Substantially weaker	4	12.5	2	10.0	2	16.7
Total	32	100.0	20	100.0	12	100.0

For this question, 18 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	2	28.6	1	20.0	1	50.0
About the same	1	14.3	1	20.0	0	0.0
Moderately weaker	2	28.6	2	40.0	0	0.0
Substantially weaker	2	28.6	1	20.0	1	50.0
Total	7	100.0	5	100.0	2	100.0

For this question, 43 respondents answered “My bank does not originate subprime residential mortgages.”

Questions 11-12 *ask about* ***revolving home equity lines of credit*** *at your bank. Question 11 deals with changes in your bank's credit standards over the last three months. Question 12 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.*

11. 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	11	21.6	9	32.1	2	8.7
Tightened somewhat	30	58.8	17	60.7	13	56.5
Remained basically unchanged	10	19.6	2	7.1	8	34.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	28	100.0	23	100.0

12. 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	2	3.9	2	7.1	0	0.0
Moderately stronger	10	19.6	6	21.4	4	17.4
About the same	22	43.1	10	35.7	12	52.2
Moderately weaker	13	25.5	8	28.6	5	21.7
Substantially weaker	4	7.8	2	7.1	2	8.7
Total	51	100.0	28	100.0	23	100.0

The Economic Stimulus Act of 2008, signed into law on February 13, raised the conforming loan limit through the end of 2008 for a first mortgage on a single-family home in the contiguous United States from $417,000 to 125 percent of the median house price in certain high-cost areas, with an overall cap of $729,750.[2] *Questions **13-15** ask about your bank's past and expected securitizations with, or sales to, Fannie Mae and Freddie Mac (the GSEs) of mortgage loans that do not conform to previous loan size limits but do conform under the new limits (**conforming-jumbo** mortgage loans).*

13. Over the past three months, has your bank securitized with, or sold to, the GSEs any **conforming-jumbo** mortgage loans? (Please also consider loans in the process of being originated.)

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Yes, my bank has securitized or sold such loans	16	32.0	11	39.3	5	22.7
No, my bank has neither securitized nor sold such loans	27	54.0	16	57.1	11	50.0
My bank has not originated any conforming-jumbo mortgage loans	7	14.0	1	3.6	6	27.3
Total	50	100.0	28	100.0	22	100.0

14. Over the next six months, do you expect your bank to securitize with, or sell to, the GSEs any **conforming-jumbo** mortgage loans?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Yes, I expect my bank to securitize or sell such loans	22	44.0	16	57.1	6	27.3
No, I do not expect my bank to either securitize or sell such loans	22	44.0	11	39.3	11	50.0
I do not expect that my bank will originate any conforming-jumbo mortgage loans	6	12.0	1	3.6	5	22.7
Total	50	100.0	28	100.0	22	100.0

15. If your bank has not or is not expected to either securitize with, or sell to, the GSEs any **conforming-jumbo** mortgage loans (answer 2 to questions 13 and 14), how important are the following possible reasons for not doing so?

a. The GSEs' guarantee fees or other pricing terms make the securitization with, or sale to, the GSEs of these loans uneconomical

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	13	54.2	5	41.7	8	66.7
Somewhat important	8	33.3	5	41.7	3	25.0
Very important	3	12.5	2	16.7	1	8.3
Total	24	100.0	12	100.0	12	100.0

b. Few mortgage applicants at my bank satisfy the underwriting criteria for the mortgages to be guaranteed by the GSEs

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	15	62.5	8	66.7	7	58.3
Somewhat important	8	33.3	3	25.0	5	41.7
Very important	1	4.2	1	8.3	0	0.0
Total	24	100.0	12	100.0	12	100.0

c. Lack of demand for conforming-jumbo mortgage loans by customers at my bank

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Not important	12	50.0	6	50.0	6	50.0
Somewhat important	7	29.2	3	25.0	4	33.3
Very important	5	20.8	3	25.0	2	16.7
Total	24	100.0	12	100.0	12	100.0

Questions 16-21 *ask about consumer lending at your bank. Question 16 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 17-20 deal with changes in credit standards and loan terms over the same period. Question 21 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.*

16. 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	1	2.0	1	3.7	0	0.0
About unchanged	31	62.0	15	55.6	16	69.6
Somewhat less willing	17	34.0	11	40.7	6	26.1
Much less willing	1	2.0	0	0.0	1	4.3
Total	50	100.0	27	100.0	23	100.0

17. 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	3.0	0	0.0	1	6.7
Tightened somewhat	21	63.6	15	83.3	6	40.0
Remained basically unchanged	11	33.3	3	16.7	8	53.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	33	100.0	18	100.0	15	100.0

18. 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	2	4.1	1	3.7	1	4.5
Tightened somewhat	31	63.3	18	66.7	13	59.1
Remained basically unchanged	16	32.7	8	29.6	8	36.4
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	27	100.0	22	100.0

19. 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	1	3.3	1	5.9	0	0.0
Tightened somewhat	13	43.3	9	52.9	4	30.8
Remained basically unchanged	16	53.3	7	41.2	9	69.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	30	100.0	17	100.0	13	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	11	36.7	7	41.2	4	30.8
Remained basically unchanged	18	60.0	9	52.9	9	69.2
Eased somewhat	1	3.3	1	5.9	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	30	100.0	17	100.0	13	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	3	10.0	1	5.9	2	15.4
Remained basically unchanged	27	90.0	16	94.1	11	84.6
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	30	100.0	17	100.0	13	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	17	56.7	12	70.6	5	38.5
Remained basically unchanged	13	43.3	5	29.4	8	61.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	30	100.0	17	100.0	13	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	2	6.7	2	11.8	0	0.0
Tightened somewhat	13	43.3	8	47.1	5	38.5
Remained basically unchanged	15	50.0	7	41.2	8	61.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	30	100.0	17	100.0	13	100.0

20. 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	11	22.4	8	29.6	3	13.6
Remained basically unchanged	38	77.6	19	70.4	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	49	100.0	27	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	3	6.1	0	0.0	3	13.6
Tightened somewhat	23	46.9	15	55.6	8	36.4
Remained basically unchanged	22	44.9	11	40.7	11	50.0
Eased somewhat	1	2.0	1	3.7	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	27	100.0	22	100.0

c. Minimum required downpayment

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	4.2	2	7.4	0	0.0
Tightened somewhat	21	43.8	13	48.1	8	38.1
Remained basically unchanged	25	52.1	12	44.4	13	61.9
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	48	100.0	27	100.0	21	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	3	6.1	2	7.4	1	4.5
Tightened somewhat	26	53.1	15	55.6	11	50.0
Remained basically unchanged	20	40.8	10	37.0	10	45.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	27	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	4	8.2	3	11.1	1	4.5
Tightened somewhat	20	40.8	9	33.3	11	50.0
Remained basically unchanged	25	51.0	15	55.6	10	45.5
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	27	100.0	22	100.0

21. 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	6	12.0	4	14.8	2	8.7
About the same	23	46.0	14	51.9	9	39.1
Moderately weaker	20	40.0	9	33.3	11	47.8
Substantially weaker	1	2.0	0	0.0	1	4.3
Total	50	100.0	27	100.0	23	100.0

In recent quarters, significant fractions of survey respondents have reported having tightened their credit standards on a broad range of loan types. ***Questions 22-23*** *ask about your expectations for changes in credit standards at your bank through the end of 2008 and in the first half of 2009.*

22. Assuming that economic activity progresses in line with consensus forecasts, how do you expect your bank's credit standards on **loans to businesses** to change?

A. Credit standards for approving applications for **C&I loans** or credit lines—other than those to be used to finance mergers and acquisitions—through the end of 2008 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	1	2.0	0	0.0	1	4.3
Tighten somewhat	28	54.9	16	57.1	12	52.2
Remain basically unchanged	22	43.1	12	42.9	10	43.5
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	28	100.0	23	100.0

B. Credit standards for approving applications for **C&I loans** or credit lines—other than those to be used to finance mergers and acquisitions— in the first half of 2009 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	2	3.9	1	3.6	1	4.3
Tighten somewhat	22	43.1	13	46.4	9	39.1
Remain basically unchanged	27	52.9	14	50.0	13	56.5
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	28	100.0	23	100.0

C. Credit standards for approving applications for **commercial real estate loans** through the end of 2008 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tighten considerably	7	14.0	3	11.1	4	17.4
Tighten somewhat	29	58.0	16	59.3	13	56.5
Remain basically unchanged	14	28.0	8	29.6	6	26.1
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

D. Credit standards for approving applications for **commercial real estate loans** in the first half of 2009 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tighten considerably	2	4.0	1	3.7	1	4.3
Tighten somewhat	24	48.0	11	40.7	13	56.5
Remain basically unchanged	24	48.0	15	55.6	9	39.1
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

23. Assuming that economic activity progresses in line with consensus forecasts, how do you expect your bank's credit standards on **loans to households** to change?

A. Credit standards for approving applications for **mortgage loans** that your bank categorizes as **prime** through the end of 2008 are expected to:[3]

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	0	0.0	0	0.0	0	0.0
Tighten somewhat	22	44.0	14	50.0	8	36.4
Remain basically unchanged	28	56.0	14	50.0	14	63.6
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	28	100.0	22	100.0

B. Credit standards for approving applications for **mortgage loans** that your bank categorizes as **prime** in the first half of 2009 are expected to:[3]

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	0	0.0	0	0.0	0	0.0
Tighten somewhat	16	32.0	9	32.1	7	31.8
Remain basically unchanged	33	66.0	18	64.3	15	68.2
Ease somewhat	1	2.0	1	3.6	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	28	100.0	22	100.0

C. Credit standards for approving applications for **mortgage loans** that your bank categorizes as **nonprime**—including nontraditional and subprime—through the end of 2008 are expected to:[3]

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	2	9.1	1	5.9	1	20.0
Tighten somewhat	12	54.5	8	47.1	4	80.0
Remain basically unchanged	7	31.8	7	41.2	0	0.0
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	22	100.0	17	100.0	5	100.0

For this question, 28 respondents answered “My bank does not originate this type of loan.”

D. Credit standards for approving applications for **mortgage loans** that your bank categorizes as **nonprime**—including nontraditional and subprime—in the first half of 2009 are expected to:[3]

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	1	5.0	1	6.3	0	0.0
Tighten somewhat	9	45.0	7	43.8	2	50.0
Remain basically unchanged	9	45.0	7	43.8	2	50.0
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	20	100.0	16	100.0	4	100.0

For this question, 28 respondents answered “My bank does not originate this type of loan.”

E. Credit standards for approving applications for **revolving home equity lines** of credit through the end of 2008 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	1	2.0	0	0.0	1	4.3
Tighten somewhat	30	58.8	19	67.9	11	47.8
Remain basically unchanged	19	37.3	9	32.1	10	43.5
Ease somewhat	1	2.0	0	0.0	1	4.3
Ease considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	28	100.0	23	100.0

F. Credit standards for approving applications for **revolving home equity lines** of credit in the first half of 2009 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	0	0.0	0	0.0	0	0.0
Tighten somewhat	20	39.2	11	39.3	9	39.1
Remain basically unchanged	31	60.8	17	60.7	14	60.9
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	51	100.0	28	100.0	23	100.0

G. Credit standards for approving applications for **credit cards** through the end of 2008 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	0	0.0	0	0.0	0	0.0
Tighten somewhat	19	61.3	11	64.7	8	57.1
Remain basically unchanged	12	38.7	6	35.3	6	42.9
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	31	100.0	17	100.0	14	100.0

For this question, 14 respondents answered “My bank does not originate this type of loan.”

H. Credit standards for approving applications for **credit cards** in the first half of 2009 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	0	0.0	0	0.0	0	0.0
Tighten somewhat	12	38.7	4	23.5	8	57.1
Remain basically unchanged	18	58.1	12	70.6	6	42.9
Ease somewhat	1	3.2	1	5.9	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	31	100.0	17	100.0	14	100.0

For this question, 14 respondents answered “My bank does not originate this type of loan.”

I. Credit standards for approving applications for **consumer loans other than credit card loans** through the end of 2008 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	1	2.0	0	0.0	1	4.3
Tighten somewhat	25	50.0	15	55.6	10	43.5
Remain basically unchanged	24	48.0	12	44.4	12	52.2
Ease somewhat	0	0.0	0	0.0	0	0.0
Ease considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

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

J. Credit standards for approving applications for **consumer loans other than credit card loans** in the first half of 2009 are expected to:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tighten considerably	0	0.0	0	0.0	0	0.0
Tighten somewhat	17	34.0	8	29.6	9	39.1
Remain basically unchanged	32	64.0	19	70.4	13	56.5
Ease somewhat	1	2.0	0	0.0	1	4.3
Ease considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	27	100.0	23	100.0

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

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1. The sample is selected from among the largest banks in each Federal Reserve District. In the table, large banks are defined as those with total domestic assets of $20 billion or more as of March 31, 2008. The combined assets of the 29 large banks totaled $5.8 trillion, compared to $6.1 trillion for the entire panel of 52 banks, and $9.8 trillion for all domestically chartered, federally insured commercial banks.

2. For additional information about the maximum conforming loan limits that will be in effect through the end of 2008 see: www.ofheo.gov/newsroom.aspx?ID=418&q1=0&q2=0 .

3. For definitions of prime, nontraditional and subprime residential mortgage loans, please refer to questions 9-10.

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 July 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	2	9.5
Tightened somewhat	5	23.8
Remained basically unchanged	14	66.7
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	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	9.5
Tightened somewhat	7	33.3
Remained basically unchanged	12	57.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

b. Maximum maturity of loans or credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	0	0.0
Tightened somewhat	5	23.8
Remained basically unchanged	16	76.2
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

c. Costs of credit lines

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	4.8
Tightened somewhat	12	57.1
Remained basically unchanged	8	38.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	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	2	9.5
Tightened somewhat	11	52.4
Remained basically unchanged	8	38.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

e. Premiums charged on riskier loans

	All Respondents	
	Banks	**Percent**
Tightened considerably	3	14.3
Tightened somewhat	10	47.6
Remained basically unchanged	8	38.1
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

f. Loan covenants

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	4.8
Tightened somewhat	9	42.9
Remained basically unchanged	11	52.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	21	100.0

g. Collateralization requirements

	All Respondents	
	Banks	**Percent**
Tightened considerably	1	5.0
Tightened somewhat	3	15.0
Remained basically unchanged	16	80.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	20	100.0

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

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

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

	All Respondents	
	Banks	**Percent**
Not important	5	35.7
Somewhat important	6	42.9
Very important	3	21.4
Total	14	100.0

b. Less favorable or more uncertain economic outlook

	All Respondents	
	Banks	**Percent**
Not important	0	0.0
Somewhat important	6	42.9
Very important	8	57.1
Total	14	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	4	28.6
Somewhat important	6	42.9
Very important	4	28.6
Total	14	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	5	35.7
Somewhat important	7	50.0
Very important	2	14.3
Total	14	100.0

e. Reduced tolerance for risk

	All Respondents	
	Banks	**Percent**
Not important	3	21.4
Somewhat important	9	64.3
Very important	2	14.3
Total	14	100.0

f. Decreased liquidity in the secondary market for these loans

	All Respondents	
	Banks	**Percent**
Not important	3	21.4
Somewhat important	4	28.6
Very important	7	50.0
Total	14	100.0

g. Increase in defaults by borrowers in public debt markets

	All Respondents	
	Banks	**Percent**
Not important	5	35.7
Somewhat important	7	50.0
Very important	2	14.3
Total	14	100.0

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

	All Respondents	
	Banks	**Percent**
Not important	9	69.2
Somewhat important	3	23.1
Very important	1	7.7
Total	13	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	-
Somewhat important	0	-
Very important	0	-
Total	0	-

b. More favorable or less uncertain economic outlook

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

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

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

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

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

e. Increased tolerance for risk

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

f. Increased liquidity in the secondary market for these loans

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

g. Reduction in defaults by borrowers in public debt markets

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

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

	All Respondents	
	Banks	**Percent**
Not important	0	-
Somewhat important	0	-
Very important	0	-
Total	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	9.5
About the same	12	57.1
Moderately weaker	7	33.3
Substantially weaker	0	0.0
Total	21	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	0	0.0
Somewhat important	1	50.0
Very important	1	50.0
Total	2	100.0

b. Customer accounts receivable financing needs increased

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

c. Customer investment in plant or equipment increased

	All Respondents	
	Banks	Percent
Not important	0	0.0
Somewhat important	2	100.0
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	0	0.0
Somewhat important	2	100.0
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	0	0.0
Somewhat important	2	100.0
Very important	0	0.0
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	5	71.4
Somewhat important	2	28.6
Very important	0	0.0
Total	7	100.0

b. Customer accounts receivable financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	5	71.4
Somewhat important	2	28.6
Very important	0	0.0
Total	7	100.0

c. Customer investment in plant or equipment decreased

	All Respondents	
	Banks	**Percent**
Not important	3	42.9
Somewhat important	3	42.9
Very important	1	14.3
Total	7	100.0

d. Customer internally generated funds increased

	All Respondents	
	Banks	**Percent**
Not important	3	50.0
Somewhat important	3	50.0
Very important	0	0.0
Total	6	100.0

e. Customer merger or acquisition financing needs decreased

	All Respondents	
	Banks	**Percent**
Not important	2	28.6
Somewhat important	1	14.3
Very important	4	57.1
Total	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	
	Banks	**Percent**
Not important	6	100.0
Somewhat important	0	0.0
Very important	0	0.0
Total	6	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	5	23.8
The number of inquiries has stayed about the same	11	52.4
The number of inquiries has decreased moderately	4	19.0
The number of inquiries has decreased substantially	1	4.8
Total	21	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	3	21.4
Tightened somewhat	2	14.3
Remained basically unchanged	9	64.3
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	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	1	7.1
Moderately stronger	0	0.0
About the same	6	42.9
Moderately weaker	3	21.4
Substantially weaker	4	28.6
Total	14	100.0

In recent quarters, significant fractions of survey respondents have reported having tightened their credit standards on a broad range of loan types. ***Question 9*** *asks about your expectations for changes in credit standards at your bank through the end of 2008 and in the first half of 2009.*

9. Assuming that economic activity progresses in line with consensus forecasts, how do you expect your bank's credit standards on **loans to businesses** to change?

A. Credit standards for approving applications for **C&I loans** or credit lines—other than those to be used to finance mergers and acquisitions—through the end of 2008 are expected to:

	All Respondents	
	Banks	**Percent**
Tighten considerably	0	0.0
Tighten somewhat	9	42.9
Remain basically unchanged	12	57.1
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	21	100.0

B. Credit standards for approving applications for **C&I loans** or credit lines—other than those to be used to finance mergers and acquisitions— in the first half of 2009 are expected to:

	All Respondents	
	Banks	**Percent**
Tighten considerably	0	0.0
Tighten somewhat	7	33.3
Remain basically unchanged	13	61.9
Ease somewhat	1	4.8
Ease considerably	0	0.0
Total	21	100.0

C. Credit standards for approving applications for **commercial real estate loans** through the end of 2008 are expected to:

	All Respondents	
	Banks	**Percent**
Tighten considerably	2	14.3
Tighten somewhat	4	28.6
Remain basically unchanged	8	57.1
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	14	100.0

For this question, 5 respondents answered “My bank does not originate this type of loan.”

D. Credit standards for approving applications for **commercial real estate loans** in the first half of 2009 are expected to:

	All Respondents	
	Banks	**Percent**
Tighten considerably	2	14.3
Tighten somewhat	5	35.7
Remain basically unchanged	7	50.0
Ease somewhat	0	0.0
Ease considerably	0	0.0
Total	14	100.0

For this question, 5 respondents answered “My bank does not originate this type of loan.”

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1. As of March 31, 2008, the 21 respondents had combined assets of $1.0 trillion, compared to $2.0 trillion for all foreign-related banking institutions in the United States. The sample is selected from among the largest foreign-related banking institutions in those Federal Reserve Districts where such institutions are common.