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TO: HEADS OF RESEARCH AT ALL FEDERAL RESERVE BANKS

Enclosed for distribution to respondents is a national summary of the September 2020 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures:

September 2020 Senior Loan Officer Opinion Survey on Bank Lending Practices

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

## September 2020 Senior Loan Officer Opinion Survey on Bank Lending Practices

The Federal Reserve conducted a supplementary Senior Loan Officer Opinion Survey on Bank Lending Practices (SLOOS) to understand the experiences of domestically chartered banks with the Main Street Lending Program (MSLP).<sup>1</sup> The survey consisted of a set of questions that focused on four areas: commercial and industrial (C&I) loan inquiries and banks' participation in the MSLP since mid-June, when lender registration started; banks' outlook regarding their participation in the program; factors that may have shaped banks' willingness to participate; and characteristics of borrowers inquiring and receiving MSLP loans.<sup>2</sup>

Regarding C&I loan inquiries and banks' participation in the MSLP, respondents indicated that, on balance, inquiries for C&I loans from borrowers of an eligible size for the MSLP (or "MSLP-sized borrowers") were basically unchanged since mid-June, whereas inquiries decreased from Paycheck Protection Program (PPP)-sized borrowers and borrowers too large to be eligible for the MSLP.<sup>3</sup> The majority of respondents reported that they were registered for the MSLP, with some banks reporting that they were already underwriting and submitting MSLP loans, and others reporting that they were preparing to make their first MSLP loans in the coming weeks.

In terms of banks' outlook for participation, respondents expected C&I loan inquiries to increase in the next three months from MSLP-sized borrowers, assuming that economic activity progresses in line with consensus forecasts. However, only a modest share of banks expected their willingness to extend MSLP loans to increase over the same period.

Regarding factors that may have shaped banks' participation in the MSLP, the survey inquired with *registered* banks about their reasons for not approving MSLP loans and with *nonregistered* banks about their reasons for not registering. Registered banks often cited concerns about borrowers' financial

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<sup>1</sup> This special edition of the survey was sent out to banks on August 17, 2020 and closed for responses on September 1, 2020.

<sup>2</sup> Eighty-six domestically chartered banks responded to the survey, including 33 "large" banks with assets above \$50 billion and 53 "other" banks with assets below \$50 billion.

<sup>3</sup> For the purpose of this survey, we defined "borrowers of an eligible size for the MSLP" as U.S. businesses with at most 15,000 employees in the previous 12 months or at most \$5 billion in annual revenues in 2019. Henceforth, we refer to these borrowers as "MSLP-sized borrowers." Moreover, we defined the "PPP-sized borrowers" as U.S. businesses with at most 500 employees, and "borrowers too large to be eligible for the MSLP" as U.S. businesses with more than 15,000 employees in the previous 12 months and more than \$5 billion in annual revenues in 2019. The PPP closed on August 8.

condition before and during the COVID-19 crisis, as well as overly restrictive MSLP loan terms for borrowers as reasons for not approving MSLP loans. Meanwhile, nonregistered banks mentioned their ability to provide credit to eligible borrowers without the MSLP, as well as unattractive key MSLP loan terms for lenders as reasons for not registering.

Regarding borrower characteristics, the survey asked banks about MSLP-sized borrowers *inquiring* about C&I loans and about borrowers *approved* for MSLP loans. Inquiring borrowers reportedly suffered significant reductions in revenue or employment due to COVID-19, were often eligible for PPP loans, and had access to alternative bank products other than C&I loans or to alternative sources of funds other than bilateral bank loans. In contrast, approved borrowers were reportedly even more likely to be affected by the pandemic than inquiring borrowers, but less likely to have access to alternative bank products or sources of funds. In addition, approved MSLP borrowers were less likely to be new clients than inquiring borrowers.

## **Commercial and Industrial Loan Inquiries and Bank’s Participation in the Main Street Lending Program**

(Table 1, questions 1–3, 5–7, and 13–14; exhibit 1)

**Questions on C&I loan inquiries.** On balance, banks reported that C&I loan inquiries from MSLP-sized borrowers, including both informal inquiries and formal loan applications, were basically unchanged since mid-June.<sup>4</sup> Responses varied significantly across bank size groups, and across the banks within each size group. For instance, while a moderate net fraction of the large banks with total assets above \$50 billion reported that C&I loan inquiries from MSLP-sized borrowers decreased since

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<sup>4</sup> For questions that ask about inquiries, “net fraction” (or “net percentage”, or “net share”) refers to the fraction of banks that reported inquiries having increased (“increased substantially” or “increased somewhat”) minus the fraction of banks that reported inquiries having decreased (“decreased substantially” or “decreased somewhat”). For questions that ask about the prevalence of given reasons or characteristics, “fraction” (or “percent”, or “share”) simply refers to the percentage of banks that reported a given reason as important (“somewhat important” or “very important”) or to the percentage of banks that reported a given characteristic as common (“somewhat common” or “very common”). For this summary, when inquiries are said to have “remained basically unchanged,” the net fraction of respondent banks that reported either increases or decreases is greater than or equal to 0 and less than or equal to 5 percent; “modest” refers to net fractions greater than 5 and less than or equal to 10 percent; “moderate” refers to net fractions greater than 10 and less than or equal to 20 percent; “significant” refers to net fractions greater than 20 and less than 50 percent; and “major” refers to net fractions greater than or equal to 50 percent. We use similar intervals to refer to the fractions of banks that reported given reasons as important or characteristics as common.

mid-June, a modest net fraction of the other banks with total assets below \$50 billion reported that such inquiries increased.

In contrast to the inquiries from MSLP-sized borrowers, significant net fractions of both the large and the other banks reported decreases in inquiries from PPP-sized borrowers since mid-June. In addition, a significant net fraction of large banks reported decreases in inquiries from borrowers that were too large to qualify for the MSLP. While most other banks did not receive inquiries from borrowers too large to qualify for the MSLP, a significant fraction of those who received any such inquiries also reported a decrease in their number since mid-June.

**Questions on banks' C&I loan approvals and MSLP participation.** A major fraction of the large banks reportedly approved at least 40 percent of the C&I loan inquiries that they had received from MSLP-sized borrowers since mid-June. In contrast, a smaller but still significant fraction of the other banks approved at least 40 percent of the C&I loan inquiries received from MSLP-sized borrowers.

When asked about the prevalence of MSLP loans among the approved C&I loans to MSLP-sized borrowers, significant fractions of the large and the other banks reported having approved MSLP loans.<sup>5</sup> In most cases, however, the MSLP loans constituted less than 2.5 percent of the number of approved C&I loans to MSLP-sized borrowers by each participating bank.

**Questions on banks' MSLP registration status.** While major fractions of banks in each size group reported being registered for the MSLP, there were notable differences in their operational status. First, a significant fraction of the large banks and a moderate fraction of the other banks reported that they were already underwriting and submitting MSLP loans. Second, significant fractions of banks of all sizes reported that they were registered and working to operationalize the program in the expectation of making loans in the coming weeks. Third, a significant fraction of the other banks reported being registered but still evaluating the program. Lastly, modest fractions of banks of all sizes declared they were registered, but expected to make MSLP loans only if financial conditions were to deteriorate.

A moderate fraction of large banks and a significant fraction of other banks reported not being registered for the MSLP. The majority of nonregistered banks reported that they were unlikely to register in the future.

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<sup>5</sup> Some banks may have interpreted "underwriting and submitting loans" as planning to do so in the near future, or their loans submitted to the MSLP may still be under review.

**Questions on banks' outlook for C&I loan inquiries and MSLP loan approvals.** Among banks expecting to receive inquiries from MSLP-sized borrowers, a moderate net fraction of the large banks and a significant net fraction of the other banks reported that they expected C&I loan inquiries from such borrowers to increase in the next three months under current consensus forecasts. However, only modest net fractions of banks expected their willingness to extend MSLP loans to increase under current consensus forecasts.

## **Considerations Regarding Banks' and Borrowers' Participation in the Main Street Lending Program**

(Table 1, questions 8-11; exhibits 2 and 3)

**Questions on reasons why registered banks did not approve MSLP loans.** Banks that reported being registered were asked about reasons why they did not approve MSLP loans to borrowers of eligible size that made C&I loan inquiries. Major fractions of both large and other banks cited the following as important reasons for not approving MSLP loans: the borrower was already in poor financial condition before the COVID-19 crisis, the borrower was too severely affected by the crisis to remain viable and repay the loan, key loan terms were not attractive or prevented the borrower from qualifying, and the borrowers' planned use of the MSLP loan was not financially sound.<sup>6</sup>

Registered banks that reported key MSLP loan terms as not attractive to *borrowers* or preventing borrowers from qualifying for the MSLP were asked to provide details about these terms.<sup>7</sup> Major fractions of registered banks of all sizes mentioned borrowers' debt-to-adjusted-EBITDA ratio being too high to meet MSLP loan requirements and borrowers' required certifications and covenants being too restrictive, such as those limiting debt repayments, compensation, or capital distributions.<sup>8</sup> In addition,

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<sup>6</sup> In addition, major and significant fractions of registered banks in the other size category reported key MSLP loan terms not being attractive enough for the bank, or having approved a PPP loan instead, respectively, as important reasons for not approving MSLP loans. In general, the key loan terms reported as not attractive to the bank mirrored those that deterred banks from registering, discussed next.

<sup>7</sup> Exhibit 2 shows the responses on key terms not attractive to the borrower or lender conditional on the sample of registered banks. Table 1 provides unconditional responses while the plotted conditional data are provided on the chart data page.

<sup>8</sup> As per the term sheets, MSLP loan amounts are limited to levels that would bring a borrower's ratio of debt to the adjusted 2019 EBITDA up to either 4 (in the Main Street New Loan Facility) or 6 (in the Main Street Priority and Expanded Loan Facilities). In addition, borrowers are subject to certification requirements and covenants regarding the treatment of existing debt; the expectation to not declare bankruptcy; and restrictions on compensation, stock repurchases, and capital distribution.

major fractions of registered banks in the other size category mentioned the principal amortization schedule being too steep and the five-year maturity term being too short for the borrower.

**Questions on reasons why banks did not register for the MSLP.** A vast majority of nonregistered banks of all sizes reported as an important reason for not registering they were able to address the credit needs of MSLP-sized borrowers without participating in the MSLP. In addition, major fractions of banks of all sizes—especially of those in the other bank category—mentioned that key loan terms were not attractive to the lender, that the PPP was sufficient to address the credit needs of most of their borrowers, and that the MSLP registration requirements were too burdensome, as reasons for not registering.<sup>9</sup>

Banks that reported not registering because key MSLP loan terms were not attractive to the *lender* were asked to indicate those terms.<sup>10</sup> Major fractions of banks of all sizes indicated that the loss sharing with the MSLP in the event of a default was too uncertain, and that the required certifications and covenants were too restrictive for the bank.

## **Borrower Characteristics**

(Table 1, questions 4 and 12; Exhibit 4)

**Questions on characteristics of borrowers inquiring for C&I loans.** Almost all banks in both size categories that received C&I loan inquiries reported that MSLP-sized borrowers inquiring for C&I loans experienced significant reductions in their revenue or employment because of the COVID-19 crisis. In addition, major fractions of banks reported that inquiring borrowers would have also qualified for the PPP and had access to bank credit products other than C&I loans, such as commercial real estate loans, home equity lines of credit, or credit cards. Moreover, a significant fraction of banks reported that inquiring borrowers had access to alternative sources of funding other than bilateral bank loans, such as equity, corporate bonds, commercial paper, or syndicated loans. Furthermore, a major fraction of banks mentioned that inquiring borrowers were new clients.

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<sup>9</sup> Among nonregistered banks in the other size category only, a major fraction also mentioned that key loan terms were not attractive or prevented the borrower from qualifying, and also that MSLP registration was burdensome as reasons for not registering. To a large extent, the most restrictive key loan terms unattractive to the borrower mirrored those that deterred banks from approving MSLP loans.

<sup>10</sup> Exhibit 3 shows the responses on key terms not attractive to the lender or borrower conditional on the sample of nonregistered banks. Table 1 provides unconditional responses while the plotted conditional data are provided on the chart data page.

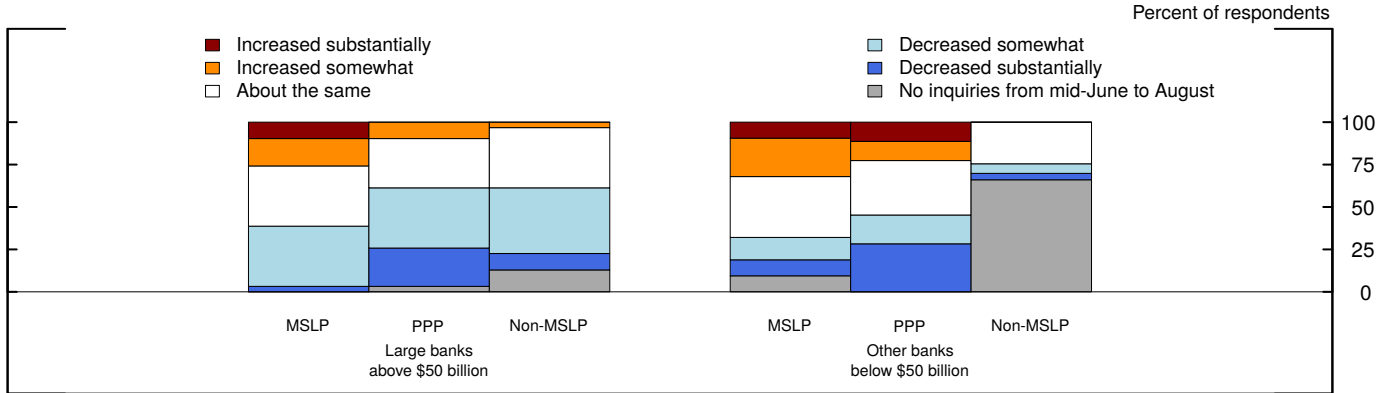
**Questions on MSLP borrower characteristics.** Regarding borrowers approved for MSLP loans, the vast majority of banks in both size categories reported that such borrowers experienced significant reductions in revenue or employment because of the COVID-19 crisis, citing this characteristic as being “very common” to an even greater extent than in the case of inquiring borrowers. However, in contrast to inquiring borrowers, lower fractions of banks reported that the approved borrowers could qualify for PPP loans, had access to alternative bank credit products, or had access to alternative sources of funds. In addition, a lower fraction of banks reported that approved borrowers were new clients compared with inquiring borrowers.

Lastly, major fractions of banks reported that it was quite common for approved borrowers to show intention to use the proceeds to cover payroll and other expenditures for a few months. While a significant fraction of large banks indicated that approved borrowers intended to fund new capital expenditures, a major fraction of other banks indicated such intentions. Only a moderate fraction of large banks reported that approved borrowers intended to use the proceeds to roll over maturing bank loans or other debt or to offset credit-line cancellations, whereas a major fraction of other banks indicated such intentions.

*This document was prepared by Andrew Castro, Quinn Danielson, Brandon Nedwek, and Andrei Zlate, Division of Monetary Affairs, Board of Governors of the Federal Reserve System.*

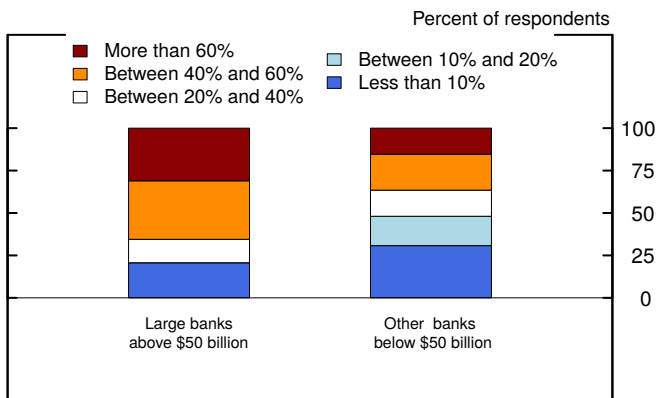
# Exhibit 1 Inquiries, Participation, and Registration for the MSLP

## Changes in Inquiries for C&I Loans since Mid-June, by Borrower and Bank Size



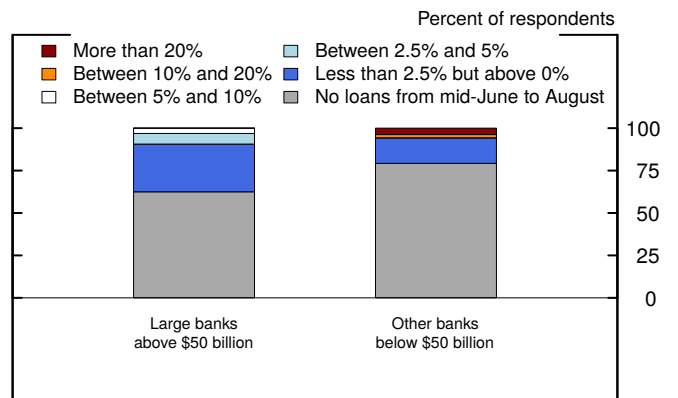
Note: 86 banks submitted surveys: 33 large banks with assets above \$50 billion and 53 other banks with assets below \$50 billion. Banks were asked about the change in commercial and industrial (C&I) loan inquiries from borrowers of a size eligible for the MSLP, that were small enough to also qualify for the Paycheck Protection Program (PPP), or that were too large to qualify for the MSLP.

## Share of C&I Loan Inquiries Approved



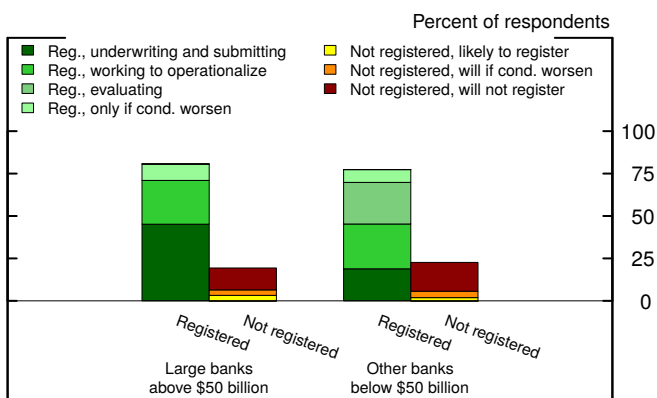
Note: The chart refers to the share of MSLP-sized borrowers that made C&I loan inquiries and were approved since mid-June.

## Share of MSLP Loans in the Approved C&I Loans



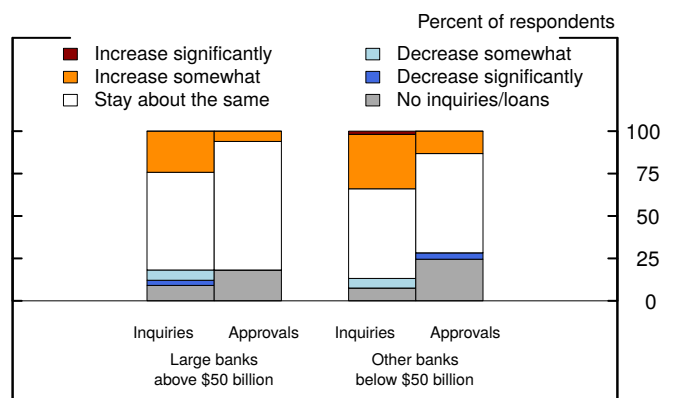
Note: The chart refers to the share of approved C&I loans to MSLP-sized borrowers that were MSLP loans since mid-June.

## Operational Status, by Bank Size



Note: "Reg." reflects 66 of the 86 banks that submitted surveys and reported that they were registered: 25 large banks and 41 other banks.

## Outlook for Inquiries and Approvals of MSLP Loans



Note: The chart refers to the number of C&I loan inquiries from MSLP-sized borrowers and the bank's willingness to approve MSLP loans to borrowers of an eligible size over the next three months.

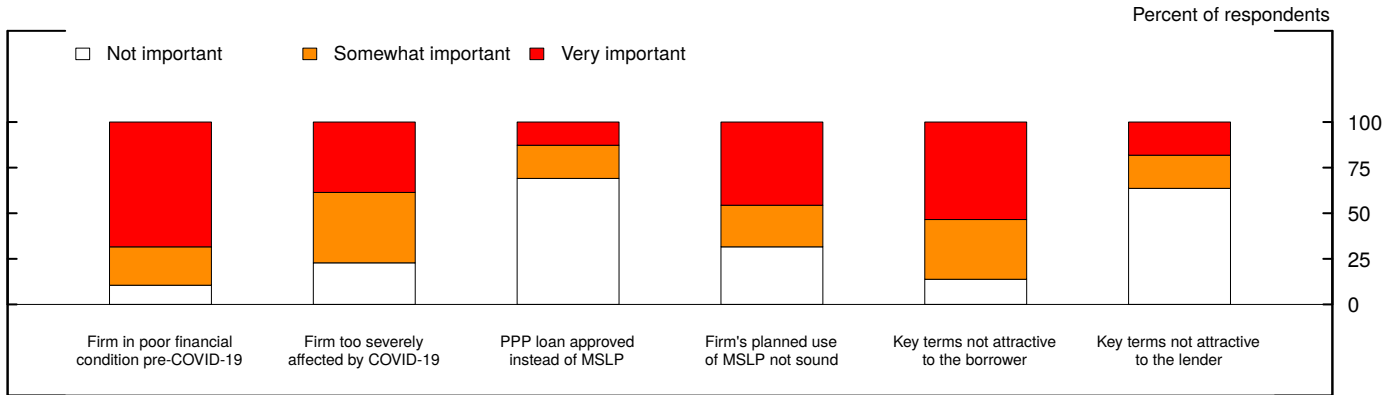
Note: MSLP is Main Street Lending Program.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices (September 2020).



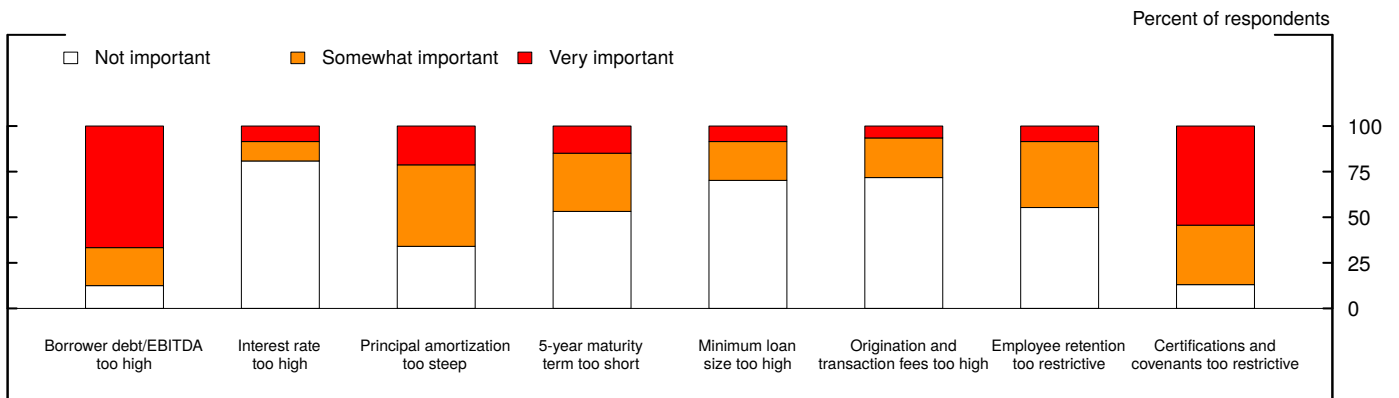
## Exhibit 2 Reasons Why Registered Banks Did Not Approve MSLP Loans

### Reasons Why Registered Banks Did Not Approve MSLP Loans



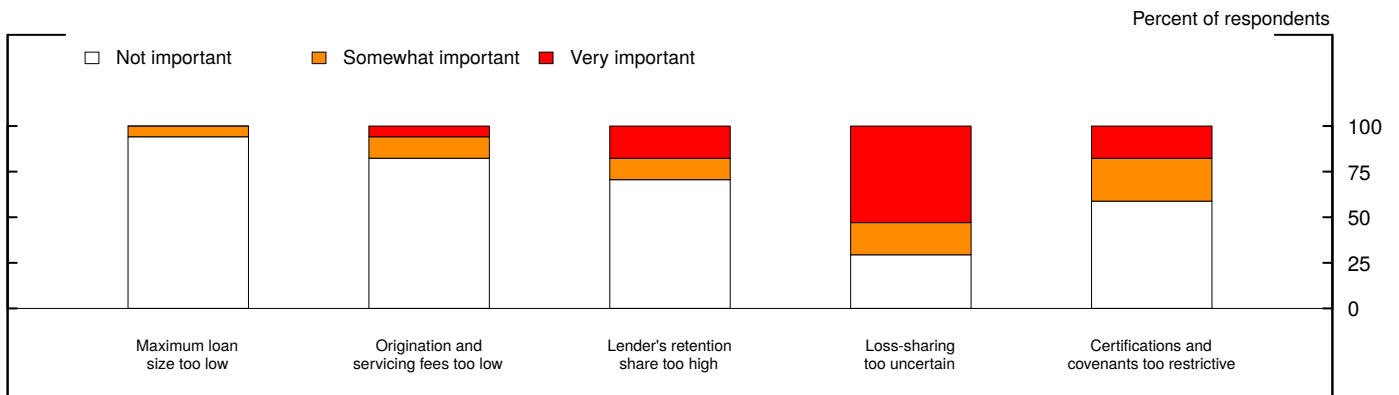
Note: This panel covers, at most, 66 banks that reported that they were registered for the MSLP: 25 large banks and 41 other banks.

### Key Terms Not Attractive to the Borrower, as Reasons Why Registered Banks Did Not Approve MSLP Loans



Note: This panel covers, at most, 48 banks that reported key terms being not attractive to borrowers as an important reason for not approving: 19 large and 29 other.

### Key Terms Not Attractive to the Lender, as Reasons Why Registered Banks Did Not Approve MSLP Loans



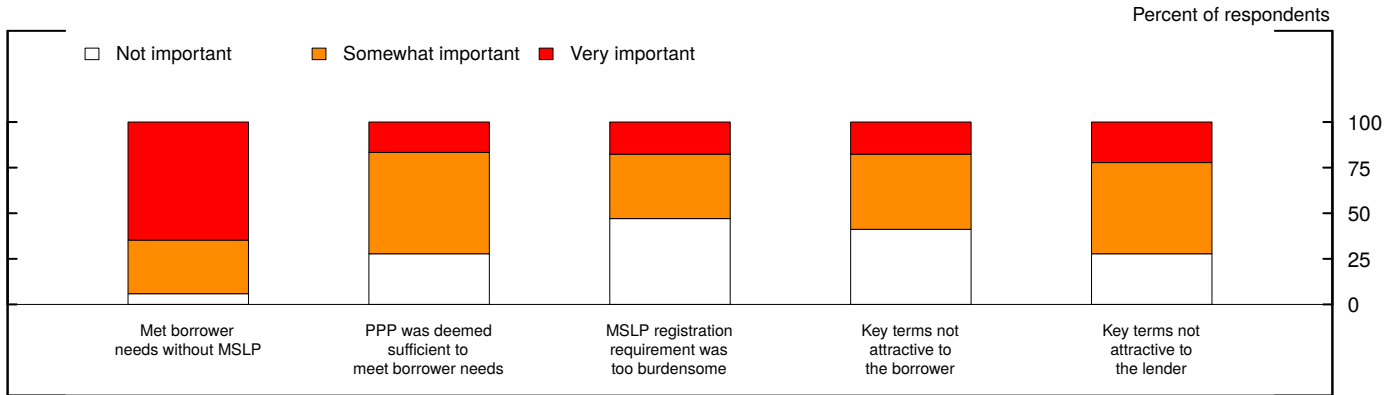
Note: This panel covers, at most, 17 banks that reported key terms being not attractive to the lender as an important reason for not approving: 2 large and 15 other.

Note: MSLP is Main Street Lending Program.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices (September 2020).

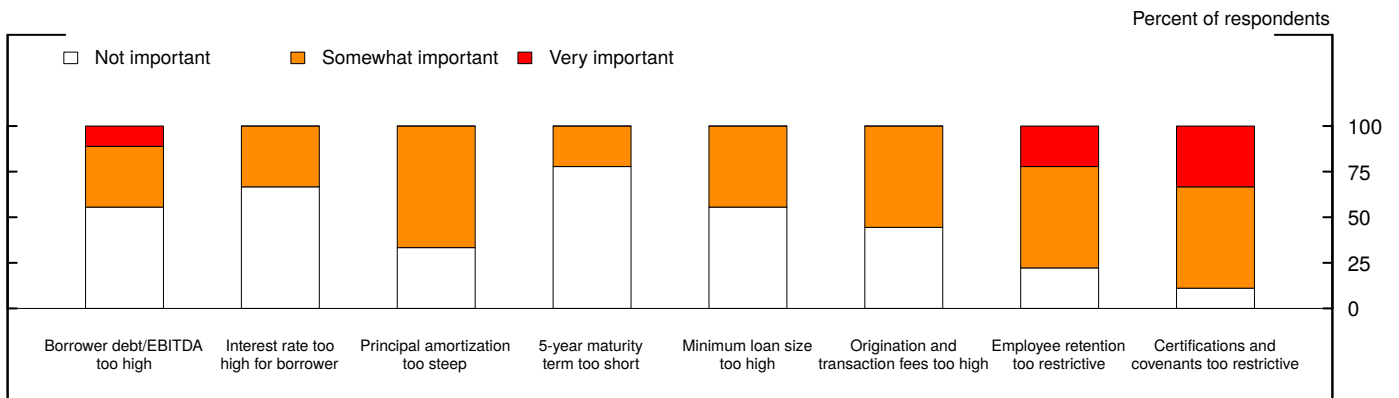
## Exhibit 3 Reasons Why Banks Did Not Register for the MSLP

### Reasons Why Banks Did Not Register for MSLP



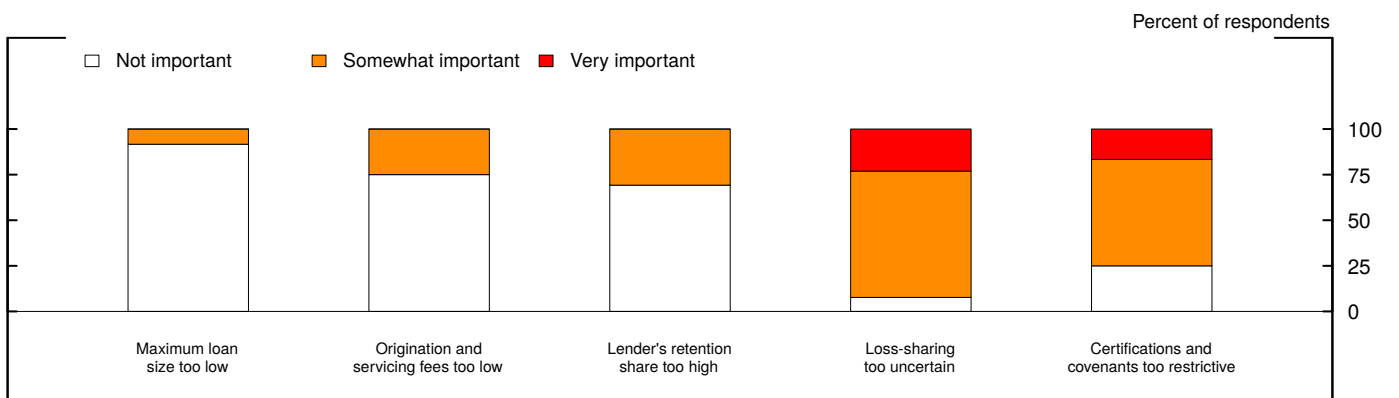
Note: This panel covers, at most, 20 banks that reported they were registered for the MSLP: 8 large and 12 other.

### Key Terms Not Attractive to the Borrower, as Reasons Why Banks Did Not Register for MSLP



Note: This panel covers, at most, 9 banks that reported key terms being not attractive to borrowers as an important reason for not registering: 2 large and 7 other.

### Key Terms Not Attractive to the Lender, Reasons Why Banks Did Not Register for MSLP



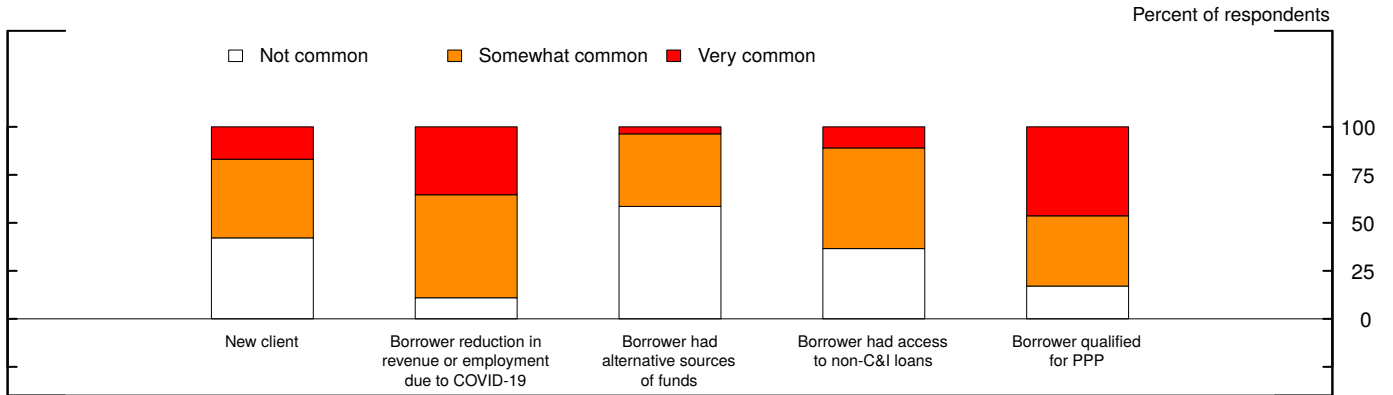
Note: This panel covers, at most, 13 banks that reported key terms being not attractive to the lender as an important reason for not registering: 3 large and 10 other.

Note: MSLP is Main Street Lending Program.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices (September 2020).

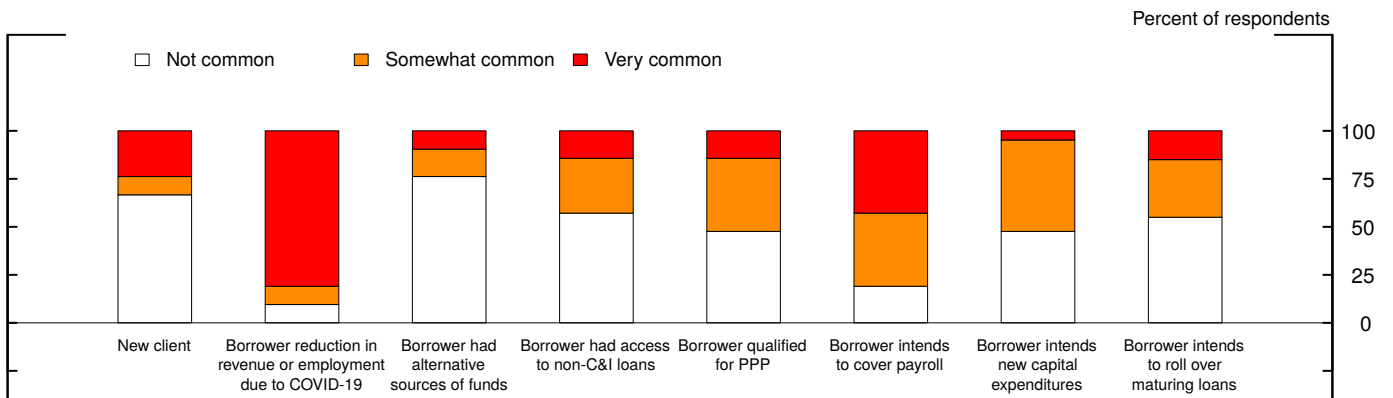
## Exhibit 4 Borrower Characteristics

### Characteristics of Borrowers Inquiring about the MSLP



Note: This panel covers, at most, 83 banks that reported having received C&I loan inquiries from borrowers of a size eligible for the MSLP: 30 large and 53 other.

### Characteristics of Approved MSLP Borrowers



Note: This panel covers, at most, 23 banks that report having approved MSLP loans: 12 large and 11 other.

Note: MSLP is Main Street Lending Program.

Source: Federal Reserve Board, Senior Loan Officer Opinion Survey on Bank Lending Practices (September 2020).

## Table 1

### Senior Loan Officer Opinion Survey on Bank Lending Practices at Selected Large Banks in the United States <sup>1</sup>

(Status of Policy as of September 2020)

*This survey asks about your bank's lending policies with respect to, and borrower demand for, commercial and industrial (C&I) loans in the context of the Main Street Lending Program (MSLP). The survey refers to the time interval since mid-June, when MSLP lender registration began. The set of 14 questions ask about the C&I loan inquiries and approvals at your bank; the considerations regarding your bank's or borrowers' participation in the MSLP; and your bank's outlook on future MSLP demand and participation. For the purpose of this survey, we define "borrowers of an eligible size for the MSLP" as U.S. businesses with at most 15,000 employees in the previous 12 months or at most \$5 billion in annual revenues in 2019. For details on the MSLP, see <https://www.federalreserve.gov/monetarypolicy/mainstreetlending.htm>.*

**Questions 1 to 6** solicit information on C&I loan inquiries by business borrowers, the characteristics, and the rate of C&I loan approvals at your bank.

1. At your bank, apart from seasonal variation, how has the total number of *C&I loan inquiries from borrowers of an eligible size for the MSLP* changed since mid-June, regardless of whether those borrowers specifically inquired about an MSLP loan? Please consider informal inquiries as well as formal loan applications. (For the purpose of this survey, we define "borrowers of an eligible size for the MSLP" as U.S. businesses with at most 15,000 employees in the previous 12 months or at most \$5 billion in annual revenues in 2019.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased substantially	8	10.1	3	9.7	5	10.4
Increased somewhat	17	21.5	5	16.1	12	25.0
Stayed about the same	30	38.0	11	35.5	19	39.6
Decreased somewhat	18	22.8	11	35.5	7	14.6
Decreased substantially	6	7.6	1	3.2	5	10.4
<b>Total</b>	79	100	31	100	48	100

For this question, 5 respondents answered "My bank has not received any inquiries from borrowers of an eligible size for the MSLP."

2. At your bank, apart from seasonal variation, how has the number of *C&I loan inquiries from borrowers that are small enough to qualify for the Paycheck Protection Program (PPP)* changed since mid-June, regardless of whether those borrowers specifically inquired about PPP or MSLP

loans? Please consider informal inquiries as well as formal loan applications. (For the purpose of this survey, the borrowers small enough to qualify for the PPP are U.S. businesses with at most 500 employees. For details on the PPP, see <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased substantially	6	7.2	0	0.0	6	11.3
Increased somewhat	9	10.8	3	10.0	6	11.3
Stayed about the same	26	31.3	9	30.0	17	32.1
Decreased somewhat	20	24.1	11	36.7	9	17.0
Decreased substantially	22	26.5	7	23.3	15	28.3
<b>Total</b>	<b>83</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>53</b>	<b>100</b>

For this question, 1 respondent answered "My bank has not received any inquiries from borrowers that are small enough to qualify for the PPP."

3. At your bank, apart from seasonal variation, how has the number of *C&I loan inquiries from borrowers that are too large to be eligible for the MSLP* changed since mid-June? Please consider informal inquiries as well as formal loan applications.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increased substantially	0	0.0	0	0.0	0	0.0
Increased somewhat	1	2.2	1	3.7	0	0.0
Stayed about the same	24	53.3	11	40.7	13	72.2
Decreased somewhat	15	33.3	12	44.4	3	16.7
Decreased substantially	5	11.1	3	11.1	2	11.1
<b>Total</b>	<b>45</b>	<b>100</b>	<b>27</b>	<b>100</b>	<b>18</b>	<b>100</b>

For this question, 39 respondents answered "My bank has not received any inquiries from borrowers that are too large for the MSLP."

4. For borrowers of an eligible size for the MSLP that made a C&I loan inquiry at your bank, how common were the following *characteristics*? (Please rate each possible characteristic using the following scale: 1=not common (e.g., less than 30 percent), 2=somewhat common (e.g., between 30 percent and 70 percent), 3=very common (more than 70 percent).)

A. The borrower was a new client at my bank.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not common	35	42.2	15	50.0	20	37.7
Somewhat common	34	41.0	11	36.7	23	43.4
Very common	14	16.9	4	13.3	10	18.9
<b>Total</b>	<b>83</b>	<b>100</b>	<b>30</b>	<b>100</b>	<b>53</b>	<b>100</b>

B. The borrower suffered significant reductions in revenue or employment due to the COVID-19 crisis that go beyond seasonal or trend changes.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not common	9	11.0	2	6.9	7	13.2
Somewhat common	44	53.7	19	65.5	25	47.2
Very common	29	35.4	8	27.6	21	39.6
<b>Total</b>	<b>82</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>53</b>	<b>100</b>

C. The borrower had access to alternative sources of funds other than bilateral loans, such as equity, corporate bonds, commercial paper, or syndicated loans.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not common	48	58.5	15	51.7	33	62.3
Somewhat common	31	37.8	13	44.8	18	34.0
Very common	3	3.7	1	3.4	2	3.8
<b>Total</b>	<b>82</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>53</b>	<b>100</b>

D. The borrower had access to bank credit products other than C&I loans, such as commercial real estate loans, home equity lines of credit, or credit cards.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not common	30	36.6	12	41.4	18	34.0
Somewhat common	43	52.4	14	48.3	29	54.7
Very common	9	11.0	3	10.3	6	11.3
<b>Total</b>	<b>82</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>53</b>	<b>100</b>

E. The borrower could also qualify for PPP loans.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not common	14	17.1	5	17.2	9	17.0
Somewhat common	30	36.6	15	51.7	15	28.3
Very common	38	46.3	9	31.0	29	54.7
<b>Total</b>	<b>82</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>53</b>	<b>100</b>

5. What share of borrowers that are of an eligible size for the MSLP and made a C&I loan inquiry were approved for credit at your bank since mid-June? (Please consider approval for both MSLP loans and other types of loans.)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
More than 60%	17	21.0	9	31.0	8	15.4
Between 40% and 60%	21	25.9	10	34.5	11	21.2
Between 20% and 40%	12	14.8	4	13.8	8	15.4

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Between 10% and 20%	9	11.1	0	0.0	9	17.3
Less than 10%	22	27.2	6	20.7	16	30.8
<b>Total</b>	<b>81</b>	<b>100</b>	<b>29</b>	<b>100</b>	<b>52</b>	<b>100</b>

6. Of the total number of C&I loans your bank approved for borrowers of an eligible size for the MSLP, what share were MSLP loans, as opposed to other types of loans?

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
More than 20%	2	8.7	0	0.0	2	18.2
Between 10% and 20%	1	4.3	0	0.0	1	9.1
Between 5% and 10%	1	4.3	1	8.3	0	0.0
Between 2.5% and 5%	2	8.7	2	16.7	0	0.0
Less than 2.5% but above 0%	17	73.9	9	75.0	8	72.7
<b>Total</b>	<b>23</b>	<b>100</b>	<b>12</b>	<b>100</b>	<b>11</b>	<b>100</b>

For this question, 62 respondents answered "My bank has not approved any loans intended for the MSLP or is not a registered MSLP lender."

**Questions 7 to 12** solicit information on considerations regarding your bank's or borrowers' participation in the MSLP.

7. What best describes your bank's operational MSLP status? ("Registered" refers to whether your bank is a registered lender at the MSLP or not. For details on MSLP lender registration, see <https://www.bostonfed.org/supervision-and-regulation/supervision/special-facilities/main-street-lending-program/information-for-lenders>)

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
My bank is now underwriting MSLP loans and submitting them to the program for purchase.	24	33.8	14	51.9	10	22.7
My bank is registered and working to operationalize the program in the expectation of making loans in coming weeks.	22	31.0	8	29.6	14	31.8
My bank is registered but still evaluating the program and how it works.	13	18.3	0	0.0	13	29.5
My bank is registered but will likely only make loans if financial conditions deteriorate.	7	9.9	3	11.1	4	9.1
My bank is not registered, but will likely register in the coming weeks.	2	2.8	1	3.7	1	2.3
My bank is not registered, but would likely register if financial conditions deteriorate.	3	4.2	1	3.7	2	4.5
<b>Total</b>	<b>71</b>	<b>100</b>	<b>27</b>	<b>100</b>	<b>44</b>	<b>100</b>

For this question, 13 respondents answered " My bank is not registered and will likely not register in the future."

8. If your bank is not registered for the MSLP, how important were the following reasons in your bank's decision to not register for the MSLP? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

A. My bank was able to address the credit needs of most borrowers of an eligible size for the MSLP without MSLP participation.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	1	5.9	1	16.7	0	0.0
Somewhat important	5	29.4	0	0.0	5	45.5
Very important	11	64.7	5	83.3	6	54.5
<b>Total</b>	<b>17</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>11</b>	<b>100</b>

B. My bank judged that participation in the PPP was sufficient to address the credit needs of most of our borrowers of an eligible size for the MSLP.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	5	27.8	3	50.0	2	16.7
Somewhat important	10	55.6	3	50.0	7	58.3
Very important	3	16.7	0	0.0	3	25.0
<b>Total</b>	<b>18</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>12</b>	<b>100</b>

C. MSLP registration requirements were too burdensome.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	8	47.1	3	50.0	5	45.5
Somewhat important	6	35.3	3	50.0	3	27.3
Very important	3	17.6	0	0.0	3	27.3
<b>Total</b>	<b>17</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>11</b>	<b>100</b>

D. Typical borrowers at my bank would not qualify for MSLP loans for reasons other than size, or would not be interested in MSLP loans.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	7	41.2	4	66.7	3	27.3
Somewhat important	7	41.2	2	33.3	5	45.5
Very important	3	17.6	0	0.0	3	27.3
<b>Total</b>	<b>17</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>11</b>	<b>100</b>

E. Key loan terms under the MSLP were not attractive enough for my bank.



	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	5	27.8	3	50.0	2	16.7
Somewhat important	9	50.0	3	50.0	6	50.0
Very important	4	22.2	0	0.0	4	33.3
<b>Total</b>	18	100	6	100	12	100

9. For borrowers of an eligible size for the MSLP that made a C&I loan inquiry and to which *your bank did not approve an MSLP loan, even though your bank was registered for the MSLP*, how important were the following reasons in preventing participation in the MSLP? (Please rate each possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

A. The firm was already in poor financial condition before the COVID-19 crisis, such that the firm would likely be unable to repay the loan.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	6	10.5	1	4.5	5	14.3
Somewhat important	12	21.1	4	18.2	8	22.9
Very important	39	68.4	17	77.3	22	62.9
<b>Total</b>	57	100	22	100	35	100

B. The firm was creditworthy before the COVID-19 crisis, but too severely impacted to remain viable and hence unable to repay the loan.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	13	22.8	2	9.1	11	31.4
Somewhat important	22	38.6	7	31.8	15	42.9
Very important	22	38.6	13	59.1	9	25.7
<b>Total</b>	57	100	22	100	35	100

C. My bank approved a PPP loan instead, which was considered a better option than an MSLP loan.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	38	69.1	18	90.0	20	57.1
Somewhat important	10	18.2	1	5.0	9	25.7
Very important	7	12.7	1	5.0	6	17.1
<b>Total</b>	55	100	20	100	35	100

D. The firm's planned use of an MSLP bank loan was not financially sound.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	18	31.6	8	36.4	10	28.6

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Somewhat important	13	22.8	4	18.2	9	25.7
Very important	26	45.6	10	45.5	16	45.7
<b>Total</b>	<b>57</b>	<b>100</b>	<b>22</b>	<b>100</b>	<b>35</b>	<b>100</b>

E. The borrower did not qualify for MSLP loans for reasons other than size or was not interested in an MSLP loan.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	8	13.8	1	4.8	7	18.9
Somewhat important	19	32.8	6	28.6	13	35.1
Very important	31	53.4	14	66.7	17	45.9
<b>Total</b>	<b>58</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>37</b>	<b>100</b>

F. Key loan terms under the MSLP were not attractive enough to make participation profitable for my bank.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	35	63.6	19	90.5	16	47.1
Somewhat important	10	18.2	2	9.5	8	23.5
Very important	10	18.2	0	0.0	10	29.4
<b>Total</b>	<b>55</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>34</b>	<b>100</b>

10. If your bank did not approve an MSLP loan or has not registered for the MSLP because the borrowers would not qualify or not be interested in MSLP loans, how important were the following considerations? (Please rate each possible consideration using the following scale: 1=not important, 2=somewhat important, 3=very important.)

A. The borrower's debt-to-adjusted EBITDA was too high to meet the requirements for an MSLP loan.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	11	19.3	1	4.8	10	27.8
Somewhat important	13	22.8	4	19.0	9	25.0
Very important	33	57.9	16	76.2	17	47.2
<b>Total</b>	<b>57</b>	<b>100</b>	<b>21</b>	<b>100</b>	<b>36</b>	<b>100</b>

B. The interest rate was too high for the borrower.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	44	78.6	16	76.2	28	80.0
Somewhat important	8	14.3	3	14.3	5	14.3
Very important	4	7.1	2	9.5	2	5.7

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
<b>Total</b>	56	100	21	100	35	100

C. The principal amortization schedule was too steep for the borrower.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	19	33.9	11	52.4	8	22.9
Somewhat important	27	48.2	8	38.1	19	54.3
Very important	10	17.9	2	9.5	8	22.9
<b>Total</b>	56	100	21	100	35	100

D. The 5-year maturity term was too short for the borrower.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	32	57.1	15	71.4	17	48.6
Somewhat important	17	30.4	5	23.8	12	34.3
Very important	7	12.5	1	4.8	6	17.1
<b>Total</b>	56	100	21	100	35	100

E. The minimum loan size was too high for the borrower.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	38	67.9	17	81.0	21	60.0
Somewhat important	14	25.0	3	14.3	11	31.4
Very important	4	7.1	1	4.8	3	8.6
<b>Total</b>	56	100	21	100	35	100

F. The origination and transaction fees were too high for the borrower.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	37	67.3	16	76.2	21	61.8
Somewhat important	15	27.3	3	14.3	12	35.3
Very important	3	5.5	2	9.5	1	2.9
<b>Total</b>	55	100	21	100	34	100

G. The expectation to retain employees during the term of the MSLP loan was too restrictive for the borrower.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	28	50.0	11	52.4	17	48.6
Somewhat important	22	39.3	8	38.1	14	40.0
Very important	6	10.7	2	9.5	4	11.4
<b>Total</b>	56	100	21	100	35	100

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent

H. The required certifications and covenants were too restrictive for the borrower, such as those restricting debt repayments, compensation, or capital distributions.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	7	12.7	2	10.0	5	14.3
Somewhat important	20	36.4	6	30.0	14	40.0
Very important	28	50.9	12	60.0	16	45.7
<b>Total</b>	<b>55</b>	<b>100</b>	<b>20</b>	<b>100</b>	<b>35</b>	<b>100</b>

11. If your bank did not approve an MSLP loan or has not registered for the MSLP because *key MSLP loan terms were not attractive enough for your bank*, how important were the following considerations? (Please rate each possible consideration using the following scale: 1=not important, 2=somewhat important, 3=very important.)

A. The maximum loan size was too low for my bank.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	28	93.3	5	83.3	23	95.8
Somewhat important	2	6.7	1	16.7	1	4.2
Very important	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>30</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>24</b>	<b>100</b>

B. The origination and servicing fees were too low for my bank.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	24	80.0	6	100.0	18	75.0
Somewhat important	5	16.7	0	0.0	5	20.8
Very important	1	3.3	0	0.0	1	4.2
<b>Total</b>	<b>30</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>24</b>	<b>100</b>

C. The lender's retention share was too high for my bank.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	22	71.0	5	83.3	17	68.0
Somewhat important	6	19.4	1	16.7	5	20.0
Very important	3	9.7	0	0.0	3	12.0
<b>Total</b>	<b>31</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>25</b>	<b>100</b>

D. The loss-sharing with the MSLP in the event of a default was too uncertain.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	7	22.6	2	33.3	5	20.0
Somewhat important	12	38.7	3	50.0	9	36.0
Very important	12	38.7	1	16.7	11	44.0
<b>Total</b>	31	100	6	100	25	100

E. The required certifications and covenants were too restrictive for my bank.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	14	46.7	2	33.3	12	50.0
Somewhat important	11	36.7	4	66.7	7	29.2
Very important	5	16.7	0	0.0	5	20.8
<b>Total</b>	30	100	6	100	24	100

12. For borrowers to whom your bank approved a C&I loan intended for the MSLP, *how common were the following characteristics?* (Please rate each possible borrower characteristic using the following scale: 1=not common (e.g., less than 30 percent), 2=somewhat common (e.g., 30 percent to 70 percent), 3=very common (more than 70 percent).)

A. The borrower was a new client at my bank.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	14	66.7	9	81.8	5	50.0
Somewhat important	2	9.5	1	9.1	1	10.0
Very important	5	23.8	1	9.1	4	40.0
<b>Total</b>	21	100	11	100	10	100

B. The borrower suffered significant reductions in revenue or employment due to the COVID-19 crisis that go beyond seasonal or trend changes.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	2	9.5	0	0.0	2	20.0
Somewhat important	2	9.5	1	9.1	1	10.0
Very important	17	81.0	10	90.9	7	70.0
<b>Total</b>	21	100	11	100	10	100

C. The borrower intended to use the proceeds to cover payroll and other expenditures for a few months.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	4	19.0	1	9.1	3	30.0
Somewhat important	8	38.1	5	45.5	3	30.0
Very important	9	42.9	5	45.5	4	40.0
<b>Total</b>	21	100	11	100	10	100

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent

D. The borrower intended to use the proceeds to fund new capital expenditures.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	10	47.6	6	54.5	4	40.0
Somewhat important	10	47.6	4	36.4	6	60.0
Very important	1	4.8	1	9.1	0	0.0
<b>Total</b>	<b>21</b>	<b>100</b>	<b>11</b>	<b>100</b>	<b>10</b>	<b>100</b>

E. The borrower intended to use the proceeds to rollover maturing bank loans or other debt, or to offset a credit line cancellation.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	11	55.0	9	81.8	2	22.2
Somewhat important	6	30.0	1	9.1	5	55.6
Very important	3	15.0	1	9.1	2	22.2
<b>Total</b>	<b>20</b>	<b>100</b>	<b>11</b>	<b>100</b>	<b>9</b>	<b>100</b>

F. The borrower had access to alternative sources of funds other than bilateral loans, such as equity, corporate bonds, commercial paper, or syndicated loans.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	16	76.2	9	81.8	7	70.0
Somewhat important	3	14.3	0	0.0	3	30.0
Very important	2	9.5	2	18.2	0	0.0
<b>Total</b>	<b>21</b>	<b>100</b>	<b>11</b>	<b>100</b>	<b>10</b>	<b>100</b>

G. The borrower had access to other bank credit products such as commercial real estate loans, home equity loans, or credit cards.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	12	57.1	7	63.6	5	50.0
Somewhat important	6	28.6	1	9.1	5	50.0
Very important	3	14.3	3	27.3	0	0.0
<b>Total</b>	<b>21</b>	<b>100</b>	<b>11</b>	<b>100</b>	<b>10</b>	<b>100</b>

H. The borrower could also qualify for PPP loans.

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Not important	10	47.6	4	36.4	6	60.0
Somewhat important	8	38.1	6	54.5	2	20.0

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Very important	3	14.3	1	9.1	2	20.0
<b>Total</b>	21	100	11	100	10	100

Finally, **Questions 13-14** ask about your bank's outlook regarding future inquiries by eligible borrowers and your bank's future participation in the MSLP.

13. Looking forward over the next three months and assuming that economic activity progresses in line with consensus forecasts, how do you expect the number of C&I loan inquiries from borrowers of an eligible size for the MSLP to change at your bank compared to their current level, apart from seasonal variation? I expect the number of inquiries to:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase substantially.	1	1.3	0	0.0	1	2.0
Increase somewhat.	25	31.6	8	26.7	17	34.7
Stay about the same	47	59.5	19	63.3	28	57.1
Decrease somewhat	5	6.3	2	6.7	3	6.1
Decrease substantially	1	1.3	1	3.3	0	0.0
<b>Total</b>	79	100	30	100	49	100

For this question, 7 respondents answered "My bank does not expect to receive any inquiries from borrowers of an eligible size for the MSLP."

14. Looking forward over the next three months and assuming that economic activity progresses in line with consensus forecasts, how do you expect your bank's willingness to extend MSLP loans to borrowers of an eligible size change compared to its current level? I expect my bank's willingness to:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Increase significantly.	0	0.0	0	0.0	0	0.0
Increase somewhat.	9	13.4	2	7.4	7	17.5
Stay about the same.	56	83.6	25	92.6	31	77.5
Decrease somewhat	0	0.0	0	0.0	0	0.0
Decrease significantly	2	3.0	0	0.0	2	5.0
<b>Total</b>	67	100	27	100	40	100

For this question, 19 respondents answered "My bank does not expect to participate in the MSLP."

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 \$50 billion or more as of March 31, 2020. The combined assets of the 29 large banks totaled \$5.2 trillion, compared to \$12.6 trillion for the entire panel of 86 banks, and \$17.1 trillion for all domestically chartered, federally insured commercial banks. [Return to text](#)

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