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OF THE
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DIVISION OF MONETARY AFFAIRS

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TO: HEADS OF RESEARCH AT ALL FEDERAL RESERVE BANKS

Enclosed for distribution to respondents is a national summary of the October 2007 Senior Loan Officer Opinion Survey on Bank Lending Practices.

Enclosures

This document is available on the Federal Reserve Board's web site (http://www.federalreserve.gov/boarddocs/surveys).

Board of Governors of the Federal Reserve System

The October 2007 Senior Loan Officer Opinion Survey on Bank Lending Practices

The October 2007 Senior Loan Officer Opinion Survey on Bank Lending Practices addressed changes in the supply of, and demand for, bank loans to businesses and households over the past three months.[1] Special questions in the survey queried banks about changes in their lending policies for backup lines of credit for commercial paper programs and prime nonconforming residential mortgage loans. As in the past two surveys, banks were asked separately about changes in credit standards and demand for prime, nontraditional, and subprime residential mortgages. This article is based on responses from fifty-two domestic banks and twenty foreign banking institutions.

In the October survey, domestic and foreign institutions reported having tightened their lending standards and terms on commercial and industrial (C&I) loans over the previous three months. Both domestic and foreign institutions also reported a tightening of lending standards on commercial real estate loans. On net, domestic banks indicated that demand for C&I loans had weakened over the survey period, whereas foreign institutions reported that demand for these loans was little changed. Both domestic and foreign institutions noted weaker demand for commercial real estate loans over the past three months. In the household sector, domestic banks reported, on net, tighter lending standards and terms on consumer loans other than credit card loans, as well as tighter lending standards on prime, nontraditional, and subprime residential mortgages over the survey period. Lending standards on credit card loans were, by contrast, little changed. Demand for residential mortgages and consumer loans of all types had reportedly weakened, on net, over the past three months.

C&I Lending

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

In the October survey, about one-fifth of domestic institutions, on balance, reported that they had tightened their lending standards on C&I loans to large and middle-market firms over the past three months relative to the previous three months. While the net fraction of domestic respondents reporting tighter lending standards over the survey period was only somewhat higher than in the July survey, the fraction of domestic institutions that increased spreads of loan rates over their cost of funds increased sharply in the October survey, to about one-third. Domestic respondents also reported having tightened several other price-related terms on C&I loans to large and middle-market firms over the survey period: Significant net fractions of banks indicated that they had increased the cost of credit lines and premiums charged on loans to riskier borrowers. Regarding non-price-related terms, about one-fifth of domestic banks, on net, reported more stringent covenants on loans to large and middle-market firms.

Smaller net fractions of domestic banks reported that they had tightened their C&I lending

[1] Banks received the survey in early October, and their responses were due October 18.

policies for small firms over the past three months. On net, about one-tenth of respondents—a fraction similar to that in the July survey—reported tightening their lending standards on C&I loans to small firms, and about one-fifth of domestic institutions reported charging higher loan rate spreads on such loans.

Compared with domestic banks, larger net fractions of U.S. branches and agencies of foreign banks tightened their lending standards and terms on C&I loans over the past three months. About one-third of foreign respondents—up from one-eighth in the July survey—indicated that they had tightened their lending standards on C&I loans. About three-fourths of respondents widened spreads of loan rates over their cost of funds, and a similar net fraction indicated that they had increased the cost of credit lines and raised premiums charged on loans to riskier business borrowers.

Almost all domestic banks and U.S. branches and agencies of foreign banks that reported having tightened their lending standards and terms on C&I loans pointed to a less favorable or more uncertain economic outlook as a reason for having done so. Large majorities of both domestic and foreign respondents also cited decreased liquidity in the secondary market and reduced tolerance for risk as reasons for a move toward more-stringent lending policies. By contrast, relatively few respondents indicated that concerns about their banks' capital or liquidity positions had contributed to the tightening of lending standards and terms.

The net fractions of domestic respondents that reported a weakening of demand for C&I loans from large and middle-market firms as well as small firms over the past three months were a bit smaller than in the July survey. About one-sixth of domestic respondents noted weaker C&I loan demand from large and middle-market firms, and less than one-tenth of banks indicated weaker demand from small firms. The demand for C&I loans at foreign institutions was reportedly about unchanged, on net, over the past three months. Regarding future business, about 15 percent of domestic respondents and 10 percent of foreign respondents reported that the number of inquiries from potential business borrowers had decreased relative to the previous three months.

Special Questions on Commercial Paper Backup Lines of Credit
(Table 1, question 7; Table 2, question 7)

According to the October survey, both domestic and to an even greater extent foreign institutions tightened, on net, their lending standards and terms for providing backup lines of credit for commercial paper programs over the past three months.[2] About half of the domestic and three-fourths of the foreign respondents reported a tightening of lending standards and terms on backup credit lines for single-seller, multi-seller, and other types of asset-backed commercial paper programs. Furthermore, about 25 percent of domestic and

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[2] The number of domestic respondents to this set of special questions varied from nineteen to twenty-eight, depending on the question. According to Call Reports, these institutions accounted for between 40 percent and 50 percent of C&I loans on the books of all domestic commercial banks as of June 30, 2007. The number of foreign respondents varied from fourteen to seventeen; these institutions accounted for between 40 percent and 55 percent of C&I loans on the books of all U.S. branches and agencies of foreign banks as of June 30, 2007.

60 percent of foreign respondents reported that they had tightened lending standards and terms on credit lines for unsecured A2/P2-rated commercial paper programs; less than 10 percent of domestic and about 40 percent of foreign respondents indicated that they had instituted more-stringent lending policies on credit lines for A1/P1-rated commercial paper programs.

Commercial Real Estate Lending
(Table 1, questions 8–9; Table 2, questions 8–9)

The net fraction of domestic banks that reported having tightened their lending standards for commercial real estate loans over the past three months increased notably, to 50 percent, relative to the July survey. The net fraction of foreign institutions that reported tightening their lending standards on such loans was, at about 40 percent, little changed compared with the July survey. Regarding demand, approximately 35 percent of domestic and foreign institutions—up from about 25 percent in the July survey—reported that demand for commercial real estate loans had weakened over the survey period.

Residential Real Estate Lending
(Table 1, questions 10–11)

In the October survey, significant numbers of domestic respondents reported that they had tightened their lending standards on prime, nontraditional, and subprime residential mortgages over the past three months; the remaining respondents indicated that their lending standards had remained basically unchanged. About 40 percent of respondents indicated that they had tightened their lending standards on prime mortgages, compared with only about 15 percent that reported having done so in the July survey.[3] Of the forty banks that originated nontraditional residential loans, 60 percent—up from around 40 percent in the July survey—reported a tightening of their lending standards on such loans over the past three months.[4] Finally, five of the nine banks that originated subprime mortgage loans noted that they had tightened their lending standards on such loans—a proportion about as large as in the July survey.[5]

About half of the domestic respondents, on net, indicated that demand for prime, nontraditional, and subprime residential mortgages had weakened over the past three months. The net fractions reporting weaker demand for prime and nontraditional mortgage loans increased notably compared with the July survey, whereas the net fraction reporting weaker demand for subprime loans was only slightly larger than in July.

[3] Forty-nine institutions reported that they had originated prime residential mortgages. According to Call Reports, these forty-nine banks accounted for about 75 percent of residential real estate loans on the books of all commercial banks as of June 30, 2007.
[4] According to Call Reports, these forty institutions accounted for about 70 percent of residential real estate loans on the books of all commercial banks as of June 30, 2007.
[5] According to Call Reports, these nine institutions accounted for about 45 percent of residential real estate loans on the books of all commercial banks as of June 30, 2007.

Special Questions on Prime Jumbo Mortgage Lending
(Table 1, questions 12–14)

On net, about 45 percent of domestic respondents indicated that the volume of their banks' originations for prime residential mortgage loans that were above the conforming loan limit set by the Office of Federal Housing Enterprise Oversight (prime jumbo mortgages) had declined over the survey period.[6] About 35 percent of respondents reported that the share of new prime jumbo mortgage originations that was securitized over the survey period had declined relative to the previous three months; the remaining respondents indicated that there had been no substantial change in the share of such securitizations. Domestic banks tightened several lending terms on prime jumbo loans over the past three months. In particular, significant fractions of respondents reported that they had increased loan fees and spreads of mortgage loan rates over their cost of funds and that they had required more stringent income and asset documentation as well as higher minimum downpayments.

Consumer Lending
(Table 1, questions 15–20)

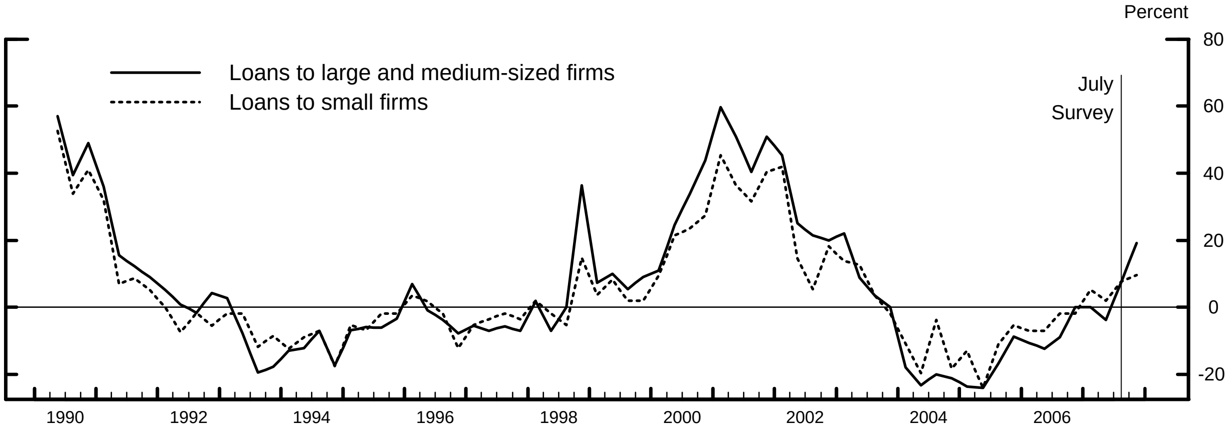
About one-fourth of domestic banks—up from about 10 percent in the July survey—reported that they had tightened their lending standards on consumer loans other than credit card loans over the past three months. Also, moderate net fractions of banks indicated that they had tightened lending terms and conditions on such loans; in particular, they reduced the extent to which such loans were granted to customers who did not meet credit scoring thresholds, and increased minimum credit scores and spreads of loan rates over their cost of funds. A few banks indicated a diminished willingness to make consumer installment loans relative to three months earlier. Lending standards and terms on credit card loans were little changed, on balance, over the past three months, although one-tenth of respondents, on net, reported that they had widened spreads of loan rates over their cost of funds on such loans. About one-fourth of domestic institutions indicated that they had experienced weaker demand for consumer loans of all types, a slightly larger net percentage than in the July survey.

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

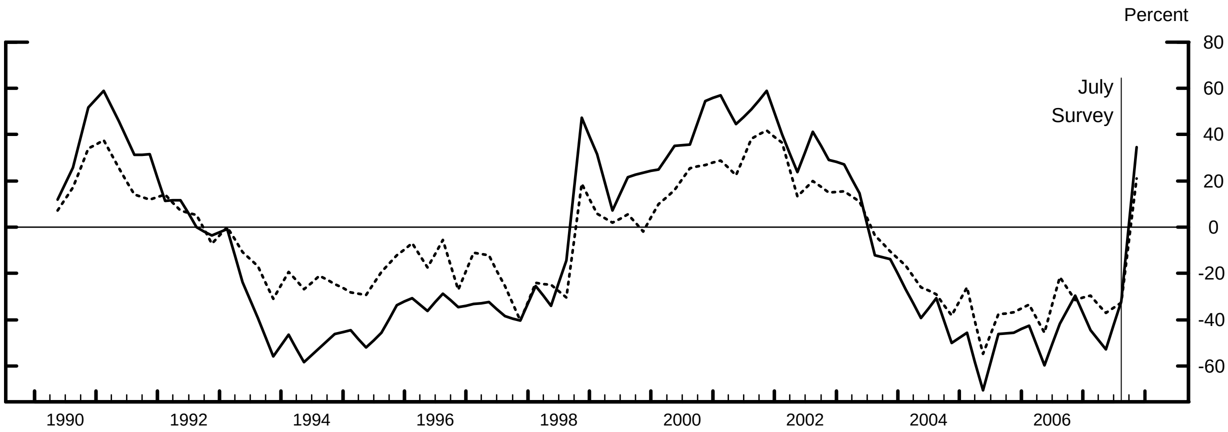
[6] The number of domestic respondents to this set of special questions varied from thirty to forty-seven depending on the question. According to Call Reports, these institutions accounted for between 60 percent and 70 percent of residential real estate loans on the books of all commercial banks as of June 30, 2007.

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

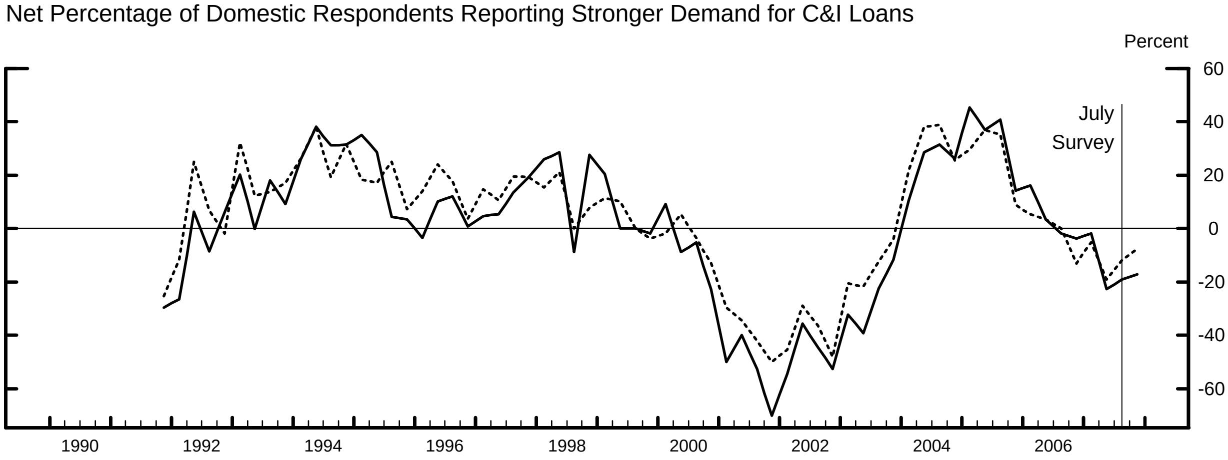
Net Percentage of Domestic Respondents Tightening Standards for C&I Loans



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

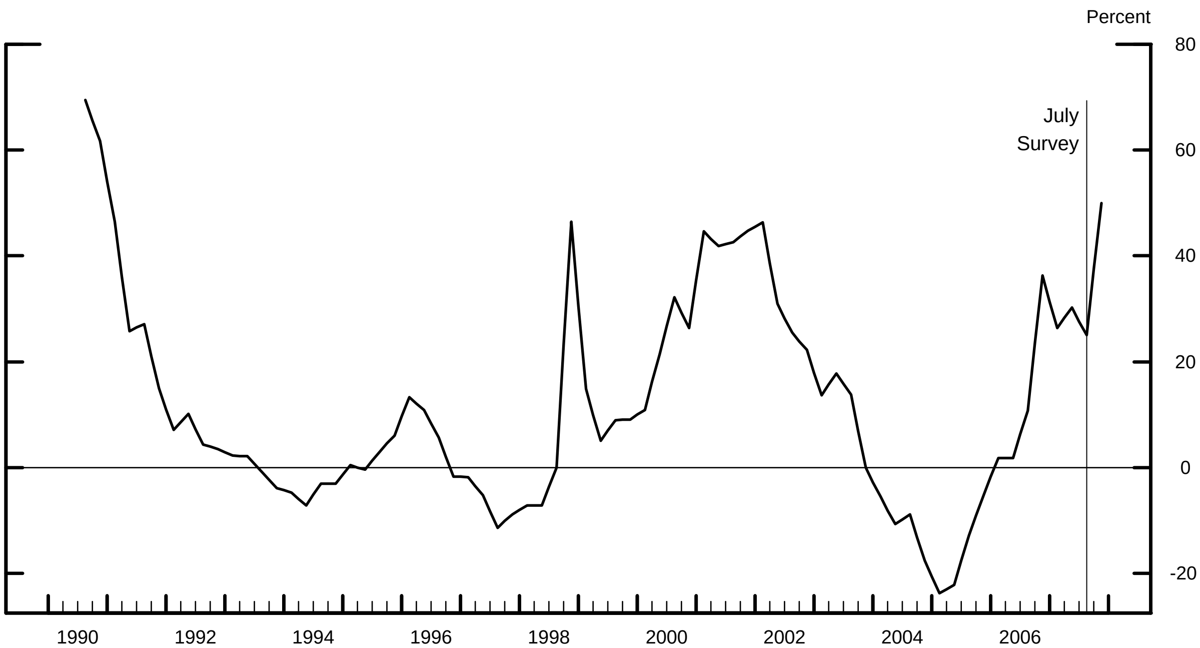


Net Percentage of Domestic Respondents Reporting Stronger Demand for C&I Loans

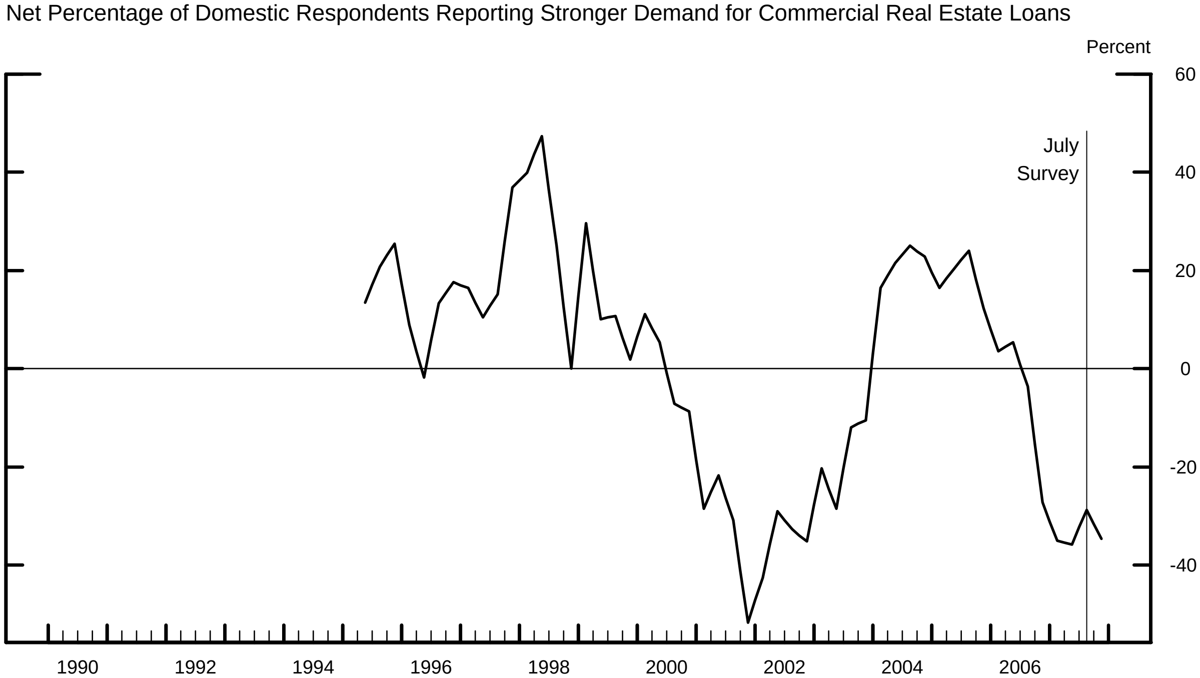


Measures of Supply and Demand for Commercial Real Estate Loans

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

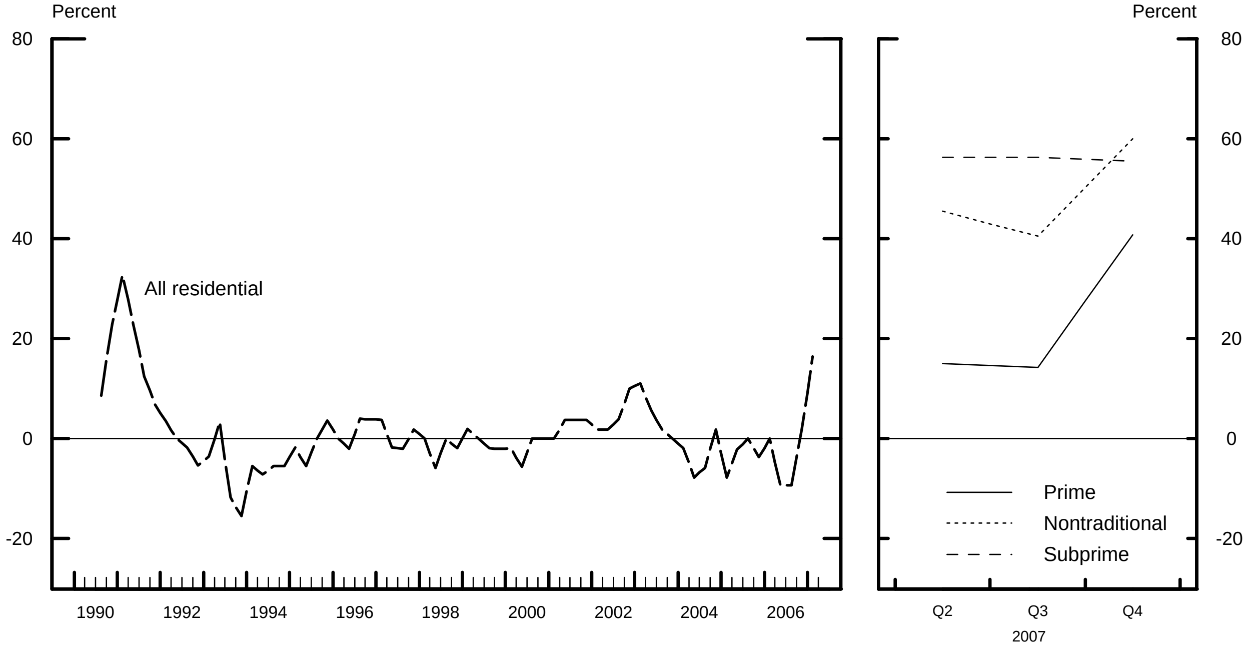


Net Percentage of Domestic Respondents Reporting Stronger Demand for Commercial Real Estate Loans



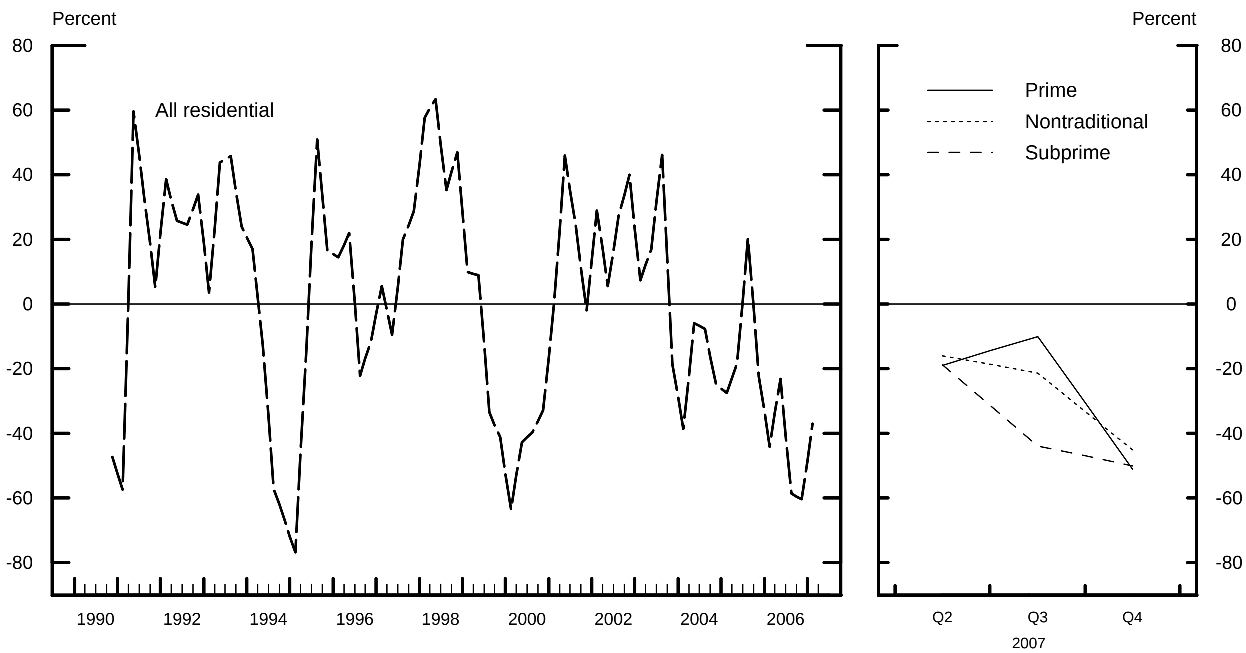
Measures of Supply and Demand for Residential Mortgage Loans

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.

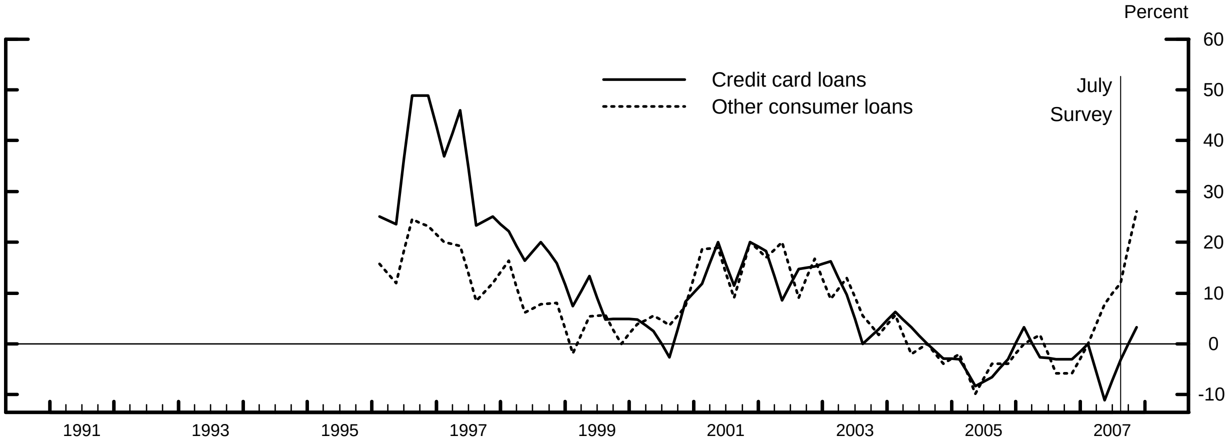
Net Percentage of Domestic Respondents Reporting Stronger Demand for Residential Mortgage Loans



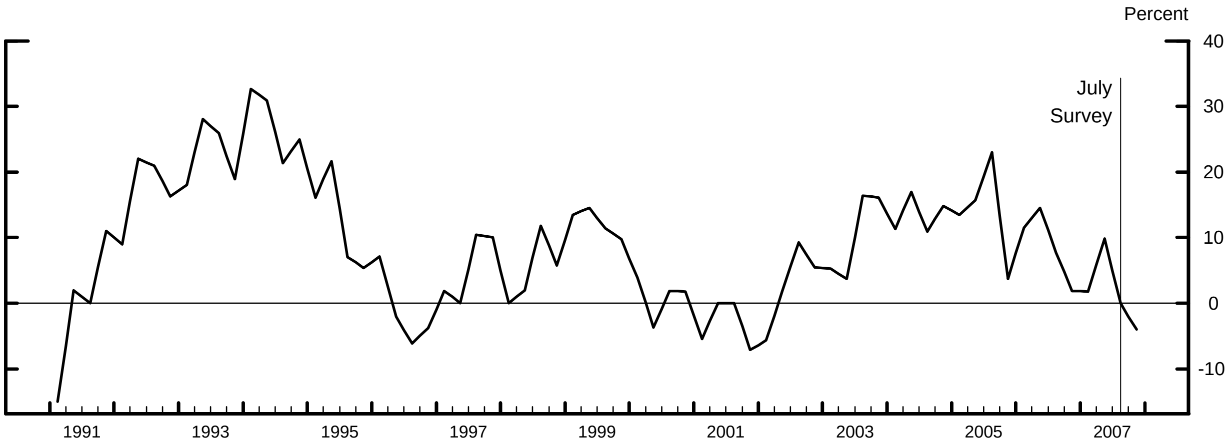
Note. For data starting in 2007:Q2, changes in demand for prime, nontraditional, and subprime mortgage loans are reported separately.

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

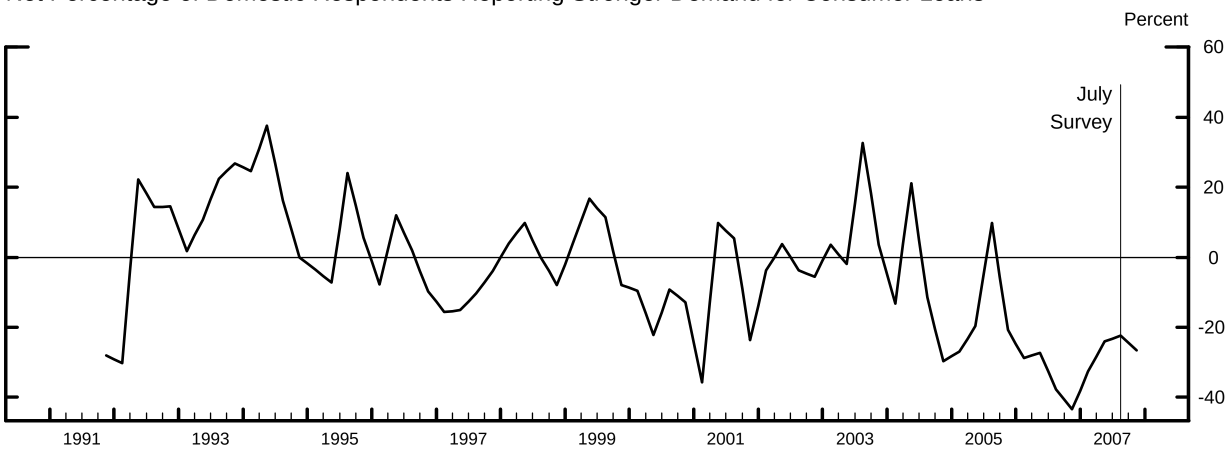


Table 1

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

(Status of policy as of October 2007)

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

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

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.0	0	0.0
Tightened somewhat	9	17.3	6	18.2	3	15.8
Remained basically unchanged	42	80.8	26	78.8	16	84.2
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	33	100.0	19	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	1	1.9	1	3.0	0	0.0
Tightened somewhat	4	7.7	3	9.1	1	5.3
Remained basically unchanged	47	90.4	29	87.9	18	94.7
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	33	100.0	19	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? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

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

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Maximum size of credit lines	2.88	2.91	2.84
Maximum maturity of loans or credit lines	2.90	2.88	2.95
Costs of credit lines	2.71	2.64	2.84
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.63	2.48	2.89
Premiums charged on riskier loans	2.50	2.42	2.63
Loan covenants	2.77	2.73	2.84
Collateralization requirements	2.88	2.85	2.95
Other (please specify)	3.00	3.00	0.00
Number of banks responding	52	33	19

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Maximum size of credit lines	2.98	2.97	3.00
Maximum maturity of loans or credit lines	2.94	2.94	2.95
Costs of credit lines	2.79	2.70	2.95
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.77	2.64	3.00
Premiums charged on riskier loans	2.63	2.64	2.63
Loan covenants	2.90	2.91	2.89
Collateralization requirements	2.90	2.91	2.89
Other (please specify)	3.00	3.00	3.00
Number of banks responding	52	33	19

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate and rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Deterioration in your bank's current or expected capital position	1.22	1.25	1.14
Less favorable or more uncertain economic outlook	2.07	2.00	2.29
Worsening of industry-specific problems (please specify industries)	1.70	1.65	1.86
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.59	1.70	1.29
Reduced tolerance for risk	1.78	1.70	2.00
Decreased liquidity in the secondary market for these loans	1.85	2.00	1.43
Increase in defaults by borrowers in public debt markets	1.22	1.25	1.14
Increased concern about your bank's current or expected liquidity position	1.23	1.32	1.00
Other (please specify)	1.67	1.67	0.00
Number of banks responding	27	20	7

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Improvement in your bank's current or expected capital position	1.75	1.75	-
More favorable or less uncertain economic outlook	1.75	1.75	-
Improvement in industry-specific problems (please specify industries)	2.00	2.00	-
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	2.50	2.50	-
Increased tolerance for risk	1.75	1.75	-
Increased liquidity in the secondary market for these loans	1.50	1.50	-
Reduction in defaults by borrowers in public debt markets	1.50	1.50	-
Reduced concern about your bank's current or expected liquidity position	1.67	1.67	-
Other (please specify)	2.00	2.00	-
Number of banks responding	4	4	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	5	9.6	3	9.1	2	10.5
About the same	33	63.5	21	63.6	12	63.2
Moderately weaker	13	25.0	8	24.2	5	26.3
Substantially weaker	1	1.9	1	3.0	0	0.0
Total	52	100.0	33	100.0	19	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	3	5.8	2	6.1	1	5.3
About the same	42	80.8	27	81.8	15	78.9
Moderately weaker	7	13.5	4	12.1	3	15.8
Substantially weaker	0	0.0	0	0.0	0	0.0
Total	52	100.0	33	100.0	19	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? (Please respond to either A, B, or both as appropriate and rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Customer inventory financing needs increased	1.56	1.29	2.50
Customer accounts receivable financing needs increased	1.33	1.29	1.50
Customer investment in plant or equipment increased	1.11	1.00	1.50
Customer internally generated funds decreased	1.33	1.14	2.00
Customer merger or acquisition financing needs increased	1.56	1.57	1.50
Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive	1.78	1.86	1.50
Other (please specify)	0.00	0.00	0.00
Number of banks responding	9	7	2

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

	All Respondents	Large Banks	Other Banks
	Mean	**Mean**	**Mean**
Customer inventory financing needs decreased	1.50	1.33	2.00
Customer accounts receivable financing needs decreased	1.50	1.33	2.00
Customer investment in plant or equipment decreased	1.75	1.56	2.33
Customer internally generated funds increased	1.17	1.11	1.33
Customer merger or acquisition financing needs decreased	1.75	1.78	1.67
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.42	1.33	1.67
Other (please specify)	3.00	3.00	0.00
Number of banks responding	12	9	3

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
The number of inquiries has increased substantially	0	0.0	0	0.0	0	0.0
The number of inquiries has increased moderately	7	13.5	6	18.2	1	5.3
The number of inquiries has stayed about the same	29	55.8	16	48.5	13	68.4
The number of inquiries has decreased moderately	15	28.8	10	30.3	5	26.3
The number of inquiries has decreased substantially	1	1.9	1	3.0	0	0.0
Total	52	100.0	33	100.0	19	100.0

***Question 7** asks about changes over the past three months in your bank's lending policies for **commercial paper backup lines of credit** (liquidity facilities).*

7. Over the past *three months* , how has your bank changed its standards and terms for providing backup lines of credit for the following types of *commercial paper programs*?

a. Asset-backed single-seller programs:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	10.0	2	11.8	0	0.0
Tightened somewhat	8	40.0	8	47.1	0	0.0
Remained basically unchanged	10	50.0	7	41.2	3	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	20	100.0	17	100.0	3	100.0

For this question, 23 respondents answered “My bank does not provide lines to such programs.”

b. Asset-backed multi-seller programs:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	3	15.8	3	18.8	0	0.0
Tightened somewhat	6	31.6	6	37.5	0	0.0
Remained basically unchanged	10	52.6	7	43.8	3	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	19	100.0	16	100.0	3	100.0

For this question, 24 respondents answered “My bank does not provide lines to such programs.”

c. Other asset-backed commercial paper programs:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	3	15.8	3	18.8	0	0.0
Tightened somewhat	5	26.3	5	31.3	0	0.0
Remained basically unchanged	11	57.9	8	50.0	3	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	19	100.0	16	100.0	3	100.0

For this question, 24 respondents answered “My bank does not provide lines to such programs.”

d. Unsecured programs of firms with an A1/P1 commercial paper rating:

	All Respondents		Large Banks		Other Banks	
	Banks	Percent	Banks	Percent	Banks	Percent
Tightened considerably	2	7.1	2	9.5	0	0.0
Tightened somewhat	0	0.0	0	0.0	0	0.0
Remained basically unchanged	26	92.9	19	90.5	7	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	28	100.0	21	100.0	7	100.0

For this question, 14 respondents answered “My bank does not provide lines to such programs.”

e. Unsecured programs of firms with an A2/P2 commercial paper rating:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	8.3	2	11.1	0	0.0
Tightened somewhat	4	16.7	3	16.7	1	16.7
Remained basically unchanged	18	75.0	13	72.2	5	83.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	24	100.0	18	100.0	6	100.0

For this question, 17 respondents answered “My bank does not provide lines to such programs.”

Questions 8-9 *ask about* **commercial real estate loans** *at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 8 deals with changes in your bank's standards over the last three months. Question 9 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.*

8. 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	5	9.6	4	12.1	1	5.3
Tightened somewhat	22	42.3	14	42.4	8	42.1
Remained basically unchanged	24	46.2	14	42.4	10	52.6
Eased somewhat	1	1.9	1	3.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	52	100.0	33	100.0	19	100.0

9. 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	0	0.0	0	0.0	0	0.0
Moderately stronger	7	13.5	5	15.2	2	10.5
About the same	20	38.5	13	39.4	7	36.8
Moderately weaker	22	42.3	12	36.4	10	52.6
Substantially weaker	3	5.8	3	9.1	0	0.0
Total	52	100.0	33	100.0	19	100.0

Questions 10-11 *ask about three categories of* **residential mortgage loans** *at your bank--prime residential mortgages, nontraditional residential mortgages, and subprime residential mortgages. Question 10 deals with changes in your bank's credit standards for loans in each of these categories over the past three months. Question 11 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.*

10. 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	4.1	1	3.2	1	5.6
Tightened somewhat	18	36.7	15	48.4	3	16.7
Remained basically unchanged	29	59.2	15	48.4	14	77.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	49	100.0	31	100.0	18	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	9	22.5	6	22.2	3	23.1
Tightened somewhat	15	37.5	11	40.7	4	30.8
Remained basically unchanged	16	40.0	10	37.0	6	46.2
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	40	100.0	27	100.0	13	100.0

For this question, 9 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	22.2	2	28.6	0	0.0
Tightened somewhat	3	33.3	2	28.6	1	50.0
Remained basically unchanged	4	44.4	3	42.9	1	50.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	9	100.0	7	100.0	2	100.0

For this question, 40 respondents answered "My bank does not originate subprime residential mortgages."

11. 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	2	6.5	0	0.0
Moderately stronger	2	4.1	1	3.2	1	5.6
About the same	16	32.7	9	29.0	7	38.9
Moderately weaker	24	49.0	15	48.4	9	50.0
Substantially weaker	5	10.2	4	12.9	1	5.6
Total	49	100.0	31	100.0	18	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	1	2.5	1	3.7	0	0.0
Moderately stronger	3	7.5	1	3.7	2	15.4
About the same	14	35.0	10	37.0	4	30.8
Moderately weaker	14	35.0	9	33.3	5	38.5
Substantially weaker	8	20.0	6	22.2	2	15.4
Total	40	100.0	27	100.0	13	100.0

For this question, 8 respondents answered “My bank does not originate nontraditional residential mortgages.”

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	0	0.0	0	0.0	0	0.0
About the same	4	50.0	2	33.3	2	100.0
Moderately weaker	3	37.5	3	50.0	0	0.0
Substantially weaker	1	12.5	1	16.7	0	0.0
Total	8	100.0	6	100.0	2	100.0

For this question, 40 respondents answered “My bank does not originate subprime residential mortgages.”

Questions 12-14 *ask about recent changes in your bank's experience with prime residential mortgage loans that are above the conforming loan limit and are used to purchase homes* ***(prime jumbo mortgages)*** *. In answering these quesitons please exclude loans originated through third parties such as brokers or correspondent lenders. Question 12 asks about the volume of your bank's originations of prime jumbo mortgages over the past three months. Question 13 asks about the share of new prime jumbo mortgages that your bank securitized over the past three months. Question 14 asks about changes over the past three months in loan terms for prime jumbo mortgages.*

12. For prime residential mortgage loans that are above the conforming loan limit and are used to purchase homes *(prime jumbo mortgages)* , how did the volume of originations over the past three months at your bank compare with the volume of originations during the previous three-month period?

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially higher	0	0.0	0	0.0	0	0.0
Moderately higher	5	10.6	2	6.7	3	17.6
About the same	16	34.0	8	26.7	8	47.1
Moderately lower	20	42.6	16	53.3	4	23.5
Substantially lower	6	12.8	4	13.3	2	11.8
My bank has temporarily stopped providing such mortgage products	0	0.0	0	0.0	0	0.0
My bank has never provided such mortgage products	0	0.0	0	0.0	0	0.0
Total	47	100.0	30	100.0	17	100.0

13. How did the share of new prime jumbo mortgage originations that was *securitized by your bank* over the past three months compare with the share of such loans that were securitized by your bank during the previous three-month period? The share of new prime jumbo mortgage originations that was securitized by my bank over the past three months was:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially higher than the share securitized over the previous three-month period	0	0.0	0	0.0	0	0.0
Moderately higher than the share securitized over the previous three-month period	0	0.0	0	0.0	0	0.0
About the same as the share securitized over the previous three-month period	19	63.3	13	65.0	6	60.0
Moderately lower than the share securitized over the previous three-month period	7	23.3	5	25.0	2	20.0
Substantially lower than the share securitized over the previous three-month period	4	13.3	2	10.0	2	20.0
Total	30	100.0	20	100.0	10	100.0

14. How have the following terms on prime jumbo mortgages changed at your bank over the *past three months*?

a. Maximum size of mortgage:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	7	15.6	4	13.8	3	18.8
Remained basically unchanged	38	84.4	25	86.2	13	81.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	45	100.0	29	100.0	16	100.0

b. Loan fees and spreads of mortgage rates over your bank's cost of funds (higher fees and spreads=tightened, lower fees and spreads=eased):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	5	11.1	4	13.8	1	6.3
Tightened somewhat	17	37.8	10	34.5	7	43.8
Remained basically unchanged	22	48.9	15	51.7	7	43.8
Eased somewhat	1	2.2	0	0.0	1	6.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	45	100.0	29	100.0	16	100.0

c. Minimum downpayment (higher=tightened, lower=eased):

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	16	35.6	11	37.9	5	31.3
Remained basically unchanged	29	64.4	18	62.1	11	68.8
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	45	100.0	29	100.0	16	100.0

d. Minimum required credit score (increased=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	13	28.9	9	31.0	4	25.0
Remained basically unchanged	32	71.1	20	69.0	12	75.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	45	100.0	29	100.0	16	100.0

e. Income and asset documentation requirements:

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	6	13.3	6	20.7	0	0.0
Tightened somewhat	17	37.8	10	34.5	7	43.8
Remained basically unchanged	22	48.9	13	44.8	9	56.3
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	45	100.0	29	100.0	16	100.0

Questions 15-20 *ask about* ***consumer lending*** *at your bank. Question 15 deals with changes in your bank's willingness to make consumer loans over the past three months. Questions 16-19 deal with changes in credit standards and loan terms over the same period. Question 20 deals with changes in demand for consumer loans over the past three months. If your bank's lending policies have not changed over the past three months, please report them as unchanged even if the policies are either restrictive or accommodative relative to longer-term norms. If your bank's policies have tightened or eased over the past three months, please so report them regardless of how they stand relative to longer-term norms. Also, please report changes in enforcement of existing policies as changes in policies.*

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

	All Respondents		**Large Banks**		**Other Banks**	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Much more willing	1	2.0	0	0.0	1	5.3
Somewhat more willing	0	0.0	0	0.0	0	0.0
About unchanged	45	90.0	29	93.5	16	84.2
Somewhat less willing	4	8.0	2	6.5	2	10.5
Much less willing	0	0.0	0	0.0	0	0.0
Total	50	100.0	31	100.0	19	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	0	0.0	0	0.0	0	0.0
Tightened somewhat	1	3.2	1	5.6	0	0.0
Remained basically unchanged	30	96.8	17	94.4	13	100.0
Eased somewhat	0	0.0	0	0.0	0	0.0
Eased considerably	0	0.0	0	0.0	0	0.0
Total	31	100.0	18	100.0	13	100.0

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

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Tightened considerably	2	4.0	1	3.2	1	5.3
Tightened somewhat	12	24.0	8	25.8	4	21.1
Remained basically unchanged	35	70.0	22	71.0	13	68.4
Eased somewhat	1	2.0	0	0.0	1	5.3
Eased considerably	0	0.0	0	0.0	0	0.0
Total	50	100.0	31	100.0	19	100.0

18. Over the past three months, how has your bank changed the following terms and conditions on new or existing credit card accounts for individuals or households? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Credit limits	2.97	2.89	3.08
Spreads of interest rates charged on outstanding balances over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.90	2.89	2.92
Minimum percent of outstanding balances required to be repaid each month	2.97	3.00	2.92
Minimum required credit score (increased score=tightened, reduced score=eased)	2.97	2.94	3.00
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	3.00	3.00	3.00
Other (please specify)	0.00	0.00	0.00
Number of banks responding	30	18	12

19. Over the past three months, how has your bank changed the following terms and conditions on consumer loans other than credit card loans? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents	**Large Banks**	**Other Banks**
	Mean	**Mean**	**Mean**
Maximum maturity	3.04	3.00	3.11
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.80	2.81	2.79
Minimum required downpayment	2.86	2.77	3.00
Minimum required credit score (increased score=tightened, reduced score=eased)	2.80	2.77	2.84
The extent to which loans are granted to some customers that do not meet credit scoring thresholds (increased=eased, decreased=tightened)	2.76	2.74	2.79
Other (please specify)	3.00	2.67	4.00
Number of banks responding	50	31	19

20. Apart from normal seasonal variation, how has demand for consumer loans of all types changed over the past three months?

	All Respondents		Large Banks		Other Banks	
	Banks	**Percent**	**Banks**	**Percent**	**Banks**	**Percent**
Substantially stronger	0	0.0	0	0.0	0	0.0
Moderately stronger	1	2.0	1	3.3	0	0.0
About the same	34	69.4	19	63.3	15	78.9
Moderately weaker	13	26.5	10	33.3	3	15.8
Substantially weaker	1	2.0	0	0.0	1	5.3
Total	49	100.0	30	100.0	19	100.0

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1. The sample is selected from among the largest banks in each Federal Reserve District. In the table, large banks are defined as those with total domestic assets of $20 billion or more as of June 30, 2007. The combined assets of the 33 large banks totaled $5.33 trillion, compared to $5.54 trillion for the entire panel of 52 banks, and $8.87 trillion for all domestically chartered, federally insured commercial banks.

Table 2

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

(Status of policy as of October 2007)

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	10.0
Tightened somewhat	5	25.0
Remained basically unchanged	13	65.0
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	20	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? (Please assign *each* term a number between 1 and 5 using the following scale: 1=tightened considerably, 2=tightened somewhat, 3=remained basically unchanged, 4=eased somewhat, 5=eased considerably.)

	All Respondents
	Mean
Maximum size of credit lines	2.70
Maximum maturity of loans or credit lines	3.05
Costs of credit lines	2.25
Spreads of loan rates over your bank's cost of funds (wider spreads=tightened, narrower spreads=eased)	2.15
Premiums charged on riskier loans	2.15
Loan covenants	2.40
Collateralization requirements	2.79
Other (please specify)	2.00
Number of banks responding	20

3. If your bank has tightened or eased its credit standards or its terms for C&I loans or credit lines over the past three months (as described in questions 1 and 2), how important have been the following possible reasons for the change? (Please respond to either A, B, or both as appropriate and rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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

	All Respondents
	Mean
Deterioration in your bank's current or expected capital position	1.44
Less favorable or more uncertain economic outlook	2.25
Worsening of industry-specific problems (please specify industries)	1.63
Less aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.75
Reduced tolerance for risk	1.63
Decreased liquidity in the secondary market for these loans	2.31
Increase in defaults by borrowers in public debt markets	1.47
Increased concern about your bank's current or expected liquidity position	1.47
Other (please specify)	1.00
Number of banks responding	16

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

	All Respondents
	Mean
Improvement in your bank's current or expected capital position	1.00
More favorable or less uncertain economic outlook	1.00
Improvement in industry-specific problems (please specify industries)	1.00
More aggressive competition from other banks or nonbank lenders (other financial intermediaries or the capital markets)	1.50
Increased tolerance for risk	1.00
Increased liquidity in the secondary market for these loans	1.00
Reduction in defaults by borrowers in public debt markets	1.00
Reduced concern about your bank's current or expected liquidity position	1.00
Other (please specify)	0.00
Number of banks responding	2

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	3	15.0
About the same	13	65.0
Moderately weaker	4	20.0
Substantially weaker	0	0.0
Total	20	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? (Please rate *each* possible reason using the following scale: 1=not important, 2=somewhat important, 3=very important.)

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

	All Respondents
	Mean
Customer inventory financing needs increased	1.00
Customer accounts receivable financing needs increased	1.33
Customer investment in plant or equipment increased	1.00
Customer internally generated funds decreased	1.33
Customer merger or acquisition financing needs increased	1.33
Customer borrowing shifted to your bank from other bank or nonbank sources because these other sources became less attractive	2.67
Other (please specify)	0.00
Number of banks responding	3

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

	All Respondents
	Mean
Customer inventory financing needs decreased	1.00
Customer accounts receivable financing needs decreased	1.00
Customer investment in plant or equipment decreased	1.25
Customer internally generated funds increased	1.00
Customer merger or acquisition financing needs decreased	1.75
Customer borrowing shifted from your bank to other bank or nonbank credit sources because these other sources became more attractive	1.25
Other (please specify)	3.00
Number of banks responding	4

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

	All Respondents	
	Banks	**Percent**
The number of inquiries has increased substantially	0	0.0
The number of inquiries has increased moderately	1	5.0
The number of inquiries has stayed about the same	16	80.0
The number of inquiries has decreased moderately	3	15.0
The number of inquiries has decreased substantially	0	0.0
Total	20	100.0

***Question 7** asks about changes over the past three months in your bank's lending policies for **commercial paper backup lines of credit** (liquidity facilities).*

7. Over the past *three months* , how has your bank changed its standards and terms for providing backup lines of credit for the following types of *commercial paper programs*?

a. Asset-backed single-seller programs:

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

For this question, 4 respondents answered “My bank does not provide lines to such programs.”

b. Asset-backed multi-seller programs:

	All Respondents	
	Banks	**Percent**
Tightened considerably	6	35.3
Tightened somewhat	6	35.3
Remained basically unchanged	5	29.4
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

For this question, 3 respondents answered “My bank does not provide lines to such programs.”

c. Other asset-backed commercial paper programs:

	All Respondents	
	Banks	Percent
Tightened considerably	5	35.7
Tightened somewhat	5	35.7
Remained basically unchanged	4	28.6
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	14	100.0

For this question, 6 respondents answered “My bank does not provide lines to such programs.”

d. Unsecured programs of firms with an A1/P1 commercial paper rating:

	All Respondents	
	Banks	Percent
Tightened considerably	2	11.8
Tightened somewhat	5	29.4
Remained basically unchanged	10	58.8
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

For this question, 3 respondents answered “My bank does not provide lines to such programs.”

e. Unsecured programs of firms with an A2/P2 commercial paper rating:

	All Respondents	
	Banks	**Percent**
Tightened considerably	2	11.8
Tightened somewhat	8	47.1
Remained basically unchanged	7	41.2
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	17	100.0

For this question, 3 respondents answered “My bank does not provide lines to such programs.”

Questions 8-9 *ask about* **commercial real estate loans** *at your bank, including construction and land development loans and loans secured by nonfarm nonresidential real estate. Question 8 deals with changes in your bank's standards over the last three months. Question 9 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.*

8. 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	1	7.7
Tightened somewhat	4	30.8
Remained basically unchanged	8	61.5
Eased somewhat	0	0.0
Eased considerably	0	0.0
Total	13	100.0

9. 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	7.7
Moderately stronger	0	0.0
About the same	6	46.2
Moderately weaker	3	23.1
Substantially weaker	3	23.1
Total	13	100.0

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1. As of June 30, 2007, the 20 respondents had combined assets of $956 billion, compared to $1.78 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.