Board of the Governors of the Federal Reserve System

Instructions for the Preparation of

Small Business Lending Survey

Reporting Form FR 2028D

Effective December 31, 2020~~July 2020~~

DRAFT

INSTRUCTIONS FOR PREPARATION OF

Small Business Lending Survey

General Instructions

Purpose of the Survey

The Federal Reserve System uses data from this survey on United States (U.S.) chartered commercial bank nonfarm small business lending, including costs, terms, standards, and reasons for their changes, to assess and analyze developments in small business credit markets. Aggregate information on small business loans is pub-lished in a quarterly statistical release on the Federal Reserve Bank of Kansas City's website and through a link on the Federal Reserve Board's website.

Survey Scope

This survey covers commercial and industrial (C&I) loans made to U.S. nonfarm small businesses. The sur- vey period covers the most recent calendar quarter.

For the purpose of this survey, U.S. nonfarm small businesses are those nonfarm businesses domiciled in the U.S. with no more than $5 million in total annual revenues.[1] Domiciled U.S. businesses encompass bor-rowers domiciled in the fifty states of the U.S., the Dis-trict of Columbia, or U.S. territories and possessions, including U.S. offices or subsidiaries of non-U.S. (for-eign) businesses. For further detail, please refer to Glossary entry for "domicile" in the Instructions for the quarterly condition report (FFIEC 031 & 041, https://www.ffiec.gov/ffiec_report_forms.htm).

The definition of C&I loans corresponds to that used for Item 4 of Schedule RC-C, Part I, of the quarterly condition report (FFIEC 031, 041, & 051). For FFIEC 031, 041, ~~and 051~~ reporters, C&I loans to U.S. small businesses are included in Item 4.a of Sched- ule RC-C, Part I excluding items noted below. For FFIEC 051 reporters, C&I loans to U.S. small businesses in U.S. domiciled addresses included in item 4 of RC-C, Part I excluding items noted below For banks with foreign offices (FFIEC 031 reporters), include all such loans that are booked at U.S. (domes-tic) offices of the reporting bank (Column B of the FFIEC 031).

Include:

- Overnight loans.
- Construction and land development loans that are not secured by real estate.
- Credit card loans

Exclude:

- Loans denominated in non-U.S. currencies.
- Loans made by an international division, interna-tional operations subsidiary, or Edge or Agreement subsidiary of your institution.
- Loans made to non-U.S. addressees (business firms domiciled outside of the fifty states of the United States, the District of Columbia, or U.S. territories and possessions).
- Loans secured by real estate, even if for commercial and industrial purposes.
- Intercompany loans.
- Loans to financial institutions.
- Loans resulting from unplanned overdrafts to deposit accounts.
- Loans held for trading purposes.

Preparation of Survey

The survey will be submitted quarterly ~~using the Fed- eral Reserve Bank of New York's Statistics Survey Application. .~~ The transmission period would begin two weeks prior to the first business day of the second month of each quarter (February, May, August and November) and conclude ~~14~~ 28 calendar days later. Data provided on the survey would be based on loan activity over the previous quarter. All dollar amounts should be reported in thousands.

For additional information, please see FAQs on page 9.

[1] Commercial banks that do not track small business lending based on annual revenue may utilize their internal criteria to define small business lending for purposes of responding to survey items. For example, some small commercial banks may consider all of their lending small business lending.

INSTRUCTIONS FOR PREPARATION OF

Small Business Lending Survey

~~[1] Commercial banks that do not track small business lending based on annual revenue may utilize their internal criteria to define small business lending for purposes of responding to survey items. For example, some small commercial banks may consider all of their lending small business lending.~~

Line Item Instructions

1. Check "no" if your institution does *not* use more than one base rate for C&I loans to U.S. small businesses. If "no" is checked, complete question 2.

Check "yes" if your institution uses more than one base rate for C&I loans to U.S. small businesses. If "yes" is checked, complete question 3.

2. Enter the base rate your institution uses (i.e., prime rate, ~~Libor~~LIBOR~~/SOFR~~, Federal Home Loan Bank rate, U.S. Treasury rate, Proprietary rate, SOFR, Other rate).

3. Indicate the three most commonly used base rates, ranked by the total dollar value of outstanding loans to small businesses based on each base rate as of the end of the most recent calendar quarter.

Item 4 Outstanding term C&I loans to U.S. small businesses broken out by fixed rate and variable rate as of the last calendar day of the most recent calendar quarter.

4a. **Number**. The total number of term loans.

4b. **Outstanding dollar amount**. The total face amount of term loans in thousands of dollars *even if held at fair value*.

4c. **Weighted average interest rate**. Sum the outstanding face amount of each term loan multiplied by its stated nominal rate of interest – not the effective rate or Annual Percentage Rate (APR). Divide the sum by the outstanding dollar amount (column 4b.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.

~~4d. **Weighted average base rate**. Sum the outstanding face amount of each term loan priced with a base rate multiplied by its base rate. Divide the sum by the total outstanding face amount of loans priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.~~

4d. **Weighted average maturity**. ~~4d. **Weighted average maturity**.~~ Sum the outstanding face amount of each term loan multiplied by its remaining maturity (in months). Divide the sum by the outstanding dollar amount (column 4b.). Report the weighted average maturity in months to two decimal places; for example, if the average maturity is 18½ months, enter "18.50." See appendix for example.

4e. **Maximum maturity**. Report the maximum maturity in months.

~~4g. **Number secured**. The total number of term loans secured by collateral of any kind.~~

~~4h. **Dollar amount secured**. The outstanding face amount of term loans in thousands of dollars secured by collateral of any kind.~~

~~4i. **Number with U.S. Small Business Administration (SBA) guarantees**.[1] The total number of term loans with all or a portion of the loan guaranteed by the SBA.~~

~~4j. **Dollar amount with SBA guarantees**. The outstand- ing face amount of term loans in thousands of dollars, even if held at fair value, with all or a portion of the loan guaranteed by the SBA.~~

~~4k. **Number with other guarantees**. The total number of term loans with all or a portion of the loan guaranteed by an entity other than the SBA.~~

~~4l. **Dollar amount with other guarantees**. The outstand- ing face amount of term loans in thousands of dollars,~~

~~1. For more information on SBA loan programs, see https://www.sba.gov/loans-grants/see-what-sba-offers/sba-loan-programs.~~

~~even if held at fair value, with all or a portion of the loan guaranteed by an entity other than the SBA.~~

4f. **Number with interest rate floor**. The total number of term loans that utilize interest rate floors in the loan terms.

4g. **Dollar amount with interest rate floor**. The outstanding face amount of term loans in thousands of dollars, even if held at fair value, for term loans that utilize interest rate floors in the loan terms.

~~4n. **Number at interest rate floor**. The total number of term loans for which the nominal rate of interest equals the interest rate floor.~~

~~4o. **Dollar amount at interest rate floor**. The outstand- ing face amount of term loans in thousands of dollars, even if held at fair value, for which the nominal rate of interest equals the interest rate floor.~~

4h. **Weighted average interest rate floor**. Sum the out~~-~~standing face amount of each term loan with an inter~~-~~est rate floor multiplied by its floor. Divide the sum by the total outstanding face amount of loans with an interest rate floor (column 4g.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.

Item 5 Outstanding C&I loans made under a commitment (formal or informal) to U.S. small businesses broken out by fixed rate and variable rate as of the last calendar day of the most recent calendar quarter.

Commitments are broadly defined to include all prom- ises to lend that are expressly conveyed, orally or in writing, to the borrower. Commitments generally fall into two types of arrangements: formal commitments and informal lines of credit. Authorizations or internal guidance lines, where the customer is not informed of the amount, are *not* to be considered as commitments.

~~A formal commitment is a commitment for which a bank has charged a fee or other consideration or other- wise has a legally binding commitment. It is usually evidenced by a binding contract, to lend a specified amount, frequently at a predetermined spread over a specific base rate. It requires that the borrower meet covenants in the contract and pay a fee on the unused credit available. These include revolving credits under which the borrower may draw and repay loans for the duration of the contract.~~

~~A line of credit is defined as an informal arrangement under which the lender agrees to lend within a set credit limit and to quote a rate on demand for a take- down amount and maturity requested by the borrower. These arrangements may not be legally binding. Authorizations or internal guidance lines, where the~~

~~customer is not informed of the amount, are *not* to be considered as commitments.~~

5a. **Number**. The total number of commitments.

5b. **Commitment dollar amount**. The total face amount of *unused and used* commitments in thousands of dollars.

5c. **Outstanding dollar amount**. The total face amount of *used* commitments in thousands of dollars.

5d. **Weighted average interest rate**. Sum the face amount of each *used* loan commitment multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the outstanding dollar amount (column 5c.). Report the rate in percent to three decimal places; for example, if the average inter-est rate is 2¼ percent, enter "2.250." See appendix for example.

~~5e. **Weighted average base rate**. Sum the outstanding face amount of each *used* loan commitment priced with a base rate multiplied by its base rate. Divide the sum by the total outstanding face amount of *used* loan commitments priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.~~

~~5f. **Number secured**. The total number of commitments secured by collateral of any kind.~~

~~5g. **Dollar amount secured**. The total face amount of *unused and used* commitments in thousands of dollars secured by collateral of any kind.~~

~~5h. **Number with SBA guarantees**. The total number of commitments with all or a portion of the loan guaran- teed by the SBA.~~

~~5i. **Dollar amount with SBA guarantees**. The total face amount of *unused and used* commitments in thousands of dollars, even if held at fair value, with either all or a portion of the loan guaranteed by the SBA.~~

~~5j. **Number with other guarantees**. The total number of commitments with all or a portion of the loan guaran- teed by an entity other than the SBA.~~

~~5k. **Dollar amount with other guarantees**. The total face amount of *unused and used* commitments in thousands of dollars, even if held at fair value, with either all or a~~

~~portion of the loan guaranteed by an entity other than the SBA.~~

5e. **Number with interest rate floor**. The total number of commitments that utilize interest rate floors in the loan terms.

~~5m. **Number at interest rate floor**. The total number ofcommitments for which the nominal rate of interest equals the interest rate floor.~~

~~5n. **Dollar amount at interest rate floor**. The outstanding face amount of *used* commitments in thousands of dollars for which the nominal rate of interest equals the interest rate floor.~~

5f. **Dollar amount with interest rate floor**. The outstanding face amount of *used* commitments in thousands of dollars for loans that utilize interest rate floors in the loan terms.

5g. **Weighted average interest rate floor**. Sum the outstanding face amount of each *used* loan commitment with an interest rate floor multiplied by its floor.

Divide the sum by the total outstanding face amount of *used* loan commitments with an interest rate floor (column 5f..). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.

6a. **Net drawdowns on C&I commitments (formal or informal) broken out by fixed rate and variable rate to U.S. small businesses during the most recent calendar quarter.** Enter the *net* face amount of loans drawn in thousands of dollars.

Item 7 New term C&I loans broken out by fixed rate and variable rate to U.S. small business made during the most recent calendar quarter.

Enter the amount of loans in thousands of dollars. Include all term C&I loans to U.S. small businesses entered into your books or loan system during the most recent calendar quarter, even if the loans were approved or disbursed in the prior calendar quarter. Exclude loans approved or disbursed but not entered into your institution's books or loan system during the most recent calendar quarter.

Also include:

- Renewals of term loans.
- Conversions of commitment into term loans.

Exclude:

- Loans purchased in the secondary loan market.
- Purchased factored loans (that is, purchased accounts receivable).
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Line Item Instructions

~~Purchased factored loans (that is, purchased accounts receivable).~~

7a. **Number**. The total number of term loans.

7b. **Outstanding dollar amount**. The total face amount of term loans in thousands of dollars *even if held at fair value*.

7c. **Weighted average interest rate**. Sum the outstanding face amount of each term loan multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the outstanding dollar amount (col–umn 7b.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter “2.250.” See appendix for example.

~~7d. **Weighted average base rate**. Sum the outstanding face amount of each term loan priced with a base rate multiplied by its base rate. Divide the sum by the total outstanding face amount of loans priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter “2.250.” See appendix for example.~~

7d~~e~~. **Weighted average maturity**. Sum the outstanding face amount of each term loan multiplied by its remaining maturity (in months). Divide the sum by the outstanding dollar amount (column 7b.). Report the weighted average maturity in months to two decimal places; for example, if the average maturity is 18½ months, enter “18.50.” See appendix for example.

~~7d. **Maximum maturity**. Report the maximum maturity in months.~~

7e. **Maximum maturity**. Report the maximum maturity in months.

~~7g. **Number secured**. The total number of term loans secured by collateral of any kind.~~

~~7h. **Dollar amount secured**. The outstanding face amount of term loans in thousands of dollars secured by collateral of any kind.~~

~~7i. **Number with SBA guarantees**. The total number of term loans with all or a portion of the loan guaranteed by the SBA.~~

~~7j. **Dollar amount with SBA guarantees**. The outstand- ing face amount of term loans in thousands of dollars, even if held at fair value, with all or a portion of the loan guaranteed by the SBA.~~

~~7k. **Number with other guarantees**. The total number of term loans with all or a portion of the loan guaranteed by an entity other than the SBA.~~

~~7l. **Dollar amount with other guarantees**. The outstand- ing face amount of term loans in thousands of dollars, even if held at fair value, with all or a portion of the loan guaranteed by an entity other than the SBA.~~

7f. **Number with interest rate floor**. The total number of term loans that utilize interest rate floors in the loan terms.

7g. **Dollar amount with interest rate floor**.
The outstanding face amount of term loans in thousands of dollars, even if held at fair value, for term loans that utilize interest rate floors in the loan terms.
~~The total number of term loans for loans that utilize interest rate floors in the loan terms.~~

~~7n. **Number at interest rate floor**. The total number of term loans for which the nominal rate of interest equals the interest rate floor.~~

~~7o. **Dollar amount at interest rate floor**. The outstand- ing face amount of term loans in thousands of dollars, even if held at fair value, for which the nominal rate of interest equals the interest rate floor.~~

7h. **Weighted average interest rate floor**. Sum the out-standing face amount of each term loan with an inter-est rate floor multiplied by its floor. Divide the sum by the total outstanding face amount of loans with an interest rate floor (column 7g.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter “2.250.” See appendix for example.

~~**Item 8 New term C&I loans with SBA guarantees.** Check “yes” if your bank made new term C&I loans with SBA guarantees to U.S. small businesses that were sold during the most recent calendar quarter and that your bank is still servicing. If “yes” is checked, com- plete question 9.~~

~~Check “no” if your bank did *not* sell new term C&I loans with SBA guarantees to U.S. small businesses during the most recent calendar quarter. If “no” is checked, skip to question 10.~~

~~**Item 9 New term C&I loans with SBA guarantees to U.S. small businesses made and sold during the most recent calendar quarter and the bank is still servicing.** Enter the amount of loans in thousands of dollars.~~

~~9a. **Number**. The total number of term loans sold.~~

~~9b. **Sold dollar amount**. The total dollar amount of term loans sold in thousands of dollars.~~

~~9c. **Weighted average interest rate**. Sum the dollar amount of each sold term loan multiplied by its stated nominal rate of interest—not the effective rate or APR. Divide the sum by the sold dollar amount (column 9b.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.~~

~~9d. **Weighted average base rate**. Sum the dollar amount of each sold term loan priced with a base rate multi- plied by its base rate. Divide the sum by the outstand- ing total amount of sold loans priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.~~

~~9e. **Weighted average maturity**. Sum the dollar amount of each sold term loan multiplied by its maturity (in months). Divide the sum by the sold dollar amount (column 9b.). Report the weighted average maturity in months to two decimal places; for example, if the aver- age maturity is 18½ months, enter "18.50." See appen- dix for example.~~

~~9f. **Maximum maturity**. Report the maximum maturity in months.~~

Item 8 New C&I loans made under a commitment (formal or informal) broken out by fixed rate and variable rate to U.S. small businesses during the most recent calendar quarter.

Enter the amount of loans (included in item 5) in thousands of dollars. Include all C&I commitments to U.S. small businesses entered into your books or loan system during the most recent calendar quarter, even if the loans were approved or disbursed in the prior calendar quarter. Exclude loans approved or disbursed but not entered into your institution's books or loan system during the most recent calendar quarter.

Also include:

- Renewals of or increases in commitments.

Exclude:

- Drawdowns on existing commitments (these should be included in the response to question 6).

8a. **Number**. The total number of commitments.

8b. **Commitment dollar amount**. The total face amount of *unused and used* commitments in thousands of dollars.

8c. **Outstanding dollar amount**. The total face amount of *used* commitments in thousands of dollars.

8d. **Weighted average interest rate**. Sum the face amount of each *used* loan commitment multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the outstanding dollar amount (column ~~10c~~ 8c.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.

~~10e. **Weighted average base rate**. Sum the outstanding face amount of each *used* loan commitment priced with a base rate multiplied by its base rate. Divide the sum by the total outstanding face amount of *used* loan commitments priced with a base rate. Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.~~

~~10f. **Number secured**. The total number of commit- ments secured by collateral of any kind.~~

~~10g. **Dollar amount secured**. The total face amount of *unused and used* commitments in thousands of dollars secured by collateral of any kind.~~

~~10h. **Number with SBA guarantees**. The total number of commitments with all or a portion of the loan guaran- teed by the SBA.~~

~~10i. **Dollar amount with SBA guarantees**. The total face amount of *unused and used* commitments in thousands of dollars, even if held at fair value, with either all or a portion of the loan guaranteed by the SBA.~~

~~10j. **Number with other guarantees**. The total number of commitments with all or a portion of the loan guaran- teed by an entity other than the SBA.~~

~~10k. **Dollar amount with other guarantees**. The total face amount of *unused and used* commitments in thou- sands of dollars, even if held at fair value, with either all or a portion of the loan guaranteed by an entity other than the SBA.~~

8e. **Number with interest rate floor**. The total number of commitments that utilize interest rate floors in the loan terms.

~~10m. **Number at interest rate floor**. The total number of commitments for which the nominal rate of interest equals the interest rate floor.~~

~~10n. **Dollar amount at interest rate floor**. The outstand- ing face amount of *used* commitments in thousands of dollars for which the nominal rate of interest equals the interest rate floor.~~

8f. **Dollar amount with interest rate floor**. The outstanding face amount of *used* commitments in thousands of dollars for loans that utilize interest rate floors in the loan terms.

8g. **Weighted average interest rate floor**. Sum the outstanding face amount of each *used* loan commitment with an interest rate floor multiplied by its floor. Divide the sum by the total outstanding face amount of *used* loan commitments with an interest rate floor (column 8f.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.

Item 9 **Select Yes or No to indicate if your institution has an asset size of $10 billion or greater and makes a noteworthy amount of small business credit card loans.**
Loans reported in this line item are credit card loans that were reported in items 5 and 8 above, so long as credit card loans make up a noteworthy amount of your institution's lending to small businesses. A noteworthy amount can be determined through volume or dollar value of loans, so long as the number and dollar values are not de minimis to the reporting institution.

Item 10. New and Outstanding C&I Credit Card loans to U.S. small businesses broken out by fixed rate and variable rate as of the last calendar day of the most recent calendar quarter.

10a. **Number of Outstanding Credit Card Loans.** The total number of outstanding loans included in item 5 that are credit card loans.

10b. **Outstanding Dollar Amount**. The total ending balances of outstanding credit card loans reported in

10c. **Outstanding Weighted Average Interest Rate.** Sum the face amount of each outstanding credit card loan multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the outstanding dollar amount (column 10b.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.

10d. **Number of New Credit Card Loans.** The total number of outstanding loans reported in item 8 that are credit card loans.

10e. **Outstanding Dollar Amount of New Credit Card Loans**. The total outstanding ending balances of new credit card loans originated in the most recent calendar quarter and reported in item 8 in thousands of dollars.

10f. **New Weighted Average Interest Rate.** Sum the face amount of each new credit card loan multiplied by its stated nominal rate of interest – not the effective rate or APR. Divide the sum by the dollar amount (column 10e.). Report the rate in percent to three decimal places; for example, if the average interest rate is 2¼ percent, enter "2.250." See appendix for example.

Item 11. Select one answer to indicate how credit line usage has changed during the most recent calendar quarter.
No quantitative analysis is necessary in answering this item.

Item 12. Select one answer per row to indicate the importance of each reason for the change in credit line usage during the most recent calendar quarter.
No quantitative analysis is necessary in answering this item.

Item 13. Select one answer to indicate how loan demand for U.S. small business C&I loans has changed during the most recent calendar quarter.
Loan demand is defined as the amount of inquires via loan applications or informal walk-in inquiries. No quantitative analysis is necessary in answering this item.

Item 14 Include all C&I loan applications received from U.S. small businesses during the most recent calendar quarter.

An application is defined as a formal document outlin-ing the essential attributes regarding the financial posi-tion of the borrower on which the lender bases the decision to lend. Exclude informal walk-in inquires (these should be considered in the response to ques-tion 13). Applications approved include all loans that your bank intends to make whether or not the loan terms have been finalized, funds have been disbursed, or the loan has been entered into your institution's books or loan system.

It is possible for the number of applications approved to exceed the number of applications received for a given period if an application was received in a prior period and not considered until the current period.

14a. **Number**. The total number.

14b. **Dollar amount**. The total amount in thousands of dollars.

~~**Item 15 Check "yes" if your institution tracks lending in low and moderate income (LMI) tracts for Community Reinvestment Act (CRA) purposes or voluntarily for other reasons.**~~

~~If "yes" is checked, complete question 16.~~

~~Check "no" if your institution does *not* track lending in low and moderate income (LMI) tracts for Commu- nity Reinvestment Act (CRA) purposes or voluntarily for other reasons. If "no" is checked, skip to ques- tion 17.[2]~~

~~**Item 16 Include all C&I loan applications received from U.S. small businesses located in low and moderate income (LMI) tracts during the most recent calendar quarter.**~~

~~16a. **Number**. The total number.~~

~~16b. **Dollar amount**. The total amount in thousands of dollars.~~

Item 15 Select one answer per column to rank the most common reasons for denying U.S. small businesses C&I loans during the most recent calendar quarter.

No quantitative analysis is necessary in answering this question.

Item 16 Select one answer to indicate how credit standards for loans to U.S. small businesses have changed during the most recent calendar quarter.

Credit standards are the internal policies and guide-lines an institution uses to determine whether a bor-rower meets desired credit quality criteria. No quanti-tative analysis is necessary in answering this question.

2. ~~For further information about CRA, see~~ https://www.ffiec.gov/cra/default.htm.

Line Item Instructions

Item 17 Select one answer per row to indicate how C&I loan terms have changed during the most recent calendar quarter.

No quantitative analysis is necessary in answering this question.

Item 18 Select one answer per row to indicate the importance of each reason for tightening credit standards or terms during the most recent calendar quarter.

No quantitative analysis is necessary in answering this question.

~~**Item 21 If two or more reasons are classified as very important in question 20, and one of the reasons is the most important, identify that reason.**~~

~~No quantitative analysis is necessary in answering this question.~~

Item 19 Select one answer per row to indicate the importance of each reason for easing credit standards or terms during the most recent calendar quarter.

No quantitative analysis is necessary in answering this question.

~~**Item 23 If two or more reasons are classified as very important in question 22, and one of the reasons is the most important, identify that reason.**~~

~~No quantitative analysis is necessary in answering this question.~~

Item 20 Select one answer to indicate how the credit quality of applicants has changed during the most recent calendar quarter.

Credit quality is defined as the attributes a bank uses to assess a borrower's credit quality and probability of default. The criteria includes, but is not limited to, credit scores, quality of collateral, personal wealth, debt to income ratio, and forecasted business growth. No quantitative analysis is necessary in answering this question.

Item 21 Select one answer per row to indicate how credit quality has changed during the most recent calendar quarter.

No quantitative analysis is necessary in answering this question.

Appendix: Weighted Average Calculation Examples

Outstanding dollar amount (thousands)	Interest rate	Base rate	Interest rate floor	Remaining maturity (months)
500	4.25	2	3.5	18
420	4.1	n.a.	n.a.	4
290	4.3	2.15	3.75	10

~~Weighted average interest rate = [(500*4.25) + (420*4.10) + (290*4.30)]/(500 + 420 + 290) = 4.210~~

~~Weighted average base rate = [(500*2.00) + (290*2.15)]/(500 + 290) = 2.055~~

~~Weighted average interest rate floor = [(500*3.50) + (290*3.75)]/(500 + 290) = 3.592~~

~~Weighted average maturity = [(500*18) + (420*4) + (290*10)]/(500 + 420 + 290) = 11.22~~

$$\text{Weighted average interest rate} = \frac{[(500*4.25) + (420*4.10) + (290*4.30)]}{(500 + 420 + 290)} = 4.210$$

$$\text{Weighted average base rate} = \frac{[(500*2.00) + (290*2.15)]}{(500 + 290)} = 2.055$$

$$\text{Weighted average interest rate floor} = \frac{[(500*3.50) + (290*3.75)]}{(500 + 290)} = 3.592$$

$$\text{Weighted average maturity} = \frac{[(500*18)+(420*4)+(290*10)]}{(500+420+290)} = 11.22$$

If your institution is unable to calculate the weighted average interest rate, a simple average interest rate calculation may be used.

Line Item Instructions

FAQS FOR INSTITUTIONS

Small Business Lending Survey

FR 2028D Reporting Questions and Answers

General Questions

Question: Can the definition of a small business loan for this survey be the same as that for Call Report section RC-C part II which states: "Report the number and amount currently outstanding as of the report date of business loans with "original amounts" of $1,000,000 or less and farm loans with "original amounts" of $500,000 or less."?

Answer: *One of the drivers of developing the FR 2028D survey was that while all small business loans will be relatively small, not all small loans are to small businesses. So a key aspect of the FR 2028D survey is for the size of the borrower to drive our pool of respondents. The Survey Scope section of instructions states: "For the purpose of this survey, U.S. nonfarm small businesses are those nonfarm businesses domiciled in the U.S. with no more than $5 million in total annual revenues." ~~If annual revenues are not readily available on a bank's data system, please contact your FR 2028D analyst for additional information.~~ ." Commercial banks that do not track small business lending based on annual revenue may utilize their internal criteria to define small business lending for purposes of responding to survey items. For example, some small commercial banks may consider all of their lending small business lending.~~"~~*

Question: What is the universe of loans that should be included in loan amounts? Is it all C&I? All C&I made to a small business?

Answer: *It is all C&I loans made to a small business, which is defined in the survey as a U.S. nonfarm small businesses domiciled in the U.S. with no more than $5 million in total annual revenues. The definition of C&I loans, which can be found in the FR 2028D instructions—General Instructions, Survey Scope section, is the same ~~as that used for line Item 4 of Schedule RC-C (FFIEC 031, 041, 051). For details, see the Call Report instructions.~~ for FFIEC 031, 041reporters, C&I loans to U.S. small businesses are included in Item 4.a of Schedule RC-C, Part I. For FFIEC 051 reporters, C&I loans to U.S. small businesses in U.S. domiciled addresses included in item 4 of RC-C, Part I.*

Question: Should CRE or agricultural loans to small businesses be included in the survey?
Answer: *No, only loans that are reported as C&I loans in Schedule RC-C (FFIEC 031, 041, 051), line Item 4 should be included in the survey.*

Question: Should matured and charged off accounts be included in outstanding or new loans amounts?
Answer: *No, matured and charged off loans should not be included.*

Question: When reporting the outstanding balance, is it the contractual balance owed or the accounting book balance, i.e., net of charge-offs, interest payments received applied to principal, and deferred FASB fees?
Answer: *Accounting book balance should be used.*

~~***Question:*** Where the survey asks for the number of loans with other guarantors, this is defined as a guaranty by an entity other than the SBA. Does this refer to other government entity guarantees?~~
~~***Answer:*** *Any loans with guarantees (other government or otherwise) should be included.*~~

~~***Question:*** If an institution has both an SBA guarantee and another type of guarantee, should the SBA guar- antee take precedence, or should we include it in both categories?~~
~~***Answer:*** *You should include those facilities in both cat- egories.*~~

~~***Question:*** Do "other guarantees" include personal guarantees?~~
~~***Answer:*** *Yes "other guarantees" include any guarantee other than a SBA guarantee.*~~

~~***Question:*** For a commercial credit card portfolio, if it includes the full range of liability structures (joint & several, individual and corporate-only), should the liability structure be treated as a personal guarantee?~~ ~~***Answer:*** *No, liability structures should not be treated as a personal guarantee*~~.

~~***Question:*** Some of the institution's commercial credit card portfolios have recourse programs where their partners—typically, national retailers—cover borrower losses under certain conditions. Are such programs a form of "other guarantees"? **Answer:** *Yes, such programs are a form of 'other guaran- tees.'*~~

Question: The category "Net Drawdowns on C&I Commitments" could be a positive number if draw-downs exceed pay downs, but could also be a negative number if pay downs exceed drawdowns. Is that correct? ***Answer:*** *Yes, "Net Drawdowns on C&I Commitments" can be negative.*

Question: For "Net Drawdowns on C&I Commit-ments", should fees and interest be included when making this calculation?
Answer: *If it is capitalized into the loan, then Yes, include it in the calculation for net drawdowns. If the fees are outside the loan amount, then No.*

Question: Should revolving lines of credit be reported in this survey or just term loans?
Answer: *Revolving lines should be included in commit-ments (line items 5, 6, and ~~10~~, 8).*

Question: Can an institution submit comments to explain any assumptions, caveats, etc. regarding its data submission?
Answer: *No, there are currently no sections in the FR 2028D survey to submit comments to explain any assumptions or caveats. If an institution has any ques-tions or comments, please contact or provide the infor-mation to your FRB analyst via email.*

Line Item 4 Questions

Question: For outstanding dollar amount, the instruc-tions ask for the total face value. Should the net or gross balance of the loan be reported? If net, should purchased participations be included?
Answer: *The outstanding dollar amount should be reported as it is reported in line Item 4 of Sched-ule RC-C, Part I (FFIEC 031, 041, 051). Purchased participations should be included if the loan is a small business loan as defined in the FR 2028D survey instruc-tions.*

Question: For line item 4b on the outstanding face amount of term loans, does face amount mean the original amount of the loans as detailed in the loan contract? For example, if a loan that was originally for
$1,000,000 had paid down to $600,000, should $1,000,000 still be reported for item 4b as that was the face amount?
Answer: *The face value of the loan when it was originated was $1,000,000. But since line item 4 is asking for out-standing balance face amounts and $400,000 has been paid down, then the outstanding face amount for this question is $600,000.*

Line Item 5 Questions

Question: For line item 5, what is the definition of a formal and informal commitment?

Answer: *A formal commitment is a commitment for which a bank has charged a fee or other consideration or otherwise has a legally binding commitment. It is usually evidenced by a binding contract, to lend a specified amount, frequently at a predetermined spread over a specific base rate. It requires that the borrower meet covenants in the contract and pay a fee on the unused credit available. These include revolving credits under which the borrower may draw and repay loans for the duration of the contract.*

A line of credit is defined as an informal arrangement under which the lender agrees to lend within a set credit limit and to quote a rate on demand for a take down amount and maturity requested by the borrower. These arrangements may not be legally binding.

FAQs for Institutions

Line Item 6 Questions

Question: **Line item 6a (Net Drawdowns):** What loan types are you looking to be reported in this item? Is it only revolving/credit or does it include term loans?
Would it just be new loans or does it include renewals?
Answer: *Net drawdowns (drawdowns—repayments) of outstanding commitments during the quarter. Note that this is drawdowns less repayments in the current survey period and not outstanding commitments in the current survey period less outstanding commitments in the previous survey period.*

~~Line Items 8 and 9 Questions~~

~~***Question:*** **Line items 8 & 9:** If an institution only has variable rate, term C&I loans with SBA guarantees that were sold and it is still servicing the loans, should it answer yes to question 8 and enter zeros for line item 9 since the variable rate column is grayed out?~~
~~***Answer:*** *In this case, the institution should answer no to line item 8 and line item 9 will be grayed out. Graying out the variable rate columns was an oversight when the FR 2028D survey was designed. We plan to propose*~~

Line Items 9 and 10 Questions

Question: For line item 10 (Credit Card Loans) if a single credit card loan was made to a business but multiple credit cards were issued, should that be reported as multiple loans or just one loan?
Amswer: *In the instance that multiple cards are issued to a single business, it should be recorded as one loan to the business, rather than multiple loans to individual customers.*

Question: For line item 10 (Credit Card Loans), how is the term "noteworthy" quantified? Is it a certain percentage or dollar amount of loans?

Amswer: *The term "noteworthy" does not specify a certain percentage or dollar amount of loans. If small business credit cards are a significant business line for your institution and you meet the size requirements, line item 10 should be completed.*

~~*that information on variable rate loans should be collected when the survey is renewed, which if approved would be for the June 30, 2020 as-of date. These loans should not be incorporated into any other line item.*~~

~~Line Items 14–16 Questions~~

~~***Question:*** **Line items 14 or 16 (Applications Received and Approved):** Should loan renewals be counted as an application received/approved by the DI for this item? ***Answer:*** *Yes.*~~
~~***Question:*** Concerning the application information for low and moderate income (LMI) tracts requested in line items 16a and 16b, what should an institution~~

Line Item 14 Questions

Question: For line item 14 (Applications Received

and Approved): Should loan renewals be counted as an application received/approved by the DI for this item?
Answer: *Yes.*

Question: Concerning the applications received and approved item 14a. and 14b., if an institution tracks only applications approved, what should be reported on these line items?
Answer: *If an institution does not have a value to report for applications received, they should report nothing for item 14. We are only interested in the data if it contains values for both applications received and approved.*

Question: Concerning the applications received and approved item 14a. and 14b., if an institution tracks only the number of applications received and approved and not the dollar amount, what should be reported?

Answer: *If an institution does not have values to report for the dollar amount of applications received and approved, they should report the number of applications received and approved in line 14a. and leave the dollar amount received and approved in line 14b. blank.*

Line Items 18 and 19 Questions:

Question: What is meant by "nonbank lenders" in questions 18e. and 19e.?
Answer: *The term "nonbank lenders" intends to encompass a wide variety of nonbanking institutions, including but not limited to fintech lenders, credit unions, savings and loans associations, and non-traditional lending organizations.*

~~report if it only tracks LMI for booked applications and not applications received? Can the institution provide this information only for the booked loan data?~~
~~***Answer:*** *No, if the institution cannot provide both LMI applications received and LMI applications approved, line item 15 should be answered as "no" and line item 16 will be "grayed out" so that it will not be answered.*~~

~~***Question:*** **Line items 15 & 16 (LMI applications):** If an institution does not track the LMI applications received or approved, how should these items be reported?~~
~~***Answer:*** *If an institution does not track LMI applications both received and approved, it should answer line item 15 "no" and line item 16 automatically will be greyed out.*~~