

2003 Survey of Credit Underwriting Practices
National Credit Committee
September 2003

Retail Lending Portfolios

Affordable Housing Lending

For the purposes of this survey, affordable housing loans included all types of loans on affordable housing for low- and moderate-income individuals and families, including single- to four-family and multifamily dwellings. Thirty-four of the 66 banks in the survey were reported to be making affordable housing loans.

Changes in Underwriting Standards in Affordable Housing Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1997	11	74	15
1998	9	86	5
1999	16	70	14
2000	10	84	6
2001	6	88	6
2002	3	91	6
2003	3	88	9

Changes in Level of Credit Risk in Affordable Housing Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997*	1	4	76	15	3
1998	0	5	78	15	2
1999	2	2	78	18	0
2000	0	6	83	11	0
2001	2	2	88	8	0
2002	0	6	73	21	0
2003	0	9	76	15	0
Future 12 Months	0	6	68	26	0

*NA (not available) responses excluded.

Consumer Leasing

Consumer leasing was offered by 13 of the 66 banks in the survey.

Changes in Underwriting Standards in Consumer Leasing Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1998	4	67	29
1999	5	54	41
2000	0	50	50
2001	0	56	44
2002	0	67	33
2003	0	69	31

Changes in Level of Credit Risk in Consumer Leasing Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1998	0	4	38	58	0
1999	0	5	50	45	0
2000	0	5	67	28	0
2001	6	11	39	44	0
2002	7	13	26	47	7
2003	8	15	69	8	0
Future 12 Months	8	38	46	8	0

Credit Card Lending

Twenty-seven of the 66 banks in the survey were engaged in credit card lending.

Changes in Underwriting Standards in Credit Card Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1997	3	38	59
1998	3	59	38
1999	8	66	26
2000	9	75	16
2001	16	60	24
2002	12	66	22
2003	19	62	19

Changes in Level of Credit Risk in Credit Card Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997*	1	8	27	47	15

1998	9	15	33	41	2
1999	0	13	47	36	4
2000	0	16	66	16	2
2001	8	5	57	27	3
2002	0	6	54	31	9
2003	0	22	48	30	0
Future 12 Months	4	7	37	52	0

*NA (not available) responses excluded.

Direct Consumer Lending

Fifty-three of the 66 banks in the survey were engaged in direct consumer lending.

Changes in Underwriting Standards in Other Direct Consumer Loan Portfolios (Percent of Banks)

	Eased	Unchanged	Tightened
1997	15	59	26
1998	13	65	22
1999	7	74	19
2000	10	78	12
2001	7	73	20
2002	2	67	31
2003	8	68	24

Changes in Level of Credit Risk in Other Direct Consumer Loan Portfolios (Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997	0	4	60	34	2
1998	1	9	55	35	0
1999	0	7	65	28	0
2000	0	9	74	15	2
2001	0	7	71	20	2
2002	2	6	67	25	0
2003	2	17	72	7	2
Future 12 Months	0	9	59	32	0

Home Equity - Conventional Lending

Fifty-seven of the 66 banks in the survey offered the conventional home equity lending product.

Changes in Underwriting Standards in Home Equity - Conventional Loan Portfolios (Percent of Banks)

	Eased	Unchanged	Tightened
1997	38	58	4
1998	33	60	7
1999	23	67	10
2000	23	64	13
2001	7	70	23
2002	0	74	26
2003	18	63	19

Changes in Level of Credit Risk in Home Equity - Conventional Loan Portfolios (Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997	0	3	55	42	0
1998	0	6	61	30	3
1999	0	0	69	29	2
2000	0	5	73	20	2
2001	0	11	74	13	2
2002	0	7	71	22	0
2003	4	4	69	23	0
Future 12 Months	0	4	49	47	0

Home Equity - High LTV Lending

Twenty-eight of the 66 banks in the survey offered the high LTV home equity lending product.

Changes in Underwriting Standards in Home Equity - High LTV Loan Portfolios (Percent of Banks)

	Eased	Unchanged	Tightened
1999	20	61	19
2000	21	55	24
2001	11	54	35
2002	0	56	44
2003	7	68	25

Changes in Level of Credit Risk in Home Equity - High LTV Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1999	0	6	47	44	3
2000	0	13	58	24	5
2001	5	11	62	16	6
2002	0	12	40	44	4
2003	0	11	50	36	3
Future 12 Months	0	7	36	57	0

Indirect Consumer Leasing

Forty of the 66 banks in the survey were engaged in indirect consumer lending.

Changes in Underwriting Standards in Indirect Consumer Loan Portfolios
(Percent of Banks)

	Eased	Unchanged	Tightened
1997	16	51	33
1998	13	39	48
1999	7	56	37
2000	7	60	33
2001	7	63	30
2002	0	72	28
2003	5	65	30

Changes in Level of Credit Risk in Indirect Consumer Loan Portfolios
(Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997*	2	3	45	42	5
1998	0	21	32	43	4
1999	2	23	42	33	0
2000	7	16	55	22	0
2001	2	21	39	33	5
2002	3	13	38	43	3
2003	5	20	47	28	0
Future 12 Months	8	12	45	35	0

*NA (not available) responses excluded.

Residential Real Estate Lending

Fifty-seven of the 66 surveyed banks were engaged in residential real estate lending.

Changes in Underwriting Standards in Residential Real Estate Loan Portfolios (Percent of Banks)

	Eased	Unchanged	Tightened
1997	14	83	3
1998	9	87	4
1999	14	77	9
2000	7	85	8
2001	12	72	16
2002	4	83	13
2003	2	86	12

Changes in Level of Credit Risk in Residential Real Estate Loan Portfolios (Percent of Banks)

	Declined Significantly	Declined Somewhat	Unchanged	Increased Somewhat	Increased Significantly
1997*	0	5	73	20	0
1998	1	4	74	18	3
1999	3	5	71	21	0
2000	0	3	83	12	2
2001	0	9	76	15	0
2002	0	8	68	24	0
2003	0	12	74	12	2
Future 12 Months	0	2	72	26	0

*NA (not available) responses excluded.