

I. Small Business Loan Processes and Underwriting

IB. Loan Approval Process

About This Section

In the Screeners section, your bank’s answer to S5, Top Small Business Lending Product, indicated that its highest-volume small business lending product is *[Insert PRODUCT]*, excluding any credit cards or government-guaranteed products.

In this section, we ask about the loan approval process for *[Insert PRODUCT]* to small businesses at your bank, including the length of time to loan approval and the staff who make the approval decision.

Important Note: If your bank answered “No” to question IA.1, then your institution will not be asked to answer any of the questions here nor any remaining questions in Sections I, II, and III. Please go directly to Section IVA (page 29).

Time Until Approval

IB.1 For **completed applications** from small business borrowers, how do the following factors influence the amount of time until approval for a *[Insert PRODUCT]*?

Think about the turnaround time at your bank for an approved loan application, from the time of submission of a completed application to the final credit decision (before funding). Select only ONE option for each factor.

Factors influencing time until approval	Decreases amount of time	Increases amount of time	No effect	Don't know
a. Business is a startup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Complexity of collateral	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Complexity of loan or borrower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Exception to credit policy (e.g., low debt service coverage ratio)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Good prior deposit relationship with borrower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Good prior loan relationship with borrower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Increasing size of business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Increasing size of loan or total loan exposure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Lack of experience lending in business’s industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Outside of primary lending area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Unusual financial characteristics (e.g., irregular cash flow)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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IB.2 In approximate terms, what is the typical **minimum** number of business days for approval for a *[Insert PRODUCT]*?

For example:

- a small, simple loan
- an automated system that has approval authority (if applicable)

Business Day(s): _____

IB.3 In approximate terms, what is the typical **maximum** number of business days for approval for a *[Insert PRODUCT]*?

For example:

- a large, complicated loan
- a loan with one or more credit policy exceptions

Business Day(s): _____

[If IB.2 not = IB.3; otherwise IB.4=IB.3] IB.4 In approximate terms, what is the **typical** number of business days for approval for a *[Insert PRODUCT]*?

Business Day(s): _____

Levels of Approval

IB.5 Excluding any automated decision-making, how do the following factors influence the number of levels of approval for a *[Insert PRODUCT]* to a small business? For example, the factor may contribute to a loan policy exception.

Think about **the number of levels of approval an application could go through before a loan is granted**. These levels may include individuals such as loan officers or executives, and loan committees or groups of decision-makers. Select only **ONE** option for each factor.

Factor influencing levels of approval or potentially contributing to loan policy exceptions	Decreases number of levels	Increases number of levels	No effect	Don't know
a. Business is a startup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Complexity of collateral	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Complexity of loan or borrower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Good prior deposit relationship with borrower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Good prior loan relationship with borrower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Increasing size of business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Increasing size of loan or total loan exposure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Insufficient debt service coverage ratio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Lack of experience lending in business's industry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Outside of primary lending area	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

IB.6 Excluding any automated decision-making, what is the **minimum** number of levels of approval for a *[Insert PRODUCT]*?

For example:

- a small, simple loan

_____ Level(s)

N/A - approval for certain *[Insert PRODUCT]* is fully automated

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(i.e., no human intervention is required)

IB.7 Excluding any automated decision-making, what is the **maximum** number of levels of approval for a *[Insert PRODUCT]*?

For example:

- a large, complicated loan
- a loan with one or more credit policy exceptions

_____ Level(s)

- N/A - approval for all *[Insert PRODUCT]* is fully automated (i.e., no human intervention is required)

[If IB.6 = IB.7 OR IB.7 = tickbox then skip and IB.8=IB.7] IB.8 Excluding any automated decision-making and in your approximation, what is the **typical** number of levels of approval for a *[Insert PRODUCT]*?

_____ Level(s)

- N/A - approval for the typical *[Insert PRODUCT]* is fully automated (i.e., no human intervention is required)

Decision-Making at Each Level of Approval

[Loop 1: If IB.7 not equal to N/A and greater or equal to "1"]

Consider the full loan approval process for a typical complete loan application for a *[Insert PRODUCT]* to a small business. Please answer the following questions for the *first* level of approval that a typical application could potentially undergo depending on the size of the loan, its complexity, and any other factors.

IB.9 Excluding any automated decision-making, who or what role conducts the *first* level of approval for applications from small businesses for a *[Insert PRODUCT]*? *Select only ONE.*

- Business banker
- Loan officer, underwriter, or credit officer
- Senior supervising loanofficer, underwriter, or credit officer (non-executive)
- Executive
- Board member
- Group of decision makers (e.g., loan committee, board of directors, etc.)
- Other _____

[If IB.9=f] IB.10 Which officials or roles typically serve on this loan committee or within this group of decision-makers? *Select ALL that apply.*

- Business banker
- Loan officer, underwriter, or credit officer
- Senior supervising loanofficer, underwriter, or credit officer (non-executive)
- Executive
- Board member
- Other _____

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IB.11 When the *first* level of approval reviews a small business application for a *[Insert PRODUCT]*, do they typically meet with the applicant (either in-person or via telephone call or teleconference) as part of the review?

- Yes
- No

IB.12 Does the *first* level of approval typically have signature authority for a *[Insert PRODUCT]* below a certain size made to small businesses? By **signature authority** we mean that this level may authorize a loan without being subject to higher levels of decision-making.

- Yes, up to the legal lending limit
- Yes, up to an amount other than the legal lending limit
- No

[If IB.12=Yes, up to an amount other than the legal lending limit] IB.13 What is the **typical** signature authority loan amount for the *first* level of approval for a *[Insert PRODUCT]* application from small businesses?

\$ _____ Dollars

[Loop 2: If IB.7 not equal to N/A and greater or equal to "2"; repeat questions IB.9 through IB.13]

[Loop 3: If IB.7 not equal to N/A and greater or equal to "3"; repeat questions IB.9 through IB.13]

[Loop 4: If IB.7 not equal to N/A and greater or equal to "4"; repeat questions IB.9 through IB.13]

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