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.*

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

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

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 (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.
  a. Business banker
  b. Loan officer, underwriter, or credit officer
  c. Senior supervising loan officer, underwriter, or credit officer (non-executive)
  d. Executive
  e. Board member
  f. Group of decision makers (e.g., loan committee, board of directors, etc.)
  g. 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.
  a. Business banker
  b. Loan officer, underwriter, or credit officer
  c. Senior supervising loan officer, underwriter, or credit officer (non-executive)
  d. Executive
  e. Board member
  f. Other ____________________
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?
   o Yes
   o 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.
   o Yes, up to the legal lending limit
   o Yes, up to an amount other than the legal lending limit
   o 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]