Banks ease loan standards a little

By Tim Mullaney
USA Today

Banks are slightly loosening standards for many kinds of loans, and cutting into their own profit margins to try to make more loans, especially to businesses and real estate developers, the Federal Reserve says.

The central bank's quarterly survey of bank lending officers said most banks haven't made it materially easier to get business loans and commercial real estate loans in the last three months.

» **Fed report.** But more than half of banks said they are accepting interest rates closer to what they pay for deposits, or other sources of money they lend out, according to the survey released Monday.

» **Car loans, mortgages.** Demand for car loans rose since the October report, and demand for mortgages was little changed, the Fed said. About 16 percent of banks are easing car borrowing standards slightly, including lengthening the maximum term of loans and down-payment requirements.

BANKS TIGHTEN RISKY LENDING

The report shows few signs that banks are returning to the business of offering high-risk credit, as they did in the middle of the last decade.

» More than 20 percent of banks said they have actually tightened standards for "subprime" residential mortgages in the past three months.