National evidence of a more positive small business lending environment is slowly emerging. In Q4 2012, small business loan volumes—defined as loans of $1 million or less—increased for the first time in ten quarters; growth was in all small business loan sizes including frequently requested loans under $100,000. An easing of lending standards and declining credit costs for small companies, especially for borrowers with strong credit histories, was also reported in the Federal Reserve’s most recent Senior Loan Officer Opinion Surveys in Q4 2012 and Q1 2013.

As part of its regional and community outreach, the New York Fed asks small businesses in our region about their credit needs and experiences. In the May 2013 survey, we heard from 812 small businesses in New York, New Jersey, and Connecticut. Most business owners we polled cite access to capital as a top growth concern, but only a third of firms actually report applying for credit in 2012. Credit applicants were mostly experienced and higher performing small businesses and more of them received full funding than in past surveys. Among the non-applicants, fewer firms self-identified as being discouraged or not applying because they anticipated being declined. Looking to future credit use, there are clear distinctions between applicants and non-applicants. A majority of firms that are planning to apply for credit in the next two quarters of 2013 will be re-applicants. In contrast, the majority of non-applicants finance their operations primarily through retained earnings rather than relying on credit in the near term.

Here are the key findings:

**Capital is a frequent growth challenge; firms continue to seek small amounts**

- Ability to access capital was among the top growth challenges for both profitable and unprofitable firms.
- Half of all firms report needing small amounts of capital ($100k or less), mostly for operating expenses, and are using real estate collateral to secure loans.

**Applicant quality higher than in August 2012 survey**

- Applicants have prior borrowing experience and report positive sales growth.
- Successful applicants are more profitable, seeking higher loan amounts.

**More firms receiving full funding and fewer report being discouraged**

- Overall success rate is steady at 63% (August 2012-62%), but more firms received full credit and much desired lines of credit.
- Percent of firms saying they did not apply because they did not think they would be approved has gone down from 29% to 18% between the August 2012 and May 2013 surveys.

**Future credit demand comes from returning borrowers; many qualified firms not seeking credit**

- Future credit demand was reported by firms who applied in the year but received only partial funding because they had insufficient collateral or had been in business only a few years.
- While two-thirds of non-applicant firms are as high performing as applicants, most do not plan to apply for credit in the next six months. These non-applicants don’t plan to seek credit because they either don’t need credit or are debt averse.
SMALL BUSINESS DEMOGRAPHICS

Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Tri-State Area</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–2 years</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>3–5 years</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>6–10 years</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>11–20 years</td>
<td>60%</td>
<td></td>
</tr>
<tr>
<td>20+</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

Employees

<table>
<thead>
<tr>
<th>Employees</th>
<th>Tri-State Area</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–4</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>5–9</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>10–19</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>20–99</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>100–499</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>

Industry Composition

<table>
<thead>
<tr>
<th>Industry</th>
<th>Tri-State Area</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Information/ media/ Communications</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Wholesale and Transportation</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Finance/ insurance/ Real Estate</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Educational Services/ Health and Human Services</td>
<td>8%</td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>

Geography

<table>
<thead>
<tr>
<th>Geographic Area</th>
<th>Tri-State Area</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York State (excluding NYC)</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>New York City</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Manhattan</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Kings</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Queens</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Bronx</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Richmond</td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

## SMALL FIRM FINANCING

### Growth Challenges

**Ability to access capital is widespread challenge—even for profitable firms**

<table>
<thead>
<tr>
<th></th>
<th>0</th>
<th>10</th>
<th>20</th>
<th>30</th>
<th>40</th>
<th>50</th>
<th>60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>49%</td>
</tr>
<tr>
<td>External Events</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37%</td>
</tr>
<tr>
<td>Regulations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37%</td>
</tr>
<tr>
<td>Finding Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>28%</td>
</tr>
<tr>
<td>Financial Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>26%</td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>22%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11%</td>
</tr>
</tbody>
</table>

Access to Capital is a growth challenge for

- **36%** of firms operating at a profit
- **53%** of firms breaking even
- **66%** of firms operating at a loss

### Primary Financing Sources

**Business earnings and savings are primary financing**

<table>
<thead>
<tr>
<th></th>
<th>0</th>
<th>5</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Earnings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td>Personal or Spousal Savings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20%</td>
</tr>
<tr>
<td>Credit Cards</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17%</td>
</tr>
<tr>
<td>Line of Credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14%</td>
</tr>
<tr>
<td>Business Loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11%</td>
</tr>
<tr>
<td>Friends/Family</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10%</td>
</tr>
</tbody>
</table>

N = 670

N = 650

FRBNY Small Business Credit Survey | May 2013
SMALL FIRM FINANCING

Amount of Financing Sought

<table>
<thead>
<tr>
<th>Firms seek $100k or less</th>
<th>$10,001–$25,000</th>
<th>30%</th>
<th>$25,001–$50,000</th>
<th>25%</th>
<th>$50,001–$100,000</th>
<th>14%</th>
<th>$100,001–$250,000</th>
<th>17%</th>
<th>$250,001–$500,000</th>
<th>14%</th>
<th>Over</th>
<th>13%</th>
</tr>
</thead>
</table>

Reason for Seeking Financing

<table>
<thead>
<tr>
<th>Firms need to fund day-to-day operations</th>
<th>Cash Flow or Day-to-Day Operating Expenses</th>
<th>0</th>
<th>10</th>
<th>20</th>
<th>30</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inventory</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment in Additional Plant, Equipment, or Vehicles</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reserve or Cushion</td>
<td>9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Real Estate or Structures</td>
<td>7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Replacement of Old Plant, Equipment, or Vehicles</td>
<td>6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Start Business</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Repayment of Debt</td>
<td>4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Collateral Type

<table>
<thead>
<tr>
<th>Firms secure loans with real estate</th>
<th>Personal Real Estate</th>
<th>0</th>
<th>10</th>
<th>20</th>
<th>30</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Business Real Estate</td>
<td>22%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inventory or AR</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business Equipment or Vehicles</td>
<td>17%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Personal Assets</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business Securities or Deposits</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 283

N = 278

N = 234
APPLICANTS

Credit Application Rates*

Application rates steady

40% of firms APPLIED for credit in 2012 survey

36% of firms APPLIED for credit in 2013 survey

Sales Performance*

More applicants with improved sales

2012 Survey
N = 500

+40%
21%
-39%

2013 Survey
N = 615

+46%
23%
-31%

*Based on comparable data for New York and New Jersey
More applicants are seasoned borrowers

More applicants have positive sales

Applicants similar to non-applicants in profitability

N = 281 Applicants | 395 Non-Applicants
**Successful Applicants**

### Success Rates*

More firms receive full funding

- **2012 Survey**: N = 210
- **2013 Survey**: N = 241

- **Approval Rate**
  - **Line of Credit**: 70%
  - **Credit Card**: 68%
  - **Business Loan (Non SBA)**: 61%
  - **SBA Loan**: 46%
  - **Real Estate Finance**: 44%
  - **Factoring**: 70%
  - **Home Equity Line**: 37%
  - **Second Mortgage for Business Purposes**: 11%
  - **Other**: 50%

- **Number of Applications**

More firms receive sought-after credit lines

- **Line of Credit**: 63% of applicants received at least some credit

*Based on comparable data for New York and New Jersey*

---

FRBNY Small Business Credit Survey | May 2013
SUCCESSFUL APPLICANTS

Success by Profitability

Successful applicants are more profitable than unsuccessful applicants

Firms seeking $100k or more had a success rate of 73%
Firms seeking less than $100k had a success rate of 57%

N = 195 Successful | 91 Unsuccessful

FRBNY Small Business Credit Survey | May 2013
More discouraged borrowers are strong performers

Discouraged borrowers most often use personal savings

N = 689

FRBNY Small Business Credit Survey | May 2013
NON-APPLICANTS

Credit Behavior

Business Performance

Firms with sufficient financing and debt averse are among the high performers

Primary Financing Source

More non-applicants rely on business earnings and savings than on credit financing
FUTURE APPLICANTS

Future Applicants

- 49% Do not plan to Apply
- 27% Plan to Apply in Next 6 Months
- 17% Re-applicants
- 24% Not Sure

50% of applicants will re-apply
27% of discouraged firms will apply
FUTURE APPLICANTS

Re-applicants’ Recent Credit Experience

Most re-applicants received only partial credit

| 0 | 10 | 20 | 30 | 40 | 50%
|---|---|---|---|---|---
| Insufficient Collateral | 47% |
| Young Age of Firm | 37% |
| Low FICO | 28% |
| Cashflow | 28% |
| Debt Level | 20% |
| Weak Sales | 18% |
| Other | 13% |

(Check all that apply)

61% of re-applicants received partial or no credit in 2012

N = 683

FRBNY Small Business Credit Survey | May 2013
45% of respondents sustained direct or indirect losses from Superstorm Sandy

18% New York City
14% New Jersey
7% New York State (excluding NYC)
5% Connecticut

**Affected Firms by Industry**

- Wholesale Trade, Transportation & Warehousing (N = 67): 60%
- Manufacturing (N = 73): 52%
- Finance, Insurance and Real Estate (N = 52): 48%
- Retail (N = 84): 38%
- Construction (N = 86): 35%
- Professional and Business Services (N = 139): 32%

**Loss Estimates**

- Less than $10,000: 40%
- $10,001–$25,000: 37%
- $25,001–$50,000: 24%
- $50,001–$100,000: 17%
- More than $100,000: 13%

N = 302
SUPERSTORM SANDY INSURANCE

Types of Insurance

Few firms had business disruption or flood insurance

<table>
<thead>
<tr>
<th></th>
<th>0</th>
<th>10</th>
<th>20</th>
<th>30</th>
<th>40</th>
<th>50</th>
<th>60</th>
<th>70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>63%</td>
</tr>
<tr>
<td>Business Disruption Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>37%</td>
</tr>
<tr>
<td>Flood Insurance</td>
<td>8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Insurance</td>
<td>11%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Insurance</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Insurance Outcomes

57% of firms filing claims received full or partial payments

- 57% of firms received full or partial payments
- 32% of firms had some form of insurance
- 79% of firms had some form of insurance
- 31% of firms filed a claim
- 11% of claims were pending
- 11% of claims were not covered

N = 301

FRBNY Small Business Credit Survey | May 2013
## SUPERSTORM SANDY DISASTER RELIEF

**14%**

of firms applied for disaster relief

Median reported loss for relief applicants was **$25k-50k**

Median reported loss for relief non-applicants was **$10k-25k**

### Loss Coverage by Estimated Losses

<table>
<thead>
<tr>
<th>Firms by Estimated Loss Amount</th>
<th>All Affected Firms</th>
<th>Less than $25k</th>
<th>More than $25k</th>
</tr>
</thead>
<tbody>
<tr>
<td>With Insurance</td>
<td>79%</td>
<td>75%</td>
<td>85%</td>
</tr>
<tr>
<td>Filed Insurance Claim</td>
<td>25%</td>
<td>16%</td>
<td>38%</td>
</tr>
<tr>
<td>With Partial/Full Insurance Coverage</td>
<td>16%</td>
<td>10%</td>
<td>26%</td>
</tr>
<tr>
<td>Applied for Disaster Relief</td>
<td>14%</td>
<td>7%</td>
<td>25%</td>
</tr>
</tbody>
</table>

N = 185  N = 117  N = 304

**Median reported loss for relief applicants was $25k-50k**

**Median reported loss for relief non-applicants was $10k-25k**

FRBNY Small Business Credit Survey  | May 2013
Overview

The Small Business Credit Survey (SBCS) is an establishment survey conducted by the Federal Reserve Bank of New York, reporting information about business characteristics, performance, financing choices, and borrowing experiences. The May 2013 survey also asks small businesses about their experience with Superstorm Sandy. The SBCS captures the perspectives of businesses with fewer than 500 employees in New York, New Jersey, and Connecticut. The SBCS is distributed through civic and non-profit partners, primarily Chambers of Commerce, but also industry associations, and development corporations/authorities.

In total, there were 812 responses to the survey fielded from February 25, 2013 to April 5, 2013. The number of responses to each individual question varied, based on relevance. Results are weighted to reflect the full population of small businesses in the tri-state region, along the dimensions of industry, age, employee size, and geography.

Sample Design

The SBCS questionnaire is available on the web. The SBCS is distributed by more than 30 partner organizations. Partners contact businesses on their membership lists, asking them to participate in the survey and provide a URL address. As such, the SBCS is not a random sample. Not all small businesses are members of the partner organizations, and therefore results should not be interpreted as a statistical representation of small businesses in the Second District or the nation. Rather, the results should be viewed as suggestive and analyzed with awareness of potential methodological biases.

Weighting

To reduce coverage bias, we use US Census Bureau data\(^1\) to weight responses along the dimensions of industry, age, employee size, and geography. Survey weights are derived to allow estimates to be generated from the sample so as to represent the true small business population. For example, by reweighting our data, we correct for the overrepresentation of older firms. See Appendix A for sampling distributions of the 2013 SBCS after weighting.

Comparisons to Previous Survey

It is possible to compare select survey question results from the 2012 and 2013 SBCS. In these instances, results are weighted such that we are comparing two representative datasets from two points in time\(^2\).

---


\(^2\) The 2012 survey included only Fairfield County, CT. Therefore, the 2012 data are weighted to represent the New York and New Jersey small business populations. Connecticut is not included in the analysis. For clarity of analysis, comparisons between the 2012 and 2013 surveys are based on weighted New York and New Jersey data.
## Appendix A: Selected Characteristics of Firms in the Survey Sample, 2013

<table>
<thead>
<tr>
<th></th>
<th>Sample Size 2013</th>
<th>Sample Distribution After Weighting</th>
<th>Percentage of Total for Weighted Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Firm Age</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0-2 years</td>
<td>81</td>
<td>195,389</td>
<td>23.38%</td>
</tr>
<tr>
<td>3-5 years</td>
<td>109</td>
<td>147,653</td>
<td>17.67%</td>
</tr>
<tr>
<td>6-10 years</td>
<td>140</td>
<td>167,312</td>
<td>20.02%</td>
</tr>
<tr>
<td>11-20 years</td>
<td>165</td>
<td>192,291</td>
<td>23.01%</td>
</tr>
<tr>
<td>20+ years</td>
<td>317</td>
<td>132,982</td>
<td>15.91%</td>
</tr>
<tr>
<td><strong>All Firm Ages</strong></td>
<td>812</td>
<td>835,627</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Firm Size</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-4 employees</td>
<td>398</td>
<td>498,067</td>
<td>59.60%</td>
</tr>
<tr>
<td>5-9 employees</td>
<td>131</td>
<td>142,482</td>
<td>17.05%</td>
</tr>
<tr>
<td>10-19 employees</td>
<td>127</td>
<td>96,125</td>
<td>11.50%</td>
</tr>
<tr>
<td>20-99 employees</td>
<td>129</td>
<td>83,404</td>
<td>9.98%</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>27</td>
<td>15,549</td>
<td>1.86%</td>
</tr>
<tr>
<td><strong>All Firm Sizes</strong></td>
<td>812</td>
<td>835,627</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Geography</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Connecticut</td>
<td>106</td>
<td>89,038</td>
<td>10.66%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>176</td>
<td>228,412</td>
<td>27.33%</td>
</tr>
<tr>
<td>New York (minus NYC)</td>
<td>266</td>
<td>298,831</td>
<td>35.76%</td>
</tr>
<tr>
<td>New York City</td>
<td>264</td>
<td>219,346</td>
<td>26.25%</td>
</tr>
<tr>
<td><strong>All Geographies</strong></td>
<td>812</td>
<td>835,627</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>4</td>
<td>885</td>
<td>0.11%</td>
</tr>
<tr>
<td>Construction</td>
<td>99</td>
<td>74,323</td>
<td>8.89%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>78</td>
<td>29,339</td>
<td>3.51%</td>
</tr>
<tr>
<td>Retail</td>
<td>104</td>
<td>122,048</td>
<td>14.61%</td>
</tr>
<tr>
<td>Wholesale/Transportation</td>
<td>80</td>
<td>72,418</td>
<td>8.67%</td>
</tr>
<tr>
<td>Information/Media/Telecommunications</td>
<td>33</td>
<td>16,402</td>
<td>1.96%</td>
</tr>
<tr>
<td>Finance/Insurance/Real Estate</td>
<td>63</td>
<td>90,129</td>
<td>10.79%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>161</td>
<td>98,080</td>
<td>11.74%</td>
</tr>
<tr>
<td>Personal Services</td>
<td>26</td>
<td>85,819</td>
<td>10.27%</td>
</tr>
<tr>
<td>Education/Healthcare and Social Assistance</td>
<td>43</td>
<td>103,726</td>
<td>12.41%</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>48</td>
<td>91,302</td>
<td>10.93%</td>
</tr>
<tr>
<td>Other</td>
<td>73</td>
<td>51,156</td>
<td>6.12%</td>
</tr>
<tr>
<td><strong>All Industries</strong></td>
<td>812</td>
<td>835,627</td>
<td>100%</td>
</tr>
</tbody>
</table>
This Small Business Credit Survey is conducted by the Federal Reserve Bank of New York and asks small businesses about their business performance and their financial and credit experiences. Answers are confidential and results are reported only in the aggregate.

First, we have some general questions about your business.

1) Business Name: ___________________________________________

2) Business Zip Code: ______________

3) In what year was your business established? ________ (YYYY)

4) Which of the following BEST describes the structure of your business?

   ____ Sole Proprietorship *(A sole proprietor is someone who owns an unincorporated business by himself or herself. However, if you are the sole member of a domestic limited liability company (LLC), you are not a sole proprietor if you elect to treat the LLC as a corporation).*

   ____ S-Corporation *(S corporations are corporations that elect to pass corporate income, losses, deductions and credit through to their shareholders for federal tax purposes).*

   ____ Corporation *(A corporation is recognized as a separate taxing entity. A corporation conducts business, realizes net income or loss, pays taxes and distributes profits to shareholders).*

   ____ Partnership *(A partnership is the relationship existing between two or more persons who join to carry on a trade or business. Each person contributes money, property, labor or skill, and expects to share in the profits and losses of the business).*

   ____ Limited Liability Company (LLC) *(A Limited Liability Company is a business structure allowed by state statute. Owners of an LLC are called members).*

Other, please specify: ___________________________________________
5) Please select the category that **BEST** describes your business's industry.

- Agriculture
- Construction
- Manufacturing
- Retail trade
- Wholesale trade
- Transportation and warehousing
- Information, media, and telecommunications
- Finance, insurance and real estate
- Professional and business services (*e.g.*, Consulting, Accounting)
- Personal services (*e.g.*, Laundry services)
- Education
- Health care and social assistance
- Arts, entertainment, and recreation
- Accommodations and food services
- Other, please specify: __________________________________________

Next, we have a few questions about the approximate size of your business.

6) How many people work in this business, **NOT** including owner(s)? _______

7) Of your business's total employees, including owners, roughly what percent would you say are?

- ___ % Full-time (*work 35 hours or more per week*)
- ___ % Part-time (*work 1-34 hours per week*)
- ___ % Temporary (*are seasonal*)

8) Roughly, what were your business's total revenues in 2012? $ __________

9) Roughly, in what range were your business's total revenues in 2012?

- ___ Less than $50,000
- ___ $50,001 - $250,000
- ___ $250,001 - $500,000
- ___ $500,001 - $1,000,000
- ___ $1,000,001 - $5,000,000
- ___ $5,000,001 - $10,000,000
- ___ $10,000,001 - $100,000,000
- ___ Greater than $100,000,000
- ___ Don’t know
- ___ Decline to answer
We now have some more specific questions about your business’s performance and strategy.

10) Generally speaking, as of the end of 2012, was your business operating?
   ____ At a profit
   ____ At neither a profit nor a loss (breaking even)
   ____ At a loss

11) During 2012, did the following increase, decrease, or stay the same for your business?

<table>
<thead>
<tr>
<th></th>
<th>Increased</th>
<th>Stayed the Same</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales/Revenue</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spending on capital investments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12) During 2012, would you say that your business strategy was focused MORE on cutting costs, increasing revenues, or on another strategic objective?
   ____ Cutting costs
   ____ Increasing revenues
   ____ Other strategic objective, please explain _______________________________
   ______________________________________________________________________

If you answered “Cutting costs” go to question 13 and then go to question 15, if you answered “Increasing revenues” go to question 14, if you answered “Other strategic objective” go to question 15.

13) What was the MOST important cost-cutting change you made to your business operations in 2012?
   ____ Reduced staff or staff hours
   ____ Reduced operating expenses
   ____ Lowered debt payments
   ____ Reorganized management
   ____ Increased technology investments
   ____ Outsourced operations
   ____ Other, please specify _______________________________
   ______________________________________________________________________
14) What was the **MOST** important revenue-increasing change you made to your business operations in 2012?

___ Developed new products/services
___ Cultivated new clients/markets
___ Increased technology investments
___ Reorganized management
___ Started/expanded exporting
___ Increased prices of goods/services
___ Other, please specify ______________________________________________

_____________________________________________________________________

15) Did your business experience **ANY OF** the following challenges to growth during 2012? Select all that apply.

___ Access to capital (*e.g.* Loans, Financing)
___ Finding employees
___ Lack of financial management guidance / strategic planning
___ Complying with regulations, including health care
___ Keeping up with changes in technology
___ External events (*e.g.* Superstorm Sandy)
___ Uncertainty about taxes
___ Other, please specify________________________________________________

_____________________________________________________________________

Next, we have a few questions regarding your business’s use of credit in 2012.

16) At the end of 2012, did your business have any outstanding business loans or lines of credit, excluding credit cards?

___ Yes
___ No
___ Do not know

*If you answered “Yes” continue to question 17, otherwise go to question 23*
17) What was the total size of all outstanding business loan(s) or line(s) of credit at the end of 2012, excluding credit cards?

- Less than $10,000
- $10,001 - $25,000
- $25,001 - $50,000
- $50,001 - $100,000
- $100,001 - $250,000
- $250,001 - $500,000
- $500,001 - $1,000,000
- Over $1,000,000
- Don’t know

18) The average interest rate for business loans in late 2012 was 4 to 5 percent. What is your best estimate of the interest rate your business paid on its largest (in $ value) loan or line of credit in 2012, excluding credit cards?

___%

19) Which of the following BEST describes any change in the interest rate of your business’s largest (in $ value) outstanding loan or line of credit, excluding credit cards, during 2012?

- Rate became lower (I had to pay less)
- Rate stayed the same
- Rate became higher (I had to pay more)

20) For outstanding business loans and lines of credit, which types of financial institutions are the servicers? Select all that apply.

- Large Bank (e.g. Bank of America, JP Morgan Chase, TD Bank)
- Community Bank (e.g. Bank of New Jersey, New York Community Bank, Evans Bancorp)
- Credit Union (e.g. Cornerstone Community Federal Credit Union)
- Nonprofit lender (e.g. Accion, Grameen, Seedco)
- Government-sponsored loan program (e.g. SBA, local Economic Development Agency)
- Other, please specify__________________________________________________________

____________________________________________________________________________
21) Was collateral required to secure ANY OF your business's loan(s) or line(s) of credit? 
_Collateral can include inventory, equipment, property, personal real estate or assets._

___Yes
___No
___Don't know

*If you answered “Yes” continue to question 22, otherwise go to question 23*

22) Which type of collateral was MOST commonly required to secure your business's loan(s) or line(s) of credit?

___Inventory or accounts receivable
___Business equipment or vehicles
___Business securities or deposits
___Business real estate
___Personal real estate
___Other personal assets
___Other, please specify__________________________________________________

_______________________________________________________________________

23) At the end of 2012, what OTHER types of financing, aside from loans or lines of credit, did your business use? Select all that apply.

___Business earnings (cash income)
___Bank home equity line
___Personal or business credit card
___Personal savings
___Friends/Family
___Equity financing
___Trade credit
___Other, please specify__________________________________________________

_______________________________________________________________________

*If you selected “Personal or business credit card” continue to question 24, otherwise go to question 26*
24) In 2012, why did you use business and/or personal credit cards as a source of credit for your business?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Because I could not obtain any other form of credit</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

25) For what other reason(s) did your business use business and/or personal credit cards as a source of credit?

______________________________________________________________________________
______________________________________________________________________________
______________________________________________________________________________

26) Of all the financing types you used in 2012, which would you say was your business’s **PRIMARY** financing type (**in $ value**)?

- [ ] Business loan
- [ ] Line of credit
- [ ] Business earnings (**cash income**)
- [ ] Bank home equity line
- [ ] Personal or business credit card
- [ ] Personal or spousal savings
- [ ] Friends/Family
- [ ] Equity financing
- [ ] Factoring or Trade credit
- [ ] Other

27) What type of institution would you say is your business's **PRIMARY** financial institution?

- [ ] Large Bank (**e.g. Bank of America, JP Morgan Chase, TD Bank**)
- [ ] Community Bank (**e.g. Bank of New Jersey, New York Community Bank, Evans Bancorp**)
- [ ] Credit Union (**e.g. Cornerstone Community Federal Credit Union**)
- [ ] Nonprofit lender (**e.g. Accion, Grameen, Seedco**)
- [ ] Other, please specify ____________________________
28) In 2012, did your business?

___ Apply for NEW credit or to RENEW credit (e.g. business loan, line of credit)

___ Business DID NOT apply for NEW credit or to RENEW credit in 2012

*If your business DID NOT apply for NEW credit or to RENEW credit continue to question 29, otherwise go to question 31*

29) What was the MOST important reason your business DID NOT apply for NEW credit or to RENEW credit in 2012?

___ Had sufficient financing

___ Did not think we would be approved

___ Did not want to accrue debt

___ Credit cost was too high

___ Other, please specify__________________________________________________

_______________________________________________________________________

*If you selected “Did not think we would be approved” continue to question 30, otherwise go to question 37*

30) What was the MOST important reason you think your business would not be approved?

___ Low credit score

___ Insufficient collateral

___ Unwilling to provide personal guarantee

___ Weak/missing financial statements

___ Uneven cash flow

___ Level of outstanding debt

___ Weak sales

___ Business is too young

___ Banks are not lending

___ Other factors, please specify____________________________________________

_______________________________________________________________________

*After answering question 30, go to question 37*
31) How much **TOTAL** financing did your business apply for in 2012?
   ____ $10,001 - $25,000
   ____ $25,001 - $50,000
   ____ $50,001 - $100,000
   ____ $100,001 - $250,000
   ____ $250,001 - $500,000
   ____ $500,001 - $1,000,000
   ____ Over $1,000,000
   ____ Don’t know

32) How much of the **NEW** credit or **RENEWED** credit that your business applied for was approved?
   ____ All (100%)
   ____ Most (>50%)
   ____ Half (50%)
   ____ Some (<50%)
   ____ None (0%)

   *If your business DID NOT receive all (100%) of the NEW credit or RENEWED credit it applied for, continue to question 33, otherwise go to question 35*

33) What reason(s) did the lender provide for not approving the full amount of **NEW** credit or **RENEWED** credit your business applied for? **Select all that apply.**
   ____ Low credit score
   ____ Insufficient collateral
   ____ Unwilling to provide personal guarantee
   ____ Weak/missing financial statements
   ____ Uneven cash flow
   ____ Level of outstanding debt
   ____ Weak revenue/performance
   ____ Business is too young
   ____ No reason given
   ____ Other factors, please specify __________________________________________

34) Sometimes, people believe that other factors were involved in the credit decision. Which reasons do you think were most important in determining the amount of credit and rate your business received?
35) What types of credit products did your business apply for? Did you receive full/partial/none of the credit you sought?

<table>
<thead>
<tr>
<th>Types of Credit Products</th>
<th>Full</th>
<th>Partial</th>
<th>None</th>
<th>Did not apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line of credit</td>
<td>✘</td>
<td></td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Home equity line</td>
<td>☐</td>
<td>✘</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Second mortgage for business purposes</td>
<td>☐</td>
<td>✘</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Real estate finance (commercial property)</td>
<td>☐</td>
<td></td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>SBA loan</td>
<td>☐</td>
<td>✘</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Business loan (Non-SBA)</td>
<td>☐</td>
<td></td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>New business or personal credit card for business use</td>
<td>☐</td>
<td>✘</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Factoring or trade credit</td>
<td>☐</td>
<td></td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Other, please specify</td>
<td>☐</td>
<td></td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

36) For what purpose was your business seeking the **MAJORITY** of financing?

- [ ] Start this business
- [ ] Cash flow or day-to-day operating expenses
- [ ] Real estate or structures
- [ ] Replacement of old plant, equipment, or vehicles
- [ ] Investment in additional plant, equipment, or vehicles
- [ ] Repayment of debt
- [ ] Reserve or cushion
- [ ] Inventory
- [ ] Other
37) Does your business plan to apply for credit in the next 6 months?
   ____Yes
   ____No
   ____Not Sure

38) How often do you contact your primary financial institution about your credit relationship?
   ____Weekly
   ____Monthly
   ____Quarterly
   ____Twice a year
   ____Once a year
   ____Less than once a year

Next, we have a few questions regarding employment.

39) During 2012, did your business have any open positions?
   ____Yes
   ____No

*If you selected “Yes” continue to question 40, otherwise go to question 42

40) How easy or difficult was it to fill the open position(s)? Please explain.

41) If the number of workers at your business increased in 2012, what were the reasons for adding employees? *Select all that apply.*
   ____Need skills not possessed by current staff
   ____A more positive economic climate
   ____Current staff members are overworked
   ____Firm’s financial position improved
   ____Wages and benefits have fallen
   ____Business did not increase number of workers in 2012
   ____Other factors, please specify __________________________________________
   _____________________________________________________________________
Now we are going to ask questions about Superstorm Sandy.

42) As of the end of December 2012, did your business sustain direct or indirect losses from Superstorm Sandy?
   ____Yes
   ____No

If you selected “Yes” continue to question 43, otherwise go to question

43) What was the estimated value of your business’s losses (in $ value)?
   ____$10,000 or less
   ____$10,001 – $25,000
   ____$25,001 – $50,000
   ____$50,001 – $100,000
   ____$100,001 – $250,000
   ____$250,001 – $500,000
   ____$500,001 – $1,000,000
   ____More than $1,000,000

44) Which types of insurance did your business have at the time of the storm? Select all that apply.
   ____Property insurance
   ____Flood insurance
   ____Business disruption insurance
   ____Other
   ____No insurance

45) If other your business had other type of insurance, please specify:

46) Did your business file an insurance claim?
   ____Yes
   ____No

If you selected “Yes” continue to question 47, otherwise go to question 54
47) Were ANY of your business's losses covered by insurance?
   ___Yes, fully covered
   ___Yes, partially covered
   ___Pending
   ___No, not covered

48) Did your business apply for disaster relief assistance?
   ___Yes
   ___No

If you selected “Yes” continue to question 49, otherwise go to question 51

49) Who did your business apply for disaster relief assistance from? (e.g. FEMA, SBA, state or local agencies, nonprofit organizations)

_____________________________________________________________________________

50) How much non-insurance related disaster relief assistance did your business receive (in $ value)?

   $__________________

51) What changes, if any, has your business made to business operations or investments after Superstorm Sandy (e.g. additional insurance, purchasing a generator)?

52) Compared to the 4th quarter of 2011, did your business’s revenues in Q4 2012?
   ___Increase
   ___Remained constant
   ___Decrease

53) What were the business factors that contributed to differences between Q4 2011 and Q4 2012?
We have a few final questions about your business.

54) Is this a certified woman-owned business?
   ____Yes
   ____No

55) Is this a certified veteran-owned business?
   ____Yes
   ____No

56) Is this a certified minority-owned business?
   ____Yes
   ____No
Partner Organizations

Binghamton Chamber of Commerce
Brooklyn Chamber of Commerce
Business Council of Fairfield County
Business Council of New York State
Business Council of Westchester
Chamber of Commerce Southern New Jersey
Community Development Corporation of Long Island
Connecticut Business and Industry Association
Dutchess County Chamber of Commerce
Empire State Development Corporation
Genesee County Chamber of Commerce
Greater Monmouth County Chamber of Commerce
Greater Newark Enterprises Corporation
Greater Watertown North Country Chamber of Commerce
Hudson County Economic Development Corporation
Hudson Valley Gateway Chamber of Commerce
Jersey City Economic Development Corporation
Manhattan Chamber of Commerce
Minority Business Development Agency
New Jersey Business and Industry Association
New Jersey Lieutenant Governor's Office, Small Business Advocacy
New York City Council
New York City Department of Consumer Affairs
New York City Department of Small Business Services
Newark Regional Business Partnership
Orange County Chamber of Commerce
Putnam County Chambers of Commerce
Queens Chamber of Commerce
Queens Economic Development Corporation
Rensselaer County Regional Chamber of Commerce
Rising Tide Capital
Schenectady County Chamber of Commerce
Somerset County Business Partnership
South Bronx Overall Economic Development Corporation
Staten Island Chamber of Commerce
Tompkins Chamber of Commerce
Warren County Regional Chamber of Commerce
Women Presidents Organization