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small businesses that shows that, in its region, nearly two thirds of the small businesses seeking credit in the second quarter of 2012, received some form of financing.

That may sound like good news, but it may be tempered by the low number of small businesses that actually sought credit. Many of the small business owners surveyed said they hadn't sought funding, even though they could use it, because they believed they wouldn't be approved, either because of the market or personal business factors.

"Results suggest that discouraged firms and those that could secure only partial financing are challenges in the small business credit environment," the New York Fed said in a statement.

Among the businesses who responded that they had sought credit, 13 percent received the full sum they had sought and 50 percent received a portion of the amount they had sought or an undisclosed sum. The highest demand were for what the NY Fed terms "microloans," amounts of under \$100,000. More than 58 percent of the credit seekers had applied for loans in this range.

The poll suggests that future demand for loans is likely to come from re-applicants (firms that applied for credit between mid-2011 and mid-2012), most of which didn't receive the full amount of credit they requested. Additional demand is also likely to come from new applicants (that did not apply between mid-2011 and mid-2012), many of them previously self-categorized as discouraged. These "short-term" discouraged firms may encounter difficulty obtaining credit since few cited strong bank relationships and many had weaker sales than successful applicants.

The New York Fed's *Small Business Borrowers Poll* collects information from small businesses in the Federal Reserve's Second District—New York, northern New Jersey

and Fairfield County, Connecticut—about their performance, credit experiences and

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