extent at the present time. The only major changes in the lending policies of this group have been a substantial reduction of interest and commission charges, the virtual abandonment of the straight loan, and an increasing investment in Title II loans. The group as a whole, while representing the third largest source of mortgage credit, are declining in importance locally.

d. Mortgage Companies

The depression and the advent of the FHA loan played havoc with this type of institution in the Los Angeles area. Prior to 1929, these institutions maintained a thriving business, particularly in the sale of guaranteed participating certificates against trusted mortgage loans, but also, in the capacity of mortgage brokers, through sales of mortgages, to institutions and individuals. The high interest rates charged (7-8% usually) on straight 3 year loans as well as the ½% investment certificates, established the mortgage company group in an outstanding position insofar as attracting funds from individuals was concerned. These high rates of return were most appealing to the great numbers of moneyed individuals who sought retirement in this area during the halcyon decade of 1920-30.

The rigors of the depression put an abrupt halt to the activities of this group. One of the two big companies doing the heaviest business in guaranteed investment certificates - the Pacific Mortgage and Guarantee Company - was forced into voluntary liquidation in 1933, while the other - the most important Pacific Coast branch of the Mortgage Guarantee Company - was saved from receivership only by the generous treatment of the Metropolitan Life Insurance Company in releasing the Mortgage Guarantee Company from the guarantee of its mortgages. Also, the help rendered by the refinancing operations of the H.O.L.C., and assistance received from the RFC were not inconsiderable factors in saving this institution. However, this company was for years in a state of virtual liquidation and its depression lending operations were very largely limited to the re-writing of matured loans. It has only recently engaged in the making of new loans.

The mortgage brokerage business engaged in by most of the remaining mortgage companies operating in the area ceased to all intents and purposes after 1930, as neither institutions nor individuals were seeking further mortgage investments during the depression years. A large volume of real estate was acquired by these companies, mostly for the account of their clients, but these acquirements, for the most part, have been sold.

Improvements in business conditions have brought but slight relief to mortgage companies. With the advent of the FHA loan, the banking fraternity has assumed a constantly increasing dominance in loan mortgage activity, while the FHA loan in itself constitutes a competition which mortgage companies, acting in the capacity of broker for individuals, find exceedingly difficult to meet. Only one mortgage company - The Syndicate Mortgage Company, a subsidiary of Investors Syndicate of Minneapolis - is using any really substantial volume of business for its own account and much of this business is in FHA loans. Of the business done by the remaining 10 companies, by far the greater portion constitutes credit furnished by the insurance companies which they represent. In an effort to compete with the low interest, long-term, amortised FHA loans, the larger mortgage companies themselves are now offering low interest, long-term, amortised loans but not on a 90% of appraisal basis. This intense loan competition has had a two-fold effect on the mortgage companies - the loss of their investment market on the one hand because the low return on mortgages is not attractive to individuals and the loss of mortgage demand on the other through the more favorable FHA terms. There is widespread resentment against the Federal Housing Administration among the whole fraternity.

e. Individuals

Individuals in pre-depression days constituted the greatest single source of mortgage funds. During the 1920-30 period, it has been estimated that individual money accounted for as high as 50-60% of the total mortgage loans made. In addition to the loans they made either directly or through mortgage brokers, these individuals also constituted the chief source of funds tapped by the institutions issuing real estate mortgage and guaranteed investment certificates.

This source of mortgage money was nearly completely stopped during the depression, and has never regained its momentum. Competition from low interest, long-term, amortised loans of the FHA type has been instrumental in diverting individual