extent. (For proportion of total FHA Title II activity, see fourth page of attached tables, Cons. 3, columns 28-37).

The fierce competition which the savings and loan group has faced—particularly from FHA loans—has led them into activity in the Los Angeles area which is not above criticism. In their construction financing, it has been necessary that associations encourage second mortgage paper running to the builder as a means of competing against the high FHA ratio of loan to appraisal. Westside Village—a newly developed section of poorly constructed dwellings in a bad location in southwest Los Angeles—is an example of activity of this type. Purchasers in this pressure-developed area were required to pay as little as $50 down for homes selling at $2750 with the builder taking back a second mortgage for the balance above the first mortgage. Constant criticism was heard among mortgage men in the community of other bad mortgage practices by savings and loan associations—particularly overbuilding.

A downward readjustment of interest and dividend rates would appear to be vitally necessary if Los Angeles associations are to operate on a sound basis. The most fortunate feature of the local problem is that savings and loan institutions are prohibited from investing in apartment and large multi-family dwelling mortgages. If regulations permitted, it is highly probable that much of the heavy flow of investable funds would be diverted to mortgage investment of this type where competition is less keen and apparent returns higher.

OVERHANG OF HOME PROPERTIES AND SALES ACTIVITY Residential overhang of the savings and loan group (493 parcels for $1,812,300) is relatively light and equivalent to but 1% of the number and 2% of the amount of their home mortgage portfolio. This highly satisfactory condition is due both to the shortage of homes during 1936-37 which enabled rapid disposal of acquired properties (sales for the year 1936-37 numbered 1,956 parcels for $6,730,700 and reduced the owned real estate accounts by nearly two-thirds), and to segregations of assets in many cases prior to the issuance of share insurance. Non-members of the Bank System hold about 45% of the group overhang. Associations of this type also own a number of non-residential properties—mostly apartments and small hotels in the Long Beach area of which they are unable to dispose.

V. HOLC ACTIVITIES

LOAN ACCOUNTS The HOLC refinanced 30,285 loans in Los Angeles County for a total of $83,151,400, equivalent to 1 in every 8.7 owned non-farm dwellings (average for the state 1 in 12.3, and for the country as a whole 1 in 10.4). This ratio placed Los Angeles County fourth among the thirteen counties in the United States having cities of over 500,000 population, only Wayne County (Detroit), Cuyahoga County (Cleveland) and Cook County (Chicago) exceeding Los Angeles in this respect. As of May 31, 1939, the HOLC had 28,632 original loan and vendee accounts for $55,792,800, equivalent to 23% of the number and 14% of the amount of total institutional portfolios, this total giving the Corporation third rank behind the banks and savings and loan associations as groups from the standpoint of active mortgage accounts in Los Angeles County.