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. Pur-
chasers 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
vitaly 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 competi-
tion is less keen and apparent returns higher.

OVERHANG OF HOME
PROPERTY AND RESIDENTIAL overhang of the savings and loan group (493 parcels
SALES ACTIVITY 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.