Less than 11% of the loan accounts were in default as of May 31, 1939 - over 8% in default for less than 12 installments. However, an additional 4% of accounts not in default on loan payments were delinquent on taxes.

**ACQUISITIONS**
The HOLC had foreclosed and acquired title (or acquired title by voluntary deed) to 2,609 or 8.6% of the properties securing original loans as of May 31, 1939. The peak in foreclosure actions instituted was attained in 1937 (1,313 foreclosures) and the trend has been sharply downward since, the 112 foreclosures instituted during the first 5 months of 1939 being 72% under actions instituted during the comparable period in 1938 and 83% under the peak year 1937. It is safe to assume from the comparatively light percentage of loan accounts in default that the worst of the HOLC acquisition problem is over, barring a return of severe depression conditions.

**PROPERTIES OWNED**
The HOLC owned 827 properties with an estimated book value of $4,558,200 on May 31, 1939, equivalent to but 3% of the number and 8% of the dollar total of its active mortgage accounts, and 34% of the number and 26% of the amount of institutionally owned real estate. These totals represent a sharp decrease from the peak overhang totals at the close of 1937 (1,816 properties for $8,710,400) and reflect both the drop in acquisitions mentioned above as well as the pronounced increase in sales activity during 1938 and the first 5 months of 1939. However, sales activity will probably taper off in the ensuing months because of the slow market currently existing for "used" dwellings, and because of the high book value of unsold properties. HOLC sales through May 31, 1939 averaged $4,390 while the estimated book value of unsold properties at that time averaged $5,510. Furthermore, 74% of the unsold properties were located in the poorer third and fourth grade neighborhoods - 21% in the fourth or poorest grades alone.

**SALES**
HOLC sales, both in total volume and in sales as a percent of properties available for sale, were highest in 1938 and subsequently. This contrasts sharply with the record established by institutional owners of real estate, sales by these institutions having been highest in 1936 and 1937. Institutions were able to take advantage of the shortage of available housing which occurred after the influx of population in 1936-37, and disposed of most of their properties. Sales were expedited also by the willingness of institutions to accept any reasonable offer for their properties irrespective of the ledger values involved. Reconditioning was confined to necessary repairs and a modicum of "appearance" decorating.

The HOLC on the other hand was the unfortunate victim of circumstance in its effort to dispose of acquired properties. Unlike other Los Angeles mortgage institutions, HOLC portfolios consisted exclusively of mortgages, the foreclosure of which involved a 12-months redemption period; therefore, by the time possession of any significant volume of foreclosed properties was finally obtained and these properties were reconditioned for sale, the crest of the market for used dwellings had passed and the great wave of new home building had started. Even after properties were available for sale, the two-fold attempt made by the HOLC to maintain local real estate price levels at "fair value" levels on the one hand, and to secure full ledger values on the other, hamstrung the efforts of local brokers in their sales.