"Due to the discontinuance of building construction through the previous four years, there were practically no properties available for purchase, and the market was flooded with older properties, repossessed through foreclosure by lending institutions, which were obtainable at forced sale prices. In many cases both the actual and utility values of these properties were questionable. It was important that facilities be established by the Board to make complete investigations to obtain information upon which valuations could be based. It was imperative that the Board approve for purchase only such properties as offered reasonable utility value over the period of years which the veteran would require to complete a purchase contract.

"In order to take advantage of the Board's investment program, many building contractors and promoters were arranging to construct homes for sale to veterans. In the scramble to capitalize the opportunity afforded them, a number of organizations were formed with the objective of constructing inferior buildings for re-sale at large profits. The Board anticipated this situation and prepared to guard against such unfair practices.

"No assistance could be obtained from building and loan organizations, as they were almost invariably holding frozen assets in the form of repossessions, did not contemplate immediate expansion, and were interested only in liquidation. The only sources of modern, up-to-date data concerning methods and lending practices were from the Federal Home Loan Bank Board and another Federal agency which had expended large sums in research and in gathering facts and figures concerning economic conditions, property values, and construction methods. The Board, therefore, combined such features as appeared to be adaptable to its operation from these two Federal organizations, adding ideas from its own experiences, and in the course of time has perfected what we are pleased to believe to be a practical, up-to-date and efficient organization for the purpose of administering an investment program of this kind.

"It was felt to be highly desirable that property purchases be accelerated in order to assist in the recovery of residential values and to help the building industry in California. The monthly volume was built up to approximately $1,250,000 by June 30, 1936, and it is understood has latterly increased to around