"Our real estate lending operations are confined to Alameda and Contra Costa Counties. In making residential loans, our appraisers, who are regular employees of the institution, give particular consideration both to the age of property and the districts in which it is located. Based upon their appraisals, we will make loans up to 60%.

"We are very careful about making loans in all the areas west of San Pablo Avenue and south of 14th Street in Oakland, and while we do not refuse to make loans in those areas, they are always upon very much modified terms. In fact, the terms upon which we make residential loans are very flexible as to percentage, interest, maturity, and amortization. We think that this is essential in lending in our territory owing to the many elements which enter into the security values of residential property.

"Our lending terms are as follows: Interest rate, 5 to 6%; maturity, 3 to 10 years; amortization graduated according to property, property location, and age. We charge no commission, and all loans are made upon a direct reduction basis. Our 5% loans are all upon maturities of five years or less, and no loans under $10,000 are made at less than 6% interest. In 1929 our lending terms were: Interest rates, 6 and 6 1/2%; maturities, one year; amortization, 1% monthly, which included interest. No commission was charged, and all residential loans were upon a direct reduction basis.

"The demand for residential loans is not nearly in keeping with the supply of funds available for that purpose. Consequently, competition is intense. Other banks are our chief competitors for the small loans, and insurance companies for the larger ones. Many applications made to us and approved are never consummated owing to the keen competition. A prospective borrower will make application to several mortgagee institutions and will take the loan which he feels is the most advantageous. This is very annoying. It would help the situation and be of advantage to all institutions if they would require a $5 deposit before accepting an application."