"The building and loan associations are taking many loans which the banks and insurance companies have rejected. In fact, it seems to me that they are rapidly getting back into the same habits and practices which caused them so much grief during the depression years.

"Currently, our loans are running about 10% construction, 60 to 70% re-financing, and 20 to 30% purchase money. This last designation includes many clients who are placing loans on their homes in order to raise money for business purposes. About 20% of all the loans we make are under FHA guarantee. They cost the borrower more than our regular terms, but they have the benefit of the long-time financing. We do not press these loans but neither do we withhold them.

"During 1933 and 1934 delinquency in residential loans ran as high as 20 to 30% but has now gotten back to a normal condition. We consider a normal delinquency to be 5% 30 days or more past due. In dealing with delinquent borrowers, we have developed during past years a follow-up system which contemplates a routine handling. At the end of stated periods personal contacts are resorted to and, if thought desirable, pressure is brought to the point of actually beginning foreclosure proceedings.

"Thanks to this follow-up system, our acquirements of residential property did not assume the huge proportions that they might easily have done. The properties which we did acquire were handled by our Property Management Department who sold through a selected list of brokers.

"In pricing properties, we were wholly governed by market conditions, and amount invested was never given consideration. Based upon our own experience, we would say that a residential property which sold for $8,000 in 1928 would have sold for $4,800 in 1933 and is currently selling for around $7,000. We would say that the same property would have sold for $8,500 in 1926 (1926, 1929, 1933, 1937). These are 106%, 100%, 60%, 87.5% typical figures and would vary considerably according to the value and location.

"We did not attempt to place properties on the market before reconditioning them. However, rehabilitation was generally of a superficial nature and was accomplished by our own service crew. We have had no luck in trying to sell properties in an 'as is' condition.

"Currently, the property which is most in demand is a five-room house priced at $5,000 or less. Such properties located in good districts north of 14th Street and east of Fruitvale Avenue offer the least sales resistance."