"We confine our lending operations largely to Alameda County, although we do make a few loans in Contra Costa County. In making loans we take into consideration age of property, but we are guided largely by the appraisal in percentage we will loan.

"There is not a great deal of difference in the terms which we offer now and those which were current in 1929. Our interest rates probably average 1% less and the loan periods will probably average twice what they did in 1929. Our amortization requirements, however, are the same, and we have never made any charges other than actual expenses. Our residential loans now are upon 60% of appraisal, which is somewhat higher than our practice in 1929. We have salaried employees who make all our appraisals except in unusual cases.

"The demand for residential loans at present is only nominal with us, our chief competitors for such loans being the other banks, particularly the out-of-town institutions. With business property loans, the insurance companies are the stiffest competition.

"Our average residential loan is currently around $3500, and 90% of our lending is upon this class of security.

"The foregoing, of course, does not apply to the FHA loans which we are making. Currently, our loans are running 3% for new construction, 85% refinancing, and 12% purchase money. Practically all of our construction and purchase money loans are made under FHA Title II. Up to very recently our construction loans were running much higher than they are at present. The increased cost of construction in the last six months has created a doubt in our minds as to the soundness of such loans even when we have the FHA guarantee.

"Delinquencies during the depression period became quite serious, but they have been getting steadily better, and while still above the 5% which we consider normal, they are not so bad as to give us concern.

"We have consistently made it a practice to increase the mortgage debt for the purpose of making repairs or paying taxes. This seems to us no more than