"So far we have confined our lending to the East Bay Area.

"We lend up to 75% of the value established by independent appraisers.

Our loans average, however, not more than 65% of appraised value on new construction. We make loans up to 15 years but limit the term to 11 years and 7 months upon existing houses. We will not consider a loan on a dwelling more than 25 years old and are guided in making our terms by the district in which the property is located.

"There is a brisk demand for residential loans, but there is also plenty of competition, our principal competitors being banks and other building and loan associations.

"Our average loan is $3200. Currently, the commitments which we are making are running 30% for new construction and 65% for refinancing. Twenty percent of our loans are made under FHA Title II. We are glad to cooperate with the Government in the effort which they are making through the FHA, but we are mainly interested in the loans themselves, as they make it possible for us to compete in long-term financing.

"The Federal Program has been responsible for a great liberalization of the terms of home loan financing. For example, in 1929 interest rates were running 7½%; ten year maturities were maximum, with an amortization of $11 to $12 per month; commissions of one and two percent, plus expenses, were charged. Now (1937) interest rates are averaging 6% or less; maturities, other than FHA, are from 10 to 15 years; amortizations are around $8.50 per month, and only actual expenses are charged. Boiled down, this means at least a 25% differential in favor of the borrower.

"While this association has had no experience with acquired properties, I can say from personal experience and observation that residential properties in Oakland went down to 60% of 1929 values and are now back to not less than 80% of 1929 prices. Rents went down about 70% and are now back to 85% of 1929 prices."