Attention is directed to the treatment accorded this subject in the San Francisco report (Pages 85 to 92), as the same situation described there exists in the East Bay community. There is evidence of a distinct falling off in F.H.A. construction loans in the entire "Bay Region", which is wholly attributable to high building costs.

There is no question but that F.H.A. loans and other Government financing have furnished a harvest for the speculative builder who, generally speaking, has not failed to reap where he has not sown."

A recent change in the Appraisal Department of the Northern Division office of the F.H.A. is said to have resulted in much more conservative values; however, some authorities, particularly those connected with the Federal Savings and Loan Associations, continue to think that the F.H.A. is over-generous in its appraisals. In discussing the matter of appraisals with the new Chief Valuator in the San Francisco office, it was gathered that it was his opinion that values were definitely up as a result of the change in the Gold Standard.

C. Present Mortgage Activity and Relative Position in the Mortgage Field.

The table on Page 64 of this report shows that the amount of mortgage loans dropped from an assumed 100% volume during the peak year of 1926 to 65.5% in 1930 and reached a low of 28% in 1933, climbed to 42.9% in 1936 and, on the basis of one-half the 1926 volume equals 100%, reached 49.9% in the first six months of 1937.

This indicates that, while the volume of mortgage loans is still slightly less than half of 1926, there has been a remarkable recovery in volume in the past three and one-half years. It should be borne in mind, when reviewing these ratios, that they are based upon an abnormal year, as 1926 was the peak of the business property "boom" in Oakland when activity was at its height and many business property loans were for large amounts. Unfortunately, it was not possible to obtain figures for 1929, but from what could be learned, it is not believed that they differed greatly from the 1930 figures shown in the table referred to.

The following table is a recapitulation of the tables shown for the various mortgagee groups in Section III A of this report and shows the total number and amount of mortgage recordations from January 1, 1931 to June 1, 1937, distributed to show the relative participation of each of the lending groups: