10. As of 12-31-36, what was the amount of accrued interest as a percentage of total local mortgage account? - %; Previous year ? - %

LOCAL REAL ESTATE ACTIVITY

11. LOCAL REAL ESTATE OWNED:
   a. Total all properties owned - this city and suburbs ....... - $ -
   b. Total residential properties owned - this city and suburbs 2 $ 16,000.

12. Estimate additional local residential properties in this city and suburbs which probably will be acquired next 12 months by foreclosure or otherwise, ......... None $ -

13. Local residential properties located in this city and suburbs which were sold during ..... (1936) 8 $ 30,000 (1937) 4 $ 20,000 (1938(7 Months)) 2 $ 9,000

14. Usual terms of sale: a. Down payment 15 %; b. Interest rate on balance 6 %; c. Amortization required 1/2 % per Mo. & int.; d. Are taxes and insurance collected monthly? No %; e. What percentage of sales are made on purchase or land contracts? Most %; f. What percentage of equity is required before deed is given? 33-1/3 %; g. What is the usual down payment on contract sales? 15 %

See interview below.

15. To what extent are properties reconditioned after acquisition? See below

16. What percentage of dwelling units are occupied? (Exclude those held open for sale) 100 %

17. Describe company's method of handling acquired real estate, explaining any particularly successful sales campaign. See below.

Interview with Mr. Wilbur F. Warner, Vice President: While we quote interest rates of 5%, 5 1/2% and 6%, it is only once in a "blue moon" that we write a loan at 6%. Relative to lending operations now and in 1929, our general loan plan in 1929 was as follows: Term - 15 years; interest rate -6%; semi-annual principal reduction - 3%; interest also paid semi-annually; commission - 2%; commission on construction loans - 3%. At present, we charge 1% engineering and inspection fee on construction loans and no brokerage. On refinancing loans we charge no brokerage whatever, with a prevailing interest rate on new, clean security of 5%.

In servicing our loans during the past four or five years, we have followed a "reasonable" policy. We have recognized the economic difficulties of our borrowers and adjusted our demands to what they actually can pay. In better times we follow a stricter policy. Within the last thirty days, for example, we have put "teeth" into our collection efforts because we do not wish delinquent accounts to run along for the next several years without being cleaned up, with the possibility that we may find ourselves in another depression with these same accounts in bad shape.

In disposing of real estate owned our first step is to put our real estate holdings in first-class condition inside and out. We do a thorough job of rehabilitation; then send out sales listing sheets to each of the brokers in a given area. We establish a pass key system on vacant properties, furnishing each broker with key. We occasionally cooperate with brokers in standing half the cost of advertising. We pay brokers full Board commissions even though Western Service Corporation holds a Real Estate Broker's license.

With regard to terms in disposing of owned real estate, we require a minimum down payment of 15% where property is sold on contract; in a transaction involving a deed, 33-1/3% is required. The interest rate of unpaid balance is 6%. When a transaction reaches the deed stage, the note runs for a period sufficient to retire the debt completely on a basis of 1/2 to 1% monthly pay-off on principal. We also work out our contracts, where property is not particularly desirable, on a higher principal amortization than 1/2 of 1% per month.

Residential property is defined as a 1-4 family dwelling or a combination business property and dwelling for not more than four families.