Mr. Wilson said, "We are having a difficult time placing our funds at rates which will give us income enough to pay overhead and dividends.

We have found that our best field is the real estate loan market and while we are primarily a commercial bank, we have invested a half-million dollars of our funds in residential mortgages. While competition is keen, particularly as to rates, we have succeeded in placing in this class of securities, all the funds we felt we should.

While we are careful as to appraisals, our main reliance is upon the moral and financial risk of the borrower. Our loans are largely located in Mission Hills, Lone Portal, North Park, City Heights and Normal Heights, which we consider the choice loaning districts of San Diego.

"We have not had to acquire a great deal of real estate and at present have less than $50,000 of it on our books. Our sales have been made through brokers and we have all our properties listed at the present time.

Owing to the stability of a large Government pay-roll in San Diego we did not feel the bad-effects of the depression nearly so much as many other cities and in consequence real estate values suffered less here, our experience being that a house which sold for $5000 in 1929 got down to between $3000 and $3500 in 1933 and now has a market-value of $4300. This, of course, is the popular-priced dwelling. The higher-priced properties suffered a greater rate of depreciation and have recovered less. While our institution has had no rental experience, my observation is to the effect that rentals have returned to the 1929 levels and are probably higher than in 1933."