Mr. Fraser submitted the following comments regarding his business and his attitude toward the Federal program.

"Our business is principally that of loaning money for others and servicing these loans. We operate largely on the interest participation plan rather than the usual custom of charging the borrower a brokerage.

We organized in 1926 and were appointed loan correspondents for the Equitable at that time. Since that time, however, the Equitable has not been in the market for loans for a period of approximately six years. We loaned for the Equitable, approximately $5,000,000.00. We are unable to get new business at this time even at the low interest rates we are offering, because in practically all cases the applicant wishes to borrow, and is able to borrow, through Federal Housing Administration loans and through Federal Savings and Loan Associations, an amount which experience has shown to be excessive. In other words, the Federal Government is taxing us to get funds to deposit with our competitors who are making, in our opinion, unsound loans. An investigation of most of the Federal Savings and Loan Associations in this territory will show that the controlling factors are interested, primarily, in selling building material. In our opinion, no financial institution should loan public funds if those passing on the loans are receiving a profit other than that directly received by the financial institution.

The present method of government aided financing ranging from 75% to 110% of the value of the property has definitely encouraged the home owner to assume an obligation far greater than his financial position warrants. It is rapidly bringing about a condition, that of reckless credit buying, which we are told has much to do with bringing on the depression in business. Although we definitely disapprove of 80% loans, if these are necessary to meet competition we submit the following:

We are not permitted to insure loans through the Federal Housing Administration which we made and service because we do not have a paid-in capital of $10,000.00. The fact that we have had years of experience in the mortgage business, have established a reputation in our community over a period of thirty years and have a record in handling our mortgage loans that is beyond criticism, does not seem to enter into the picture and we believe it should. We believe that all business of the Federal Government affecting financing should be entirely free from politics. It is most evident that there is ample private capital ready for investment at low interest rates on satisfactory security. We believe it is not the function of government to enter this line of business on a manifestly unsound basis."

Although Mr. Fraser is definitely opposed to the Federal program, he was very courteous in giving the information asked for.

He said in the last two years he had sold about thirty properties at prices not above $4000.00, and for about 10% to 15% cash down payments. He thinks that the present tendency to demand larger down payments is hurting the market in so far as it increases difficulty of disposing of improved properties.

He stated that there was brisk activity in building in such districts as Lone Portal and Mission Hills. He says lots in those areas selling in 1929 for $2000.00, could have been purchased for about $600.00 in 1933, but are now up to $1500.00 to $1500.00.

Improved properties ranging from $5000.00 to $10,000.00 shrank to about 60% of their 1929 value and have recovered to about 70% of their 1929 value. Houses under $5000.00 had about the same shrinkage and recovery as the more expensive group, but show perhaps more activity at the present time.