"We engaged, to some extent, in the exchange of certificates for real estate, but discontinued doing so some time ago.

"Competition for loans in San Diego is very keen, with our principal competitors being the banks, which make F. H. A. Title II loans, the federal savings and loan associations and the lumber companies, particularly the Peterson Lumber and Finance Company, which has a Corporation, the Arbud Investment Company, which is qualified to make F. H. A. Title II loans. After they complete their loans, they sell them to the Reconstruction Finance Corporation. Mr. Peterson is also president of the Coronado Federal Savings and Loan Association.

"Competition is largely upon the amount that will be loaned, although there is some cutting of rates also.

"As a rule, we do not lend on houses over 10 years old, but vary from this according to districts and moral risk of the borrower. We use an outside appraiser on all new loans made. At the present time, our loans are running 65% new construction, 10% refinancing and 25% purchase money.

"The First Federal Savings and Loan Association was organized with the idea that it would succeed to the business of the Bay City Building and Loan, but we have not been able to accomplish this as yet, partly, at least, on account of the attitude of the Building and Loan Commissioner, and his interpretation of the law."