"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 Arbut
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 out-
side 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."