We are apparently in for a period of severe competition for residential loans. To date it has been largely a matter of aggressiveness but indications are that concessions as to rates, percentage loaned and terms will soon be indulged in. At the moment, mortgage institutions seem pretty well standardized upon all of these factors. It is my belief that banks will constitute our chief competitors.

Our loans are scattered over our fifty-mile radius for the reason that we believe it is good policy not to concentrate too largely in one locality. Our immediate territory is covered by what is popularly called a "Hatton District". However, the assessments are not heavy enough to bar us from making loans here in La Jolla.

In making loans every element is taken into consideration. We have two outside appraisals made and in addition to these make our own inspection of the property. Both age and location enter into our calculations and affect the terms which are offered.

At present, our loans are running 40% new construction, 40% refinancing, and 15% purchase-money. So far, we have made only one Federal Housing Administration Title II loan.

In selling our acquired real estate we employ selected brokers to whom we furnish a book containing photographs and particulars of our various properties. We are not trying to push real estate sales at present as we anticipate better prices in the future. We naturally dislike to take losses but have done so in several instances. However, up to the present, we have fared very well in this respect. Out of 19 parcels sold, aggregating $50,000, we have been able to show a profit of $15,000.

In 1933, the high-class, mansion-type of residence went down to 40% of former values. They have regained a large part of this loss and are now selling around 70% of these former values. Medium-priced residences never went down below 75% of pre-depression levels in this locality and are now back to fully 90% of these levels. In pricing our own holdings, we have set a figure and let the market rise to it.