prospective loans from us by lending more than we felt was justified. In making loans we have no set policy but treat each case upon its merits. We use independent appraisers to a large extent, primarily as a check-up on our own judgment. Currently, our loans are running 50% construction, 25% refinancing, and 25% purchase-money. About 25% of our loans are being made under Federal Housing Administration Title II.

While lending in all parts of San Diego, we prefer the districts north of Broadway and West of Euclid. We realize the danger of lending in ad-valorem tax-districts but feel there are a few of them that do not constitute a serious hazard. We are making loans to from 80 to 85% of all those applicants from whom we take signed applications. Of course, there are a great many inquirers from whom we will not accept an application.

We are exceedingly optimistic over the outlook for San Diego and believe we have the right to expect a long period of prosperity and growth."