In addition to San Francisco, this bank has branches in Alameda, Contra Costa, Marin, San Mateo, and Santa Clara Counties, and we make residential loans in all localities where we have branches.

We make loans up to 50% of the value arrived at by appraisers employed by us on a salary basis, most of the loans being upon an amortization basis. We do not favor loans on residences over ten years of age, although we have made some in the best districts. In arriving at values our appraisers take into consideration location of properties. We also have a rule of not lending more than five times the value of the lot.

Our terms are 6% interest, five year loan period, amortization on a nine year basis, no commission and only out-of-pocket expenses charged. The only difference between our present terms and those of 1929 is that we formerly loaned for only one year and made no amortization requirements.

Referring to the Security Area map of San Francisco shown us, we would say that we will make residential loans upon our maximum terms in all the 'green' areas shown except 'A-4' and 'A-6'. We will also make maximum commitments in most of the 'blue' areas numbered from 'B-16' to 'B-26'. We will also make residential loans on modified terms in practically all the areas shown with the exception of those composing the 'Western Addition'. (The 'Western Addition' consists of 'A-4', 'A-6', 'B-11', 'B-12', 'B-13', 'C-6', 'C-7', 'C-8', 'C-9', 'C-10', 'C-12', 'C-14', 'D-1', 'D-2', 'D-3', 'D-4', and parts of 'C-13', 'C-24', and 'D-5'.)

We are not experiencing any great demand for residential loans at the present time and are making very few, over 90% of our activity at present being re-writing of our own loans. It is unquestionably a borrower's market, and competition for loans is very keen, particularly so among the banks and insurance companies. Of the inquiries which result in formal applications being made, 95% of them are granted. Of these, 25% are construction loans and 10% refinancing. About 50% of all the loans we are making now are under FHA Title II. We not only consider them profitable but are glad to show a favorable attitude toward this governmental activity. Our returns are about the same on FHA loans as on the other loans we make.