but we have the addition of the government guarantee, which adds to their desirability. Our residential loans will average between $4,500 and $6,000.

We had considerable trouble with delinquencies during the depression, and at one time as high as 22% of our loans were in that category. It has been getting better for the past two or three years and is now about 10%, which we consider approximately normal. What I have said applies to payments on principal. We have managed to keep payments of interest fairly current, and it is now about normal. We consider any payment unpaid for 60 days as a delinquency. Our delinquency on residential loans normally runs 10% in payment of principal and 1% in payment of interest.

It is our policy to make advances for repairs, taxes, etc. only in cases where it is absolutely necessary to preserve the property. When such advances are made, we require their re-payment before any further reduction of principal is made, but we do not penalize the borrower in any way.

In making collections on past-due payments, we use a staff of salaried collectors who make personal contact with the debtor.

We are not disposing of our small amount of acquired property as yet, but our policy has been to list with all brokers, when we are ready to place it on the market, and invite them to submit tenders, giving no specified sales price. We accept the first tender which we consider a good and sufficient one, our judgment being based upon market conditions.

My impression is that a property selling for $6,000 in 1929 would have sold for $3,500 in 1933 and now has a market value of $4,000. We believe that 1926 and 1927 were the high point of the residential market in San Francisco, values at that time being from 2% to 3% higher than they were in 1929.

Before reconditioning properties, we will try to sell them 'as is'. If we don't get an acceptable tender in 30 days, we will do some reconditioning but not too much. If we are going to rent a property, however, we recondition, as we have found it profitable to do so. Our reconditioning is supervised by salaried officials, but work is let to the lowest and best bidder. We do not expect to make a profit upon the operation and are content to get out even.

We believe that the best selling property is a five-room house priced below $5,000, that such property located in the 'Mission District' offers the least sales resistance, and that it is hardest to dispose of property located in 'Ingleside Terrace'.

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