The Bank of America now has 479 branches in 295 California communities. The total deposits of these banks for the whole system increased $119,376,000 during the year 1936, although our branches in San Francisco showed a decline of almost one million dollars during the same period. Our real estate loans for the whole system went up $19,288,105, standing now at a total of $302,885,530. Our San Francisco branches, however, account for very little, if any, of this increase.

The acquired residential real estate held by the Capital Company decreased in a highly satisfactory manner during 1936, and it is anticipated that liquidation of all acquired residential property will be completed during the current year. This has already been accomplished in San Francisco.

In making our real estate loans, we use as a basis values that are arrived at by our own staff of appraisers, who take into consideration both the age of the property and its location. In making loans, however, we graduate our terms according to the district in which the property is located and to some extent by the moral risk. For example, we will make residential loans upon our maximum terms in all the 'green' and 'blue' areas shown on the Security Area Map, but we will lend upon more restricted terms, to the proper people, in all the areas shown. Mr. A. P. Giannini insists that residential loans be made to worthy people in all districts. However, loans in such areas as 'D-11', 'D-21', and 'D-4' would probably be predicated quite largely on land values and would be very much modified as to terms.

Our maximum terms for residential loans (exclusive of FHA Title II) are 80% of appraised value, 10-year maturity, five to six percent interest. The basis of amortization is not limited to the maturity of the loan, and many of our loans, with both 5 and 10-year maturities, are amortized on a 16 year basis.

While we have every confidence in our appraisal staff and think their methods are about the best, we realize and deplore the fact that there is such a lack of uniformity in appraisal methods and practices. The lack of uniform appraisal standards has a tendency to make appraised values a matter of competition. There is a brisk demand for loans, but the competition is terrific, our chief competitor in the loan field being the American Trust Company.