"We do not make residential loans except in the Bay Region, which includes San Francisco and Oakland. Our lending is confined largely to our own banking customers and is generally what might be termed "policy loans". We have no set rule regarding age of property upon which we will lend, or the location of it. We treat each individual case on its merits, our judgment being largely governed by the general character of the applicant and the report of the appraiser, whom we employ on a salary basis, and we are generally willing to lend from 50% to 60% of the value he places upon the property, with loan terms to suit the borrower.

"We have comparatively few applications for loans, and we are taking no part in the extraordinary competition which exists for this class of business. The applications we have are largely for refinancing purposes. We do not make FHA Title II loans for the reason that we prefer to assume the risk and give our customer the benefit of the ½% which the Government charges.

"About 10% of our loans are currently delinquent one day or more on interest payments, which we consider a little above normal. We treat delinquency on real estate loans in exactly the same manner as we do other past-due obligations.

"We sell our acquired real estate both directly and through brokers and take both invested amount and market condition into consideration when making prices. We do necessary reconditioning before placing properties on the market. We had no acquired properties in 1929, and properties acquired later have been held.

"We put properties in good condition before renting them. Our reconditioning is all done by contract, and we feel that we break about even on the investment.

"Our experience is that building costs are higher now than they were in