"We confine our loaning very largely to San Francisco. We have a few loans in Burlingame and San Mateo and two small residential loans in Oakland, but more than 90% of our loaning is within the County of San Francisco.

"In making loans we take into consideration both the age of the property and the district in which it is located. The only difference in the terms of our loans today and in 1929 is that our interest rate is now 5%, whereas in 1929 it was 6%. Our loan plans are made to suit the individual borrower.

"Our usual plan where a borrower wants a loan to run longer than five years is to make two notes secured by the same mortgage, one an installment note which is extinguished in five years and the other a straight five year note. For example, if a loan is for $10,000, we would make one partial payment note for $6,000 to be liquidated by maturity and another note for $7,000 maturing in five years upon which only the interest would be paid. At the end of the five year period we would split the $7,000 note again, making one partial payment note and one note, the principal of which would run to maturity. The basis upon which we would do this would depend largely upon how the mortgagor had handled his contract but to some extent would depend upon conditions prevailing at the time of the renewal transaction. This does not increase the cost to the borrower, as we never charge commissions and only actual 'out of pocket' expenses.

"Upon the procedure which we have described, we will lend up to 60% of the appraised value of the property, providing this does not exceed twice the appraised value of the lot. For example, if the appraisal of a lot were $2,000 and the building $6,000, we would lend up to $4,000. If the building only appraised $4700, we would still lend up to $4,000. We believe this is good practice, as it discourages over-improvement. Our appraisals are all made by salaried officers whom we employ for this purpose.

"The Security Area Map of San Francisco, submitted for our inspection, seems to be very accurate. We are making residential loans upon our maximum