"The Golden Gate Federal Savings and Loan Association is the outgrowth of a merger of the Empire Building and Loan Association, which was incorporated in 1889, the Fidelity Building and Loan Association, incorporated in 1887, and the Mechanics' Building and Loan Association, which was incorporated in 1891. These old associations were all mutual in character and had only one class of stock outstanding. Between 1930 and the date of their merger, December 31, 1936, they lost approximately 30% of their investment accounts. From March 10, 1933, they honored withdrawals strictly in accordance with the amended State Law, which took effect upon that date. They did, however, pay on demand matured shares throughout the whole period.

"The Standard Building and Loan Association is a guaranteed capital stock association which was organized in 1924. It also suffered heavy withdrawals and made payments strictly in accord with the amended State Code, but during the whole period paid all investment certificates as they matured.

Both these associations consider the Bay Region as their lending territory, but a very large percent of the loans of both the Golden Gate and Standard are on property in the City of San Francisco.

We use independent appraisers in arriving at property values, both as a basis for lending and for pricing acquired properties. In making appraisals, both the age of property and their location are taken into consideration, and in arriving at the amount which will be loaned, we are guided by the location of the property. For example, our maximum lending terms are 80% of appraised value, 20 year maturity, and amortization with a 5 1/2% and 6% interest rate. We will lend upon these maximum terms in all of the 'green' areas and some of the 'blue' areas shown upon the Security Area Map. We will not lend in areas 'D-1', 'D-2', 'D-3', and 'C-16' and will lend only very moderately in 'D-12' and 'D-16'. In all the other areas, loans will be made on modified terms. I live in 'B-6', and I consider the description of that area to be absolutely accurate in every detail; in fact, the whole map depicts, with remarkable precision, the grades in residential areas."