it is planned to effect a merger of the Standard with the Golden Gate.

"Our experience in trying to sell properties in the condition in which they come to us has been very unsatisfactory, and we have found that, in order to sell properties and come out even, it is essential that they be reconditioned. We only do so, however, as a means of selling and do not attempt to make a profit on the amount expended.

"We have found that 5 or 6-room houses are the best selling residences in San Francisco and that there is very little sales resistance to such properties in any part of the city at the present time.

"Rentals went down 20% during the depression but are now above 1929 levels.

"Building costs have gone up 75% since 1933 and are now very much higher than they were in 1929 and are still rising. Under these conditions, we have recently determined to restrict our terms on new construction loans. We have made two such loans since the first of the year—one a 20-year loan upon which we lent 75% of appraisal, the other a 15-year loan made upon the same percentage basis—but expect to be much more conservative from now on.

"I just returned from a meeting of the Federal Home Loan Bank of Los Angeles, and the recent announcement of the Pacific States Savings and Loan Association was discussed. Its derogatory statement relative to share insurance was considered very unfortunate, particularly so as under the State Law all such announcements must have the approval of the Building and Loan Commissioner. It was the consensus of opinion that advertising along this line would react upon the company.

"Another matter which was given consideration was the two measures recently introduced in the Legislature, seeking to repeal the State Law permitting conversion of State Institutions into Federal Savings and Loan Associations. It is believed that the introduction of these measures was inspired by the Building and Loan Commissioner.

"The Bay Bridges, it is believed, will not adversely affect San Francisco residential values. In fact, it is thought that they will prove to be a stimulating influence to the whole Bay Region."