Our loans are confined very largely at present to San Francisco. However, we consider the whole Bay Region and the Peninsula as our lending territory.

Both age of property and district in which it is located govern the terms upon which we will lend. While we were not in existence in 1929, in a general way the comparative terms for loans between 1929 and the present time for building and loan associations were about as follows:

1929 - Interest Rates, 7% to 8.2%.
Loan Period, Five Years.
Amortization on a ten year basis with many loans not amortized.

1937 - Interest rates are generally 6%.
Loan period, 15 years, with amortization over that period.
Commission and other expenses charged borrower are fully 50% less now than in 1929.

The Security Area Map exhibited seems remarkably accurate, and we might say, in a general way, that we are prepared to lend on maximum terms in all the 'green' areas shown and in areas 'B-2', 'B-12', and 'C-7'. In other areas we would modify our terms, and we will not make loans at all in 'D-1', 'D-L', 'D-3', and 'D-4'.

We have a few loans which we have made up to 75% of values shown by reports of independent appraisers, but the average of our loans is 62% to 65% of such values. There is a fair demand for residential loans at the present time, but competition is very keen. We do not reject more than 10% of the formal applications submitted, for the reason that most of those that would be unsatisfactory are eliminated in the initial stages of negotiation. Our chief competitors for loans are banks.

The average amount of our loans is $5650. Two-thirds of the loans which we are now making are construction loans, and 25% refinancing. Approximately 10% of our loans are under FHA Title II. They have been made largely to cooperate with the Government. Such loans cost the borrower more than those made on our regular plans.

We consider a loan delinquent when either a partial payment or interest is past due after the current month. After we have been in business a few years we expect that we will have a normal delinquency of approximately 5%. Being a new