"Our lending operations are confined very largely to San Francisco, with a few loans being made in nearby points in San Mateo County.

"There is somewhat better than normal demand for residential loans at this time, but there is an active competition for them. The banks are particularly avid. The basis of this competition is largely the interest rate, but the time element also plays a part.

"The terms upon which we will lend are based upon both the age of the property and the district in which it is located. In making our appraisals we use our directors exclusively. The services are performed on a fee basis, and as they have a material interest in the association, we have found that they are much more careful in making their appraisals than the average independent appraiser.

"Building costs have risen so high that we are very careful in making this class of loan; therefore, we are taking very few of them. Our loans are largely purchase money loans with a small percentage being made for refinancing purposes. We have not as yet made any F. H. A. loans but are qualified to do so and will probably have to come to it in order to meet competition.

"Our organization is a closely knit association, and most of our investors are intimately acquainted with the details of our operation and with each other. Consequently, we had no troublesome withdrawal demand during the depression period, and there was no trafficking in the shares of our association.

"We have only had to acquire five or six properties since 1929. Judging from our limited experience, we would say that residential property values were 30% below 1929 levels in 1933 and are now practically back to 1929 level. We have never forced any of our properties on the market, and only one of our sales occasioned us a loss.

"Building costs, after dropping 40%, are now higher than they were in the 1929 period.

"Our was one of the first associations in San Francisco to become members of the Federal Home Loan Bank System and the Federal Savings and Loan Insurance Corporation. We have not federalized, but we may do so. We are in thorough sympathy with this part of the Federal Program but think that the Federal Housing Administration has accomplished its mission and should be discontinued."