"We consider the whole Bay Region as our lending territory, but more than half our loans are in San Francisco, the balance being largely in San Mateo and Marin Counties, with one or two loans in Alameda County.

"Our directors do the appraising for the association, acting without pay, and it is only in cases of doubt or disagreement that independent appraisers are used. In making appraisals, moral risk, age of structure, and its location are all taken into consideration.

"Up to this time we have maintained our interest rate at 7.2%, with an amortization period of 11 years and 7 months, but there is such heavy competition at present that it seems inevitable that we will have to lower our rate and liberalize our terms.

"The demand at this time is for construction loans, and 50% of our current commitments are for construction purposes, 40% for refinancing, and 10% are purchase money loans. Up to now we have made no FHA loans but have qualified and will do so in the future.

"Our association is a small one and is more or less a closed corporation. Most of our investors are of German extraction and are intimately acquainted with our officers and with each other. This, coupled with the fact that we did not organize until January 20, 1930, probably accounts for our favorable experience during the depression. Our withdrawal demands were never heavy, and while we went on notice in 1931 and stopped payments entirely after the Legislature passed the Emergency Moratorium Act, we were not forced to do so, but our action was largely a matter of cooperation with the other associations. We continued to make a few loans right through the depression period and were not forced to take drastic measures with our borrowers. Consequently, we acquired but very little real estate.

"Our experience has been that the use of brokers is the best method of disposal. Our policy has been to sell acquired properties when and as we could do so without loss. From our lending experience and observation, residential real estate dropped 30% between 1929 and 1934 and is now selling at about 80% of