"We are taking applications for loans in all the cities of Northern California. The majority of our business, however, is in San Francisco. Loan competition is growing at such a rate, however, that we find it difficult to place loans locally. Banks making FHA Title II loans are the worst competition, as they make loans on terms which do not appeal to us as being sound. Our appraisals are made by our officers and directors, with an occasional independent appraiser when making outside loans. In placing values, qualifications as to age and location are taken into consideration along with other factors.

"We are making very few refinancing loans, most of them being purchase money and for construction purposes. Since the first of the year more than 50% of our loans have been in this category. Currently, our loans are running from $2500 to $3,000, but the average of all our loans is $2200.

"During the depression we permitted withdrawals without limitation except in the cases of those animated by fear, and there are still one or two of these who have not been permitted to withdraw. We never stopped making loans, and our policy was one of leniency to the borrower. Our acquirements were, therefore, low, being considerably less than 10% of our loans. Those properties which we did take over we have not dumped upon the market but have been selling them as occasion warranted either directly or through brokers. We have tried to get a little bit above the market for the properties we have sold and have made it a practice to hold rather than sell at a figure which would cause us a loss.

"We believe that residential real estate is now selling about the same as it did in 1929. Of course, values went down, but we do not believe that it is feasible to set a market level for 1933 owing to the abnormal conditions prevailing at that time.

"We only recondition properties when we are going to rent them. Otherwise, we sell them practically in the condition they are in when we acquire them. Our experience has been that the best selling properties were five-room houses located on the outskirts of the city, selling for around $3,000.

"Building costs are having the effect of increasing the value of our holdings."