Agent's Note: From the standpoint of size, this is outstandingly the most im-
portant building and loan organization in the west, and its
struggle during the past five or six years has become almost a matter of na­tional concern.

A comparison of the company's statement of December 31, 1936 (Exhibit Sec­tion of this report) with those of December 31, 1936 and June 30, 1936, reveals
the following major changes:

<table>
<thead>
<tr>
<th></th>
<th>Since June 30, 1936</th>
<th>Since Dec. 31, 1936</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Loans and Contracts of Sale</td>
<td>Decreased $2,855,000</td>
<td>Decreased $6,306,000</td>
</tr>
<tr>
<td>Real Estate Owned</td>
<td>Increased 1,042,000</td>
<td>Increased 1,573,000</td>
</tr>
<tr>
<td>Capital Accounts</td>
<td>Increased 204,900</td>
<td>Decreased 84,900</td>
</tr>
<tr>
<td>Investment Certificates</td>
<td>Decreased 2,031,000</td>
<td>Decreased 3,768,000</td>
</tr>
<tr>
<td>Of above &quot;Definite Term Certificates&quot;</td>
<td>Decreased 2,620,000</td>
<td>Not shown</td>
</tr>
<tr>
<td>Total Assets</td>
<td>Decreased 1,950,900</td>
<td>Decreased 4,520,000</td>
</tr>
</tbody>
</table>

Reference to the December 31, 1936 statement reveals the fact that its real
estate holdings, carried at $31,000,000, exceed its loan account in a ratio of
more than two to one and gives the company the aspect of a real estate holding com­pany rather than a building and loan association. Its income from real estate owned
during 1936 amounted to $4,543,900.

The weak spot in its statement is apparently the bond account, which is shown
as $4,964,000 and described as "street improvement, irrigation, first mortgage
real estate, and corporate bonds". Some of the bonds are known to be "mattoon"
district bonds. If this account were liquidated at present, it is doubtful whether
more than half of the amount at which it is carried would be realized. To offset
this, however, it would seem from the class of properties owned and the amount of
income derived that the company's real estate is carried at a somewhat depreciated
figure.

Taking it all in all, when it is considered that 50% of its assets have been
liquidated during the past five years, the results obtained have been rather re­s­m"mable, and this confirms the impression that the management is both capable
and resourceful. While most authorities agree that some of the methods and prac-