"After a long and arduous struggle, we finally feel that we have come to the point where we can definitely plan for the future operation of our company, and with this in view we have formulated certain policies which will shortly be inaugurated. These contemplate the active sale of our investment certificates and solicitation of loan applications.

"Our certificates will be issued with the distinct understanding that they are long-term investments, and while accommodation withdrawals will be permitted under normal conditions, the amount will be limited to $500 a month on any one account. The certificates issued will be the standard type required by California Law for new building and loan certificates, with interest fixed each six months by the company, subject to the approval of the Building and Loan Commissioner.

"We shall not attempt at present to secure insurance through the Federal Savings and Loan Insurance Corporation. There are a number of reasons for this decision, the most important being, first, that we intend to hold the real estate which we own indefinitely, second, that we expect to make business property loans to an extent not contemplated by the regulations of the Insurance Corporation, third, the cost of securing this protection would mean an annual expenditure exceeding $50,000, and we question the justification of so large an operating expense item even by an institution of this size.

"Our determination to concentrate on commercial real estate loans instead of home loans is largely predicated upon the fact that competition for home loans has become so keen and the percentage of appraisal loaned so high that we do not believe that they offer the safety of investment provided by loans on income property. We feel that there is an excellent opportunity to enter the less crowded field of business property loans and believe it is in keeping with good building and loan practice to do so. This has been demonstrated by the English building and loan associations which loan a substantial proportion of their funds on this class of security.

"We have no quarrel with the Federal Home Loan Bank Program but feel that it does not fit into our picture. We have, therefore, chosen to follow the course