which we consider best adapted to the income and security advantages required of a long-term investment.

"The major part of this institution's assets today consist of real estate acquired principally through depression foreclosures or by exchange of foreclosed property, and our certificates will, therefore, be essentially an investment supported by real estate.

"While this company is not and has not been paying withdrawals on demand nor at maturity, except as provided by the emergency section of the Building and Loan Association Act, it has not missed a single interest payment since it began business in 1889. Our loan portfolio at the present time is in excellent condition, with less than 1% of our loans delinquent 90 days or more, whereas we consider that if 5% of our loans were delinquent for that length of time, it would not be abnormal.

"We have made it a practice to make advances to mortgagors when it was necessary to preserve the property or to pay taxes, and have exacted no penalties for so doing.

"We have found that when a borrower was inclined to lag in his payments, that the most effective measure was to start foreclosure. This keeps us in control of the situation and permits future determination of the best course to pursue.

"We formerly sold a great many of our properties directly to the purchaser, but most of our sales now are through brokers. In pricing our properties we are governed wholly by market conditions. For residential properties we are now getting what we believe is equivalent to 75% of 1929 values. This is an increase of from 26 to 30% since the low of the depression period. In other words, a property which would have sold for $7500 in 1929 got down as low as from $4,000 to $4,250 in 1933 and is now selling at from $5,250 to $6,750 according to location. We believe that prices in 1929 were from 2 to 3% higher than they were in 1928. I might say that in pricing our properties we have tried to keep ahead of the market, and instead of dumping, we have pursued to some extent the policy of exchanging residential properties for business properties.

"In the matter of reconditioning, when it was being done for rental purposes, we have limited it to as little as we could get by with. Before offering proper-