Mr. Warner said, "In selling our real estate acquisitions, we require a minimum down-payment of 15% where property is sold on contract; in a transaction involving a deed, 33 1/3% is required. The interest rate on unpaid balances is 6%. When a transaction reaches the deed stage, the note runs for a period of sufficient to retire the debt completely on a basis of 1% per month, pay-off on principal. We work out our contracts where property is not particularly desirable, on a higher amortization than 1% per month.

"Our first step in disposing of real estate owned is to put our holding in first-class condition inside and out. We do a thorough job of rehabilitation; then send out sales listing sheets to each of the brokers in a given area. We establish a pass key system on vacant properties, furnishing each broker with key. We occasionally cooperate with brokers in standing one-half the cost of advertising. We pay brokers full board commission, even though Western Service Corporation holds a Real Estate Broker's license.

"In the past four or five years, in servicing our loans we have followed a 'reasonable' policy. We have recognized the economic difficulties of our borrowers and adjusted our demands to what they actually can pay. In better times we follow a stricter policy. Within the last thirty days, for example, we have put 'teeth' into our collection efforts because we do not wish delinquent accounts to run along for the next several years without being cleaned up, with the possibility that we may find ourselves in another depression with these same accounts in bad shape.

"In 1929 our general loan plan was as follows: Term, 15 years; interest rate, 6%; semi-annual principal reduction, 3%, interest also paid semi-annually; commission, 2%, commission on construction loans, 3%. At present, we charge 1% engineering and inspection fee on construction loans and no brokerage. On refinancing loans we charge no brokerage whatever, with a prevailing interest rate on new, clean security of 5%.

134-A