In making this comparison, no criticism is intended of the FHA, and their appraisals are entirely in accord with their regulations.

"——The average loan upon our books is for an amount of approximately $2800. This figure, of course, reflects reduction payments, and our average new loan is very much larger than this figure. Currently, construction loans constitute about 40% of our new business. This is about twice as high as it normally runs. Our purchase money loans are now running about 40%, 20% of loans being for refinancing purposes, largely a recasting of our own portfolio. About 40% of all the loans we are making now are P. H. A. Title II.*

Mr. William H. Arnold, Assistant Vice President,
Andalo California National Bank of San Francisco:

"Of the inquiries which result in formal applications being made, 95% of them are granted. Of these, 20% are construction loans and 10% refinancing. About 20% of all the loans we are making now are FHA Title II. We not only consider them profitable but are glad to show a favorable attitude toward this governmental activity. Our returns are about the same on FHA loans as on the other loans we make, but we have the addition of the government guarantee, which adds to their desirability."

Mr. Haraden S. Blois, Vice President,
Bank of America N. T. & S. A.:

"We realize and deplore the fact that there is such a lack of uniformity in appraisal methods and practices. The lack of uniform appraisal standards has a tendency to make appraised values a matter of competition. About 60% of all the bank loans are residential, and of this, 60 to 65% of them are currently being made under FHA Title II. This is partially accounted for by the fact that last year we adopted a policy of converting all our straight residential loans into amortized loans and have been making use of the FHA to accomplish this. When we first began to make FHA loans, it was with the distinct thought of cooperating with our Government, but we are now making these loans because we think it is a highly desirable form of investment. The rate of return is a little less than our average on this class of business, but this is more than offset by other advantages. Construction costs have gone up very rapidly in the past year and are now approximately at 1929 levels. Our Loan Committee is determined that, if construction costs continue to rise, they will lower the percentage of appraisal that will be loaned, correspondingly. Rising construction costs will undoubtedly have the effect of increasing the market value of existing structures, and we do not believe that market values as yet fully reflect this influence."

Mr. P. S. Scales, Manager
Crocker First Nat'l. Bank:

"Of the loans which we are making currently, 50% are for new construction purposes and 45% for refinancing. During the past two months, 20% of our commitments have been for FHA Title II loans. I might say that all our applications for loans over ten years are made on the FHA plan. We are concerned, however, with the rapid increase in cost of construction and have determined that when costs go beyond a certain point, we will quit making 80% loans under FHA guarantee."

Mr. Parker S. Maddux, President,
San Francisco Bank:

"I have been with the San Francisco Bank since 1930. When I assumed the Presidency in 1933, I faced a very complex and involved situation. This had always been a "straight loan" bank, and but very few of our loans were upon an amortized basis. My first task was to change this situation as rapidly as possible. When the FHA came into being, I made a study of its provisions and determined to make use of it to recast our portfolio and place it upon an amortized basis. With this in mind, I took the matter up with the FHA officials, and I cannot speak too highly of the hearty cooperation which they have afforded me. By the close of business tonight, our FHA Title II loans will amount to over $13,000,000; 80% of the residen-