"Our policy is to restrict loans to 50% of the value estimated by our own appraisers.

"At present the demand for residential loans is light, and competition for the few that are offered is very keen indeed, our principal competitors in this vicinity being the building and loan associations and other banks.

"Of the formal applications made for residential loans which get to the point of property appraisal, we reject about 25%.

"The average amount of loans made are for $2500 and $3,000 each.

"Since the first of the year, a rough estimate of the distribution of our loans would be as follows:

- New construction - 50%
- Refinancing - 15%
- Purchase money - 15%
- Recasting - 20%

"From 40% to 60% of the loans made by us since the first of the year have been under F.H.A. Title II. We prefer to lend under our own terms but are forced to make F.H.A. loans in order to compete with the building and loan associations which are permitted to give more liberal terms under the law than we are.

"Our acquirements of residential real estate were not as high here as in some other communities. Such acquirements as we have are usually turned over to the Capital Company to handle. However, we are quite familiar with their operation and keep closely informed as to values. Based upon personal observation and the experience of the Capital Company, I would say that residential values in the popular price range were about as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>1929</th>
<th>1933</th>
<th>1936</th>
<th>1937</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>100%</td>
<td>80%</td>
<td>87%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Prices in 1929 were slightly greater than those in 1928 and are considered the high of the market.

"In making prices, market conditions govern, and no consideration is given to the amount invested.

"Properties are usually reconditioned to a point of making them readily saleable before placing them upon the market.

"While I am not so familiar with rental values, it is my impression that they fluctuated in about the same ratios as sales values.

"Construction costs are running slightly more now than they were in 1929, after going down in 1933 to approximately 60% of 1929 costs."