INTERVIEW WITH MR. HOWARD HAMMOND, SECRETARY
STATE BUILDING AND LOAN ASSOCIATION, STOCKTON, CALIFORNIA, OCTOBER 31, 1938

Our loans will run 70 to 80 percent of appraised value in all of the blue and green areas shown on security map. We begin to cut down the amount of loan to appraisal when considering applications on property in third grade areas. While we have no rigid rule as to age of property, we do not like to lend upon property which is too old, even though well maintained. We believe that the matter of location is of particular moment where old properties are involved. I know of no areas on the security map where we will not consider an application for a loan; however, in the lower grades, the moral risk is of paramount importance. The demand for loans has fallen off somewhat in the past year. There is a very stiff competition for those which are offered. Our chief competitors are the banks and the Prudential Life Insurance Company.

We have not hurried unduly in our liquidation of acquired residential properties and have felt disposed to hold them rather than accept too great a loss. We do not believe that sales values shrank more than one-third between 1929 and 1933. There had already been quite a shrinkage in value between 1926 and 1929. We believe current prices to be between 90 and 95 per cent of 1929 levels, and think that rental values are now fully equal to those of 1929. Vacant residential lot values are still considerably below 1929 levels, the differential varying materially in different locations.

Building costs are approximately the same as they were in 1929, the current sale price of the new five-room house of standard construction in the high/residential grade areas being between $500 and $5500. The sale price of a well maintained five to ten year dwelling of the same construction, size and neighborhood would run from $3500 to $4500. The recession in real estate prices between 1926 and 1929 in Stockton was undoubtedly caused by the loss of three or four important industries. This recession acted as a cushion and lessened the effect of the depression period upon values here. There were no bank or building and loan failures in Stockton. The Pacific State Savings and Loan Company of San Francisco took over the Security Building and Loan Association of Stockton began liquidation of the assets of that concern and discontinued business in the city. In this connection might be mentioned the reorganization of the Mercantile Building and Loan Association which had previously merged with the San Joaquin Valley Building and Loan. This reorganization was favorably received and seems to be working out well.