Senator TYDINGS. Were any of those that I mentioned FHA approved?

Mr. MORGAN. I think that Allied Enterprises in this respect would not qualify when they were selling intercoms or water softeners. These were not eligible items under FHA, but I think that Marion had been and was at the time FHA. I mean, William Marion was an FHA dealer.

Senator TYDINGS. Does Atlas take deeds of trust on sales for water softeners and intercom systems?

Mr. MORGAN. Yes; we did. I'll say this, we did in some cases, and in some we did not. Some of the water softeners were $599, as I remember, and in some of those cases we did not take deeds of trust.

Senator TYDINGS. Are you aware that United Home Enterprises has been indicted for forging homeowners' names?

Mr. MORGAN. That's—I just said that Mr. Cedarloff is presently under indictment; however, it is my understanding now that that trial has been continued for another 60 days.

Senator TYDINGS. Are you aware that an officer of Peoples Contracts, Inc., has been convicted of falsifying FHA loan applications?

Mr. MORGAN. No; I am not.

Senator TYDINGS. I think you stated that you know who Ralph Weed and H. A. Masetta were.

Mr. MORGAN. Masetta. They are trustees of deeds of most of our instruments. Ralph Weed worked for me and H. A. Masetta worked for my brother.

Senator TYDINGS. Now, what do you mean by "trustees" on most of your instruments?

Mr. MORGAN. They are trustees on most of the deeds of trust that we purchased.

Senator TYDINGS. That you purchased?

Mr. MORGAN. Yes.

Senator TYDINGS. Now, do you indicate to the general contractors who they will have to make their trustees in order for you——

Mr. MORGAN. We do. We do even more than that. We prepare the papers for them, Senator.

Senator TYDINGS. And what function does Mr. Weed and Mr. Masetta perform as trustees?

Mr. MORGAN. What is a trustee's role, you mean, in our——

Senator TYDINGS. Yes; and what are they supposed to do, and what do they actually do?

Mr. MORGAN. Well, they have two duties. They have one duty that when a note is paid that they will promptly release it from the land records on behalf of the party that is paying, and on the other they have a duty to the note holder, in the event of default, to institute foreclosure proceedings. These are their two basic duties.

Senator TYDINGS. These are the attorneys that carry through as trustees under foreclosures?

Mr. MORGAN. Not attorneys; no, sir.

Senator TYDINGS. What is that?

Mr. MORGAN. Not attorneys; no, sir.

Senator TYDINGS. Neither of them are attorneys?

Mr. MORGAN. No. They are not. They do not have to be attorneys. They merely sign an authorization for foreclosure when certain proof