(1) Beneficiaries under deeds of trust may no longer secure deficiency judgments if they elect foreclosure under the power of sale provisions in the deed of trust. If such judgments are sought, they can only be obtained through court foreclosure with the 12 month redemption period thereafter.

(2) The new law requires specific notice of default to the borrower, by personal notification, or by publication in a newspaper of general circulation once a week for four weeks. Notice formerly was furnished only if specifically requested by the borrower.

(3) Borrowers are now specifically prohibited from waiving any of their rights or privileges provided by law. This does away with the waiver clauses formerly contained in many loan instruments by which the lender was freed from complying with various restrictions imposed by law on act of foreclosure.

D. Summary of Present Conditions in the Residential Mortgage Structure of Metropolitan Los Angeles.

In the preceding pages of this section dealing with residential mortgage operations and the condition of mortgage lending institutions, certain general observations were made which can be but summarized in outline form.

1. Los Angeles financial institutions have weathered the depression with varying degrees of success. Both the banking and savings and loan groups are now in good condition and have regained the full confidence of the public - the latter group of institutions however, attaining public confidence only after a difficult struggle.

2. Federal government assistance, both in the form of financial aid - loans, refinancing operations, etc., - and in the form of insurance of deposits and savings and loan shares, was the outstanding factor in the restoration of public confidence.

3. General mortgage activity in the area, reduced to a population basis, although showing marked recovery from depression low, is not outstanding at the present time in comparison to peak activity. This condition is believed due to the absence of the intense speculation in vacant land which characterized previous periods of peak activity.

4. The supply of home mortgage funds available far exceeds demand, leading to highly competitive conditions in the lending market. At the present time nearly 80% of the total residential mortgage portfolios of institutions - both in number and amount - are concentrated in two groups of institutions, the banks and the savings and loan associations. These two groups both increased their percentage of total institutional portfolios during the period 1937-38 and the first 5 months of 1939.

5. Depression experience plus the introduction of low-cost, long-term, amortised loans by Federal government agencies completely altered local lending practices and loan terms.

6. The introduction of this new type of low-cost, long-term home loan with its high ratio of loan to appraisal was instrumental in greatly curtailing lending activity on the part of individuals and through them, mortgage companies.

7. Construction loans represent a high and constantly increasing ratio of new residential loans with demand for refinancing loans declining.

8. FHA loans account for virtually all of the new construction loan business.

9. An exceptionally large and increasing ratio of FHA loans is accounted for by a small group of institutions with two banks doing virtually all the business.