

AMENDED IN ASSEMBLY APRIL 13, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1529**

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**Introduced by Assembly Member Salas**

February 27, 2009

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An act to ~~amend Section 51345 of~~ *add Section 51341.1* to the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1529, as amended, Salas. ~~Home Purchase Assistance Program: limitations.~~ *Community Stabilization Home Loan Program: eligible properties.*

Existing law ~~establishes the Home Purchase Assistance Program, administered by~~ *authorizes* the California Housing Finance Agency; to assist first-time homebuyers to utilize existing mortgage financing available pursuant to existing law. Existing law ~~limits the term of the home purchase assistance to the term of the primary loan to them.~~

~~This bill would make a nonsubstantive change to this provision of law.~~

*This bill would authorize the agency to continue in existence the Community Stabilization Home Loan Program, and would authorize the agency to place specified restrictions on the eligibility of properties, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ *yes*. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 51341.1 is added to the Health and Safety  
2 Code, to read:

3     51341.1. (a) The agency may continue use of the Community  
4 Stabilization Home Loan Program, and may place property  
5 eligibility restrictions on the program based on the following  
6 criteria, including, but not limited to, the following:

7     (1) An eligible property shall meet all agency and Federal  
8 National Mortgage Associations repair, inspection, and Health  
9 and Safety Code requirements.

10    (2) The sale price of an eligible property shall not exceed the  
11 agency sales price limits established for the county in which the  
12 property is located.

13    (3) The eligible property shall be vacant.

14    (4) The eligible property shall be an existing single-family,  
15 one-unit residence, including approved condominium or planned  
16 unit developments. Manufactured housing is not an eligible  
17 property.

18    (b) The agency shall not use ZIP Code, county, or any other  
19 location criteria to exclude otherwise eligible properties from the  
20 Community Stabilization Home Loan Program.

21     SECTION 1. ~~Section 51345 of the Health and Safety Code is~~  
22 ~~amended to read:~~

23     51345. ~~(a) The agency shall administer a home purchase~~  
24 ~~assistance program in accordance with this chapter. The purpose~~  
25 ~~of the home purchase assistance program is to assist first-time~~  
26 ~~homebuyers to utilize existing mortgage financing available~~  
27 ~~pursuant to this part or Division 4 (commencing with Section 800)~~  
28 ~~of the Military and Veterans Code with the additional financial~~  
29 ~~resources made available pursuant to Part 8 (commencing with~~  
30 ~~Section 53130).~~

31     ~~(b) Home purchase assistance under this chapter shall include,~~  
32 ~~but not be limited to: (1) an interest rate subsidy to reduce the~~  
33 ~~interest rate, (2) a deferred-payment, low-interest, second-mortgage~~  
34 ~~loan to reduce the principal and interest payments, and (3)~~  
35 ~~downpayment assistance to make financing affordable to first-time~~  
36 ~~homebuyers.~~

37     ~~(c) In no case shall the interest rate subsidy reduce the effective~~  
38 ~~interest rate to the borrower below 3 percent per annum, nor shall~~

1 ~~the deferred-payment, low-interest, second mortgage loan exceed~~  
2 ~~49 percent of the total debt financing necessary to purchase the~~  
3 ~~home.~~

4 ~~(d) The amount of home purchase assistance shall be a second~~  
5 ~~mortgage loan secured by a deed of trust of second priority to the~~  
6 ~~primary financing provided by the agency or the Department of~~  
7 ~~Veterans Affairs. The term of the home purchase assistance may~~  
8 ~~not exceed the term of the primary loan.~~

9 ~~(e) The amount of home purchase assistance shall be due and~~  
10 ~~payable at the end of the term, upon the sale of the home, or upon~~  
11 ~~refinancing. The borrower may refinance the mortgages on the~~  
12 ~~home if the principal of and accrued interest on the second~~  
13 ~~mortgage loan securing the home purchase assistance are repaid~~  
14 ~~in full. All repayments shall be deposited in the fund.~~

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