

AMENDED IN SENATE MAY 11, 2000

AMENDED IN SENATE MAY 1, 2000

SENATE BILL

No. 2197

Introduced by Senator Soto

March 16, 2000

An act to amend ~~Section 51345 of, and to repeal Section 51348 of,~~ *Sections 51345 and 51348 of the Health and Safety Code*, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 2197, as amended, Soto. Home purchase assistance.

The Roberti-Greene Home Purchase Assistance Program, administered by the California Housing Finance Agency, requires (1) that the amount of home purchase assistance not exceed the amount necessary to make the total debt financing affordable to eligible households, (2) that the principal and interest that is due be reduced if the proceeds of a sale are insufficient to reimburse the original downpayment, and (3) that not more than 50% of the assistance be provided for homes not previously occupied.

This bill would repeal ~~those~~ requirements (1) and (2) above, and recast requirement (3) as an expression of the intent of the Legislature.

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

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

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

3 51345. (a) The agency shall administer a home
4 purchase assistance program in accordance with this
5 chapter. The purpose of the home purchase assistance
6 program is to assist first-time homebuyers to utilize
7 existing mortgage financing available pursuant to this
8 part or Division 4 (commencing with Section 800) of the
9 Military and Veterans Code with the additional financial
10 resources made available pursuant to Part 8
11 (commencing with Section 53130).

12 (b) Home purchase assistance under this chapter shall
13 include, but not be limited to: (1) an interest rate subsidy
14 to reduce the interest rate, (2) a deferred-payment,
15 low-interest, second-mortgage loan to reduce the
16 principal and interest payments, and (3) downpayment
17 assistance to make financing affordable to first-time
18 homebuyers.

19 (c) In no case shall the interest rate subsidy reduce the
20 effective interest rate to the borrower below 3 percent
21 per annum, nor shall the deferred-payment, low-interest,
22 second mortgage loan exceed 49 percent of the total debt
23 financing necessary to purchase the home.

24 (d) The amount of home purchase assistance shall be
25 a second mortgage loan secured by a deed of trust of
26 second priority to the primary financing provided by the
27 agency or the Department of Veterans Affairs. The term
28 of the home purchase assistance shall not exceed the term
29 of the primary loan.

30 (e) The amount of home purchase assistance shall be
31 due and payable at the end of the term , upon the sale of
32 the home, or upon refinancing. The borrower may
33 refinance the mortgages on the home if the principal of
34 and accrued interest on the second mortgage loan
35 securing the home purchase assistance are repaid in full.
36 All repayments shall be deposited in the fund.

37 ~~SEC. 2. Section 51348 of the Health and Safety Code~~
38 ~~is repealed.~~



1 *SEC. 2. Section 51348 of the Health and Safety Code*
2 *is amended to read:*
3 51348. ~~No~~ *It is the intent of the Legislature that no*
4 *more than 50 percent of the home purchase assistance*
5 *provided under this chapter shall be for the purchase of*
6 *homes that have not been previously occupied.*

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