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HEALTH AND SAFETY CODE - HSC

DIVISION 24. COMMUNITY DEVELOPMENT AND HOUSING [33000 - 37964] (*Heading of Division 24 amended by Stats. 1975, Ch. 1137.*)

PART 13. RESIDENTIAL REHABILITATION [37910 - 37964] (*Part 13 added by Stats. 1973, Ch. 1201.*)

CHAPTER 4. Rehabilitation Loans [37950 - 37952] (*Chapter 4 added by Stats. 1973, Ch. 1201.*)

37950. The local agency may provide financing to any participating party for the purpose of residential rehabilitation authorized pursuant to a comprehensive residential rehabilitation financing program. All agreements for such loans shall provide that the architectural and engineering design of the residential rehabilitation shall be subject to such standards as may be established by the local agency and that the work of such residential rehabilitation shall be subject to such supervision as the local agency deems necessary.

(*Amended by Stats. 1975, Ch. 558.*)

37951. The local agency may enter into loan agreements with any participating party relating to residential rehabilitation of any kind or character. The terms and conditions of such loan agreements may be as mutually agreed upon. Any such loan agreement may provide the means or methods by which any mortgage taken by the local agency shall be discharged, and it shall contain such other terms and conditions as the local agency may require. The local agency is authorized to fix, revise, charge, and collect interest and principal and all other rates, fees, and charges with respect to financing of residential rehabilitation. Such rates, fees, charges, and interest shall be fixed and adjusted so that the aggregate of such rates, fees, charges, and interest will provide funds sufficient with other revenues and moneys which it is anticipated will be available therefor, if any, to do all of the following:

(a) Pay the principal of and interest on outstanding bonds of the local agency issued to finance such residential rehabilitation as the same shall become due and payable.

(b) Create and maintain reserves required or provided for in any resolution authorizing such bonds. A sufficient amount of the revenues derived from residential rehabilitation may be set aside at such regular intervals as may be provided by the resolution in a sinking or other similar fund, which is hereby pledged to, and charged with, the payment of the principal of and interest on such bonds as the same shall become due, and the redemption price or the purchase price of bonds retired by call or purchase as therein provided. Such pledge shall be valid and binding from the time the pledge is made. The rates, fees, interest, and other charges, revenues, or moneys so pledged and thereafter received by the local agency shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the local agency, irrespective of whether such parties have notice thereof. Neither the resolution nor any loan agreement by which a pledge is created need be filed or recorded except in the records of the local agency. The use and disposition of moneys to the credit of such sinking or other similar fund shall be subject to the provisions of the resolution authorizing the issuance of such bonds. Except as may otherwise be provided in such resolution, such sinking or other similar fund may be a fund for all bonds of the local agency issued to finance the rehabilitation, construction, or acquisition of the residence of a particular participating party without distinction or priority. The local agency, however, in any such resolution may provide that such sinking or other similar fund shall be the fund for a particular residential rehabilitation project or projects and for the bonds issued to finance such residential rehabilitation project or projects and may, additionally, authorize and provide for the issuance of bonds having a lien with respect to the security authorized by this section which is subordinate to the lien of other bonds of the local agency, and, in such case, the local agency may create separate sinking or other similar funds securing the bonds having the subordinate lien.

(c) Pay operating and administrative costs of the local agency incurred in the administration of the program authorized by this part.

(*Amended by Stats. 1979, Ch. 1190.*)

37952. All moneys received pursuant to the provisions of this part, whether proceeds from the sale of bonds or revenues or proceeds of mortgage insurance or guarantee claims, if any, shall be deemed to be trust funds to be held and applied solely as

provided in this part. Any bank or trust company in which such moneys are deposited shall act as trustee of such moneys and shall hold and apply the same for the purposes specified in this part, subject to the terms of the resolution authorizing the bonds.

(Amended by Stats. 1977, Ch. 931.)