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HEALTH AND SAFETY CODE - HSC

DIVISION 31. HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*

PART 2. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT [50400 - 50899.7] (*Heading of Part 2 amended by Stats. 1981, Ch. 996.)*

CHAPTER 10. Homeownership Assistance [50775 - 50778] (*Chapter 10 added by Stats. 1979, Ch. 1043.)*

50775. (a) The department may provide financial assistance, in accordance with this chapter, to households residing in rental housing, or a mobilehome park in which those households rent spaces, which is to be converted to condominium ownership, planned development ownership, as defined in Section 11003 of the Business and Professions Code, or ownership by a stock cooperative corporation, as defined in Section 11003.2 of the Business and Professions Code, for the purpose of assisting those households in acquiring a dwelling unit or a share in the stock cooperative corporation which entitles those households to occupancy of a dwelling unit.

(b) The department may also provide financial assistance for the purpose of assisting households to purchase a mobilehome, as defined in Section 18008, which is located outside a mobilehome park, as defined in Section 18214, and which is affixed to a permanent foundation system.

(c) The financial assistance provided pursuant to subdivision (a) or (b) shall not exceed 49 percent of the purchase price paid by the household for the dwelling unit, mobilehome, or share in the stock cooperative, and in no event shall that assistance be used to reduce the purchaser's downpayment below 3 percent of the total purchase price.

(d) The department may establish maximum purchase prices for such units, mobilehomes, or shares.

(e) Eligibility for that financial assistance shall be limited to households which meet all of the following conditions:

(1) Their incomes are no greater than the median for the county.

(2) The households do not currently own residential property and have not owned any residential property, other than a mobilehome not affixed to a permanent foundation, for at least three years.

(3) The households have not previously received any assistance pursuant to this chapter.

(4) The households, without financial assistance pursuant to this section, would be unable to acquire a dwelling unit, mobilehome, or a share in a stock cooperative.

(f) As used in this chapter, "dwelling unit" means the dwelling unit that the household occupies, or another dwelling unit not being purchased by its existing tenant within the same rental housing development or mobilehome park. "Dwelling unit" includes a space in a mobilehome park, as defined in Section 18214, and includes a mobilehome rented with the space. "Dwelling unit" also includes factory-built housing, as defined by Section 19971, whether the household occupied that factory-built housing or other factory-built housing in the same rental housing development or mobilehome park.

(Amended by Stats. 1984, Ch. 1406, Sec. 4.5. Effective September 26, 1984.)

50775.5. For the purposes of disaster relief to those households displaced as a result of the Anaheim fire resulting in a state of emergency proclaimed on April 23, 1982, by the Governor, pursuant to Section 8625 of the Government Code, financial assistance may be provided to displaced Anaheim residents as prescribed in this chapter, consistent with the following exceptions:

(a) Condominium, planned development, as defined in Section 11003 of the Business and Professions Code, or stock cooperative units to be purchased with state financial assistance may include existing condominium, planned development, or cooperative units.

(b) Households receiving state assistance to purchase condominium, planned development, or cooperative units need not have resided in such units prior to the purchase thereof.

(c) Eligibility for state financial assistance shall be limited to households which have incomes no greater than 150 percent of the median for the county.

(d) The housing assisted by this section shall not be governed by the percentage requirements in Section 50778, nor shall units assisted pursuant to this section be used in determining compliance with the percentage requirements contained in Section 50778.

(e) Any rule, policy, or standard of general application employed by the department in implementing the provisions of this section shall not be subject to the requirements of the Administrative Procedure Act, Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

Any repayment of funds originating from the Homeownership Assistance Fund allocated pursuant to this section shall be utilized by the department pursuant to this chapter.

The provisions of Sections 14 and 15 of Chapter 312 of the Statutes of 1982 shall be applicable to this section as amended by the Statutes of 1983.

(Amended by Stats. 1983, Ch. 13, Sec. 2. Effective April 7, 1983.)

50776. (a) Financial assistance pursuant to Section 50775 may be provided directly by the department or through a governmental agency or mortgage lender certified by the department to participate in the program authorized by Section 50775. The mortgage lender may be a bank or trust company, mortgage banker, federal-chartered or state-chartered savings and loan association, or other financial institution, including a credit union, deemed capable by the department, pursuant to regulations adopted in accordance with the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, of providing services or mortgage loans in conjunction with dwelling units, mobilehomes, or shares in stock cooperatives for which the financial assistance is provided.

(b) The department, governmental agency, or mortgage lender shall enter into a contract with each recipient of financial assistance under Section 50775, requiring the recipient, upon sale or transfer of the dwelling unit, mobilehome, or share for which the assistance was provided, to pay to the department an amount proportionate to the percentage of the initial purchase price which was paid with financial assistance provided under Section 50775. The contract may provide that the department shall not receive less than the amount of assistance provided under Section 50775. However, if the recipient has made improvements to the dwelling unit or mobilehome, as the case may be, the increase in the fair market value of the unit or mobilehome arising from the improvement shall be added to the fair market value of the recipient's share in that unit or mobilehome immediately before these improvements are made, to determine the recipient's relative financial participation for the purpose of calculating the amount to be paid to the department. Improvements which may be added to the purchase price for this purpose shall be defined by regulations of the department, adopted in accordance with Chapter 3.5 (commencing with Section 11430) of Part 1 of Division 3 of Title 2 of the Government Code, and shall be limited to substantial repairs, renovations, or additions undertaken with respect to the dwelling unit or mobilehome assisted, which increase the value of the dwelling unit or mobilehome, or which bring that dwelling unit or mobilehome into conformance with local or state building or housing standards.

(c) Any contract pursuant to this section may permit the recipient of financial assistance to terminate the contract upon payment to the department of the amount which would be owed the department if the dwelling unit, mobilehome or share were sold at fair market value at the time of the repayment. These contracts, subject to regulations adopted by the department, may also permit partial repayments prior to sale or transfer.

(d) Contracts pursuant to this section shall require payment of the full amount of property taxes, insurance, and costs of normal maintenance by the household receiving assistance pursuant to Section 50775, and compliance with restrictions on occupancy, including owner-occupancy, as required by the department. Every contract required by this section shall be secured by a deed of trust, security, or other interest determined adequate by the department to protect the interests of the state. These deeds of trust, security, or other instruments shall be recorded in the office of the county recorder of the county in which the dwelling unit is located.

(e) The contract shall require the recipient of financial assistance to comply with all terms and conditions of, and to make all payments required by, any instrument secured by the dwelling unit.

(f) (1) The department may set aside or use funds that are made available pursuant to this chapter for the purposes of curing or averting a default on the terms of any loan or other obligation by the recipient of financial assistance, or bidding at any foreclosure sale, where the default or foreclosure sale would jeopardize the department's security in the dwelling unit assisted pursuant to this chapter.

(2) The department may set aside or use funds made available pursuant to this chapter to repair or maintain any dwelling unit assisted pursuant to this chapter which was acquired to protect the department's security interest in the dwelling unit.

(3) The payment or advance of funds by the department pursuant to this subdivision shall be exclusively within the department's discretion, and no person shall be deemed to have any entitlement to the payment or advance of those funds. The amount of any funds expended by the department for purposes of curing or averting a default shall be added to any loan amount secured by the deed of trust and shall be payable to the department upon demand.

50777. (a) The department, directly or through a government agency or mortgage lender, and subject to the provisions of subdivision (a) of Section 50776, may provide financial assistance to nonprofit corporations and stock cooperative corporations to enable these corporations to develop or purchase a mobilehome park, ownership of which will be transferred within a reasonable time to shareholders or owners who are persons and families of low or moderate income. Such financial assistance shall not exceed 49 percent of the purchase price or development costs of the mobilehome park which may be directly attributed to the number or ratio of persons or families with incomes, not in excess of the median income of the county, who will occupy the park. Assistance pursuant to this subdivision shall not render a person or household ineligible for assistance pursuant to subdivision (b).

(b) The department, directly or through a governmental agency or mortgage lender, and subject to the provisions of subdivision (a) of Section 50776, may provide financial assistance to persons or families with incomes not in excess of the median income for the county in which the mobilehome park is located to enable such persons or families to purchase a share in a stock cooperative corporation which owns a mobilehome park. In order to be eligible for assistance pursuant to this section, these persons and families in addition shall be limited to households (1) which do not currently own residential property and have not owned any residential property, other than a mobilehome not affixed to a permanent foundation, for at least three years, (2) which have not previously received any assistance pursuant to this chapter and (3) which, without financial assistance pursuant to this section, would be unable to acquire a dwelling unit, mobilehome, or a share in a stock cooperative. Such assistance shall not exceed 49 percent of the purchase price paid by the household for the share in the stock cooperative. The department may establish a maximum purchase price for such shares. Upon sale or transfer of a share the purchase of which is assisted pursuant to this section, the shareholder shall pay to the department an amount proportionate to the percentage of the initial purchase price which was paid with financial assistance provided by the department pursuant to this section, as adjusted for improvements made by the corporation or shareholder. The contract for assistance may require that the department not receive in repayment less than the amount of assistance originally provided. The adjustment for improvements shall be made as set forth in Section 50776.

(c) In no event shall the assistance provided pursuant to subdivision (a) or (b) be used to reduce the purchaser's downpayment below 3 percent of the total purchase price.

(d) Upon sale or transfer of a mobilehome park assisted pursuant to this section, the corporation which owns such park shall pay to the department an amount proportionate to the percentage of the initial purchase price or development cost which was paid by the department pursuant to this section, as adjusted for improvements made by the corporation. The contract for assistance may require that the department not receive in repayment less than the amount of assistance originally provided. The adjustment for improvements shall be made as set forth in Section 50776. For this purpose "improvements" shall be defined by regulations of the department, adopted in accordance with the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and shall be limited to substantial repairs, renovations or additions which increase the value of the mobilehome park or of the shares of the corporation or which bring such mobilehome parks or mobilehomes within mobilehome parks assisted pursuant to this section into conformance with local or state building or housing standards.

(e) Financial assistance shall be provided pursuant to a contract which requires, among other things, restrictions on occupancy, including owner occupancy maintenance and payment of the full amount of taxes and insurance by the shareholders. Every contract required by this section shall be secured by a deed of trust, security, or other interest determined adequate by the department to protect the interests of the state. The deeds of trust, security, or other instruments shall be recorded in the office of the county recorder of the county in which such mobilehome park is located.

(f) Any contract pursuant to this section may permit the recipient of financial assistance to terminate the contract required by this section upon payment to the department of the amount which would be owed to the department if the mobilehome park or share in a stock cooperative, as the case may be, were sold at fair market value at the time of such repayment. These contracts, subject to regulations adopted by the department, may also permit partial repayments prior to sale or transfer.

(g) Contracts pursuant to this section shall also require that the recipient comply with all terms and conditions of, and make all payments required by, any instrument secured by the park or shares in the stock cooperative.

(Amended by Stats. 1982, Ch. 1020, Sec. 16.)

50778. (a) The Homeownership Assistance Fund is hereby created in the State Treasury and, notwithstanding Section 13340 of the Government Code, is continually appropriated to the department for purposes of this chapter, including Section 50775.5, and for the purposes of Section 50745.1. Any moneys received by the department pursuant to this chapter shall be deposited in such fund. All interest or other increment resulting from investment or deposit of moneys in the fund shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provisions of Part 2 (commencing with Section 16300) of Division 4 of Title 2 of the Government Code, excepting the Surplus Money Investment Fund.

(b) Not less than 50 percent of the moneys in the fund shall be used to assist lower income households. Not less than 20 percent of the units assisted shall be in rural areas.

(c) Funds available for the purpose of this chapter shall be allocated by the department throughout the state in accordance with identified housing needs.

(d) (1) Notwithstanding any other provision of law, commencing on July 1, 1992, the department shall not be required to make loans pursuant to this chapter.

(2) The department may retain within the fund moneys necessary for administration and monitoring of loans made prior to July 1, 1992, to make loans pursuant to loan commitments made prior to July 1, 1992. The department may also retain reserves for curing or averting a default that would jeopardize any security interest of the department.

(3) Notwithstanding any other provision of law, on or after July 1, 1996, the unencumbered fund balance and reserves shall be transferred to the Housing Rehabilitation Loan Fund. Subsequent income and resources shall be deposited to the Housing Rehabilitation Loan Fund.

(Amended by Stats. 1996, Ch. 201, Sec. 22. Effective July 22, 1996.)