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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 HOUSING AND HOME FINANCE [50000 - 54913]** ( *Division 31 repealed and added by Stats. 1977, Ch. 610.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 3. CALIFORNIA HOUSING FINANCE AGENCY [50900 - 51532]** ( *Heading of Part 3 amended (as amended by Stats. 1994, Ch. 94) by Stats. 2000, Ch. 471, Sec. 17.5. )*

**CHAPTER 5. Financing of Housing Developments and Residential Structures [51100 - 51252]** ( *Heading of Chapter 5 amended by Stats. 2000, Ch. 471, Sec. 21. )*

**ARTICLE 4.5. Subordinated Mortgage Loans [51180 - 51182]** ( *Article 4.5 added by Stats. 1982, Ch. 1448, Sec. 1. )*

**51180.** As used in this article:

(a) "Subordinated loan" means a deferred payment mortgage loan, which is a second trust deed used in connection with other financing from the agency for the purpose of making the development of housing feasible where it would not be feasible without such loan. No loan shall be made pursuant to this article unless it is secured by a second trust deed.

(b) "Local agency" means a city, county, city and county, redevelopment agency, or housing authority.

(*Added by Stats. 1982, Ch. 1448, Sec. 1.*)

**51181.** The agency shall accept applications from housing sponsors for subordinated loans for rental housing developments upon which construction commences on or after January 1, 1983. Not less than 20 percent of the units in the rental housing development shall be made available on a priority basis to lower income households, as defined in Section 50079.5.

(*Added by Stats. 1982, Ch. 1448, Sec. 1.*)

**51182.** The agency shall determine the manner in which subordinated loans are to be repaid. Potential methods of repayment may include, but not be limited to:

(a) An interest payment of 3 percent to be made from the positive cash flows of the project before payment to any other equity investor or mortgage loan holder is made.

(b) Repayment upon conversion or the term of the bond, whichever is less, to the state, including an interest payment of 3 percent.

(*Added by Stats. 1982, Ch. 1448, Sec. 1.*)