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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.)*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 6.8. Home Purchase Assistance Program [51341 - 51349] (*Chapter 6.8 added by Stats. 1988, Ch. 30, Sec. 6.)*

51341. The Legislature finds and declares that:

- (a) There is a continuing and urgent need to provide affordable mortgage financing to meet the increasingly unfulfilled housing needs of citizens of this state.
- (b) There is a need to develop financial mechanisms to make homes affordable to low- and moderate-income buyers who intend to occupy the homes as their primary residences.
- (c) The high cost of housing impedes the ability of California employers to compete in the national marketplace for employees.
- (d) Affordable housing enhances the quality of life for California residents and provides fuel for the state's economic engine.
- (e) Housing is a critical component of the California economy, both as an income producing sector and a principal factor in economic development.
- (f) California's housing crisis severely impacts families struggling to provide safe, stable homes for their children to grow and learn and the workers who are the backbone of many of the state's most important industries.
- (g) The percentage of Californians able to purchase their own homes continues to decline.
- (h) There is a need to streamline the agency's homeownership assistance programs to make them more efficient and effective.
- (i) Therefore, this chapter is enacted to make home purchases more affordable to low- and moderate-income Californians seeking the opportunity to own and occupy their own homes.

(Amended by Stats. 2016, Ch. 32, Sec. 74. (SB 837) Effective June 27, 2016.)

51342. (a) There is hereby continued in the State Treasury a Home Purchase Assistance Fund. "Fund," as used in this chapter, means the Home Purchase Assistance Fund. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the agency, without regard to fiscal years, for expenditure pursuant to this chapter and defraying administrative costs of the agency. Notwithstanding Section 16305.7 of the Government Code, any interest earned or other increment derived from investments made from moneys in the fund shall be deposited in the fund.

(b) On and after July 1, 2016, all of the following shall apply:

(1) Any unobligated amounts remaining in any fund established for the purposes of Chapter 9 (commencing with Section 51450) or Chapter 11 (commencing with Section 51500), including, but not limited to, the California Homebuyer's Downpayment Assistance Program, the School Facility Fee Program, and the Extra Credit Teacher Program, shall be transferred to the Home Purchase Assistance Fund for expenditure by the agency for the purposes of this chapter.

(2) The agency shall have no obligation to continue administering loan programs authorized by Chapter 9 (commencing with Section 51450) or Chapter 11 (commencing with Section 51500).

(3) Notwithstanding Section 16305.7 of the Government Code, any interest earned, or other increment derived, from investments made from moneys transferred to the fund pursuant to paragraph (1), and any loan receivables, repayments made, or other sums accruing to the agency pursuant to Chapter 9 (commencing with Section 51450) or Chapter 11 (commencing with Section 51500) shall be deposited into the fund for expenditure by the agency for the purposes of this chapter.

(Added by renumbering Section 51344 by Stats. 2016, Ch. 32, Sec. 76. (SB 837) Effective June 27, 2016.)

51343. (a) The agency shall administer a home purchase assistance program in accordance with this chapter. The purpose of the home purchase assistance program is to assist low- and moderate-income homebuyers to qualify for the purchase of owner-occupied homes. The agency shall make assistance to first-time homebuyers a priority use of these funds.

(b) Homeownership assistance under this chapter may be provided for any purposes authorized under Section 51402, including, but not limited to, all of the following:

(1) An interest rate subsidy to reduce the interest rate.

(2) A deferred-payment, low-interest, subordinate mortgage loan, including downpayment assistance, closing cost assistance, or both, to make financing affordable to low- and moderate-income homebuyers.

(3) Buying down the cost of mortgage insurance.

(c) The amount of home purchase assistance shall be available only in conjunction with first mortgage loan financing provided by the agency or the Department of Veterans Affairs.

(d) The term of the home purchase assistance shall not exceed the term of the primary loan.

(e) Assistance under this chapter is available only for owner-occupied residential structures.

(f) (1) The agency may, in its discretion, permit the lien of the downpayment assistance loan to be subordinated to refinancing if it determines that one of the following applies:

(A) The borrower has demonstrated hardship and subordination is required to avoid foreclosure.

(B) The borrower has acquired subordinate financing to build an accessory dwelling on the property.

(C) The borrower has acquired subordinate financing to make the property compliant with the federal Americans with Disabilities Act of 1990 (Public Law 101-336), facilitate rehabilitation needed to allow the owner to age in place, or both.

(D) The new loan meets the agency's underwriting requirements.

(2) The agency may permit subordination on those terms and conditions as it determines are reasonable.

(3) The amount of home purchase assistance shall not be due and payable upon the sale of the home if the first mortgage loan is insured by the Federal Housing Administration (FHA) or if the first mortgage loan is, or has been, transferred to the FHA, or if the requirement is otherwise contrary to the regulations of the United States Department of Housing and Urban Development governing FHA insured first mortgage loans.

(g) All repayments shall be deposited in the fund for ongoing use in this downpayment assistance program.

(Added by renumbering Section 51345 by Stats. 2016, Ch. 32, Sec. 77. (SB 837) Effective June 27, 2016.)

51346. The agency may execute a contract with the Department of Veterans Affairs to provide home purchase assistance to first-time veteran homebuyers.

(Added by Stats. 1988, Ch. 30, Sec. 6. Effective March 14, 1988.)

51349. (a) The agency shall have all the powers conferred upon it by this part and Part 4 (commencing with Section 51600) in administering this chapter.

(b) The authority provided by this section shall be conferred upon the Department of Veterans Affairs by any contract executed pursuant to Section 51346, with respect to the assistance being provided pursuant to the contract.

(c) Notwithstanding any other law, the agency, pursuant to the objectives specified in Section 50952, may, with its own funds or from funds derived from other sources, create its own home purchase assistance programs, home purchase assistance products, or both, on such terms and conditions as the agency deems prudent. Nothing in this chapter shall be deemed to prohibit the agency from exercising its discretion pursuant to this subdivision.

(Amended by Stats. 2016, Ch. 32, Sec. 80. (SB 837) Effective June 27, 2016.)