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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.*)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 8. Taxable Securities [51400 - 51403] (*Chapter 8 added by Stats. 1984, Ch. 1395, Sec. 1.*)

51400. The Legislature finds and declares that it is essential to the economic growth of the state and the supply of adequate residential and multifamily rental housing in the state and that it is a public purpose to expand the program of the agency of purchasing and selling residential mortgage loans for which all California families may be eligible and financing, purchasing, and selling loans for multifamily rental housing. The Legislature also finds and declares that it is a public purpose to create procedures through which the agency may issue mortgage-backed securities to finance these purchases for sale to pension funds, institutional investors, and individuals.

(Amended by Stats. 1987, Ch. 904, Sec. 6. Effective September 21, 1987.)

51401. Notwithstanding any other provision of this division, as used in this chapter:

- (a) "Mortgage loan" means any residential mortgage loan or multifamily rental housing loan.
- (b) "Multifamily rental housing" means any existing structure of more than four dwelling units or any work or undertaking of more than four units of new construction, improvement, or rehabilitation for the provision of housing.
- (c) "Multifamily rental housing loan" means a mortgage loan secured by a mortgage on multifamily rental housing.
- (d) "Residence" means any existing structure of one to four dwelling units or any work or undertaking of one to four dwelling units of new construction, improvement, or rehabilitation for the provision of housing.
- (e) "Residential mortgage loan" means a mortgage loan secured by a mortgage on a residence.
- (f) "Taxable securities" means securities bearing interest that is otherwise taxable under the personal income tax provisions of federal tax law and which are issued to finance the purchase or making of mortgage loans pursuant to this chapter.

(Amended by Stats. 1988, Ch. 829, Sec. 1. Effective September 12, 1988.)

51402. (a) Notwithstanding any other provision of this division, the agency may establish a mortgage loan program. Under the mortgage loan program, the agency may acquire or make first or second mortgage loans for the construction, purchase, improvement, or rehabilitation of residences or multifamily rental housing.

(b) The agency may invest in, make, purchase, take assignments of, or otherwise acquire or make commitments to invest in, make, purchase, take assignments, or otherwise acquire any mortgage loan or partial interest or participation therein. The agency may sell, assign, or otherwise dispose of, or enter into commitments to sell, assign, or otherwise dispose of, any obligation, mortgage loan, or partial interest or participation therein, or create pools of obligations, mortgage loans, or partial interest or participations held by the agency, and issue and sell securities backed by pools. The agency may require the seller of obligations, residential mortgage loans, or partial interest or participations purchased by the agency, to use the proceeds of the sale for the purpose of financing mortgage loans, except when the proceeds arise from the sale of new loans, initiated for the purpose of sale to the agency or others. The agency may pledge mortgage loans, acquired pursuant to the mortgage loan program, to pay the principal, interest, and redemption premium, if any, on taxable securities issued by the agency for the mortgage loan program.

(c) Any multifamily rental housing financed by the agency pursuant to this chapter shall be subject to the same occupancy standards specified in Section 51335.

(Amended by Stats. 1987, Ch. 904, Sec. 8. Effective September 21, 1987.)

51403. (a) The agency may, from time to time, issue its taxable securities in whatever principal amount the agency determines is necessary to provide sufficient funds for the acquisition or making of mortgage loans and for the payment of interest on the securities, establishment of reserves to secure the securities, and other expenditures of the agency incident to, and necessary or convenient to, issuance of the securities, and the purchase or sale of mortgage loans in accordance with this chapter.

(b) Notwithstanding any other provision of this division, taxable securities issued pursuant to this chapter shall not be subject to any limitation of aggregate principal amount outstanding at any time. The securities shall not be taken into account for purposes of the limitation on indebtedness of the agency contained in Section 51350, or any other limitation on the amount of securities of the agency which at any time may be issued or which may be outstanding.

(c) Any taxable securities issued pursuant to this chapter shall not be a general obligation of the agency and shall be payable solely from the receipts, revenues, or other income derived in respect of mortgage loans or securities purchased or sold pursuant to this chapter. Any official statement or other prospectus used by the agency in offering taxable securities for sale shall clearly indicate that the securities are not the debt or obligation of the state or of the agency except to the extent provided in this section.

(d) All proceeds received by the agency pursuant to this chapter shall be deposited in the Taxable Securities Account which is hereby created in the California Housing Finance Fund. Any moneys appropriated to the agency for the purposes of this chapter shall be deposited in the Taxable Securities Account and shall be repaid from revenues received by the agency pursuant to this chapter.

(Amended by Stats. 1987, Ch. 904, Sec. 9. Effective September 21, 1987.)