



Home	Bill Information	California Law	Publications	Other Resources	My Subscriptions	My Favorites
------	------------------	----------------	--------------	-----------------	------------------	--------------

Code:  Section:

[Up^](#) [Add To My Favorites](#)

**HEALTH AND SAFETY CODE - HSC**

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 HOUSING AND HOME FINANCE [50000 - 54913]** ( *Division 31 repealed and added by Stats. 1977, Ch. 610.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

**PART 4. BOND AND LOAN INSURANCE [51600 - 51687]** ( *Part 4 repealed and added by Stats. 1993, Ch. 115, Sec. 4. )*

**CHAPTER 6. Loan Loss Guarantee Program [51680 - 51687]** ( *Chapter 6 added by Stats. 1993, Ch. 115, Sec. 4. )*

**51680.** The agency may administer a loan loss guarantee program in order to induce private lenders to make construction loans for seismic rehabilitation improvements which are designed to increase seismic structural safety in accordance with a plan developed by a civil engineer, structural engineer, or an architect for a property which has been identified by a local jurisdiction as being potentially hazardous, as defined in Chapter 12.2 (commencing with Section 8875) of Division 1 of Title 2 of the Government Code, or as being hazardous in the event of an earthquake, as defined in Article 4 (commencing with Section 19160) of Chapter 2 of Part 3 of Division 13.

*(Added by Stats. 1993, Ch. 115, Sec. 4. Effective July 15, 1993. Conditionally inoperative as provided in Section 51687.)*

**51681.** (a) Except as provided in subdivision (b), the agency shall only issue rehabilitation loan loss guarantees on single-family homes or on buildings with five or more residential units and where any commercial use in those buildings is limited to the basement and ground floors or where the commercial use occupies less than 15 percent of the total square footage of the building.

(b) For the purpose of using the program enacted by this chapter in conjunction with the multifamily seismic retrofit program authorized by Section 50668.5, the 15-percent limitation on commercial space required by subdivision (a) may be waived in order to facilitate the seismic retrofit of lower income housing.

*(Added by Stats. 1993, Ch. 115, Sec. 4. Effective July 15, 1993. Conditionally inoperative as provided in Section 51687.)*

**51683.** The agency may issue a loan loss guarantee in the amount of 25 percent of the actual loss of a loan guaranteed under this section. The fund may not guarantee any loan loss in excess of the amount of permanent loan financing for the property. No guarantee shall be made for a property which does not have a binding, unconditional, permanent financing commitment from a lender acceptable to the agency, nor for a property in which the owner has less than a 20-percent equity interest.

*(Added by Stats. 1993, Ch. 115, Sec. 4. Effective July 15, 1993. Conditionally inoperative as provided in Section 51687.)*

**51684.** (a) The agency shall collect a premium for a loan loss guarantee as provided in Section 51657. All premiums shall be deposited in the Seismic Rehabilitation Loan Loss Guarantee Account within the insurance fund, which is hereby created.

(b) Premiums shall be calculated in an amount which, when added to the other revenues of the account, will be adequate to, in the following order of priority: pay losses on claims made under loan loss guarantees issued hereunder, pay actual operating costs of the program, and repay moneys transferred to the account pursuant to Section 51685. The agency is authorized to transfer from the account actual operating expenses necessary for its administration of this program. Any excess premiums shall be retained in the account and used to expand the loan loss guarantee program hereunder.

(c) Moneys in the account shall be segregated from other moneys of the insurance fund and shall not be transferred from the account for any purpose, except as provided in this chapter. Loan loss guarantees issued by the agency for the benefit of either construction lenders or borrowers shall specify that only the moneys in the account are available to pay claims under loan loss guarantees and that the other assets of the insurance fund, the assets of the agency, and the assets of the State of California are not available to pay claims or damages resulting from loan loss guarantees.

*(Added by Stats. 1993, Ch. 115, Sec. 4. Effective July 15, 1993. Conditionally inoperative as provided in Section 51687.)*

**51685.** Moneys transferred to the insurance fund under this section may be used to create reserves for loan loss guarantees authorized by this chapter and for the initial administrative expenses of the program which are not offset by premium income.

*(Added by Stats. 1993, Ch. 115, Sec. 4. Effective July 15, 1993. Conditionally inoperative as provided in Section 51687.)*

**51685.5.** (a) Notwithstanding any other provision of law, the California Housing Insurance Fund may borrow one million eight hundred thousand dollars (\$1,800,000) from the Local Agency Indebtedness Fund, established pursuant to Article 6.5 (commencing with Section 16496) of Chapter 3 of Division 4 of Title 2 of the Government Code, for the purpose of establishing the Seismic Rehabilitation Loan Loss Guarantee Account within the fund as authorized by subdivision (d) of Section 51642.

(b) Upon request of the agency, the Pooled Money Investment Board shall transfer from the Local Agency Indebtedness Fund amounts authorized hereunder and upon terms and conditions to which the agency and the board shall agree. Moneys borrowed hereunder shall constitute a loan, which shall be repaid with simple interest accrued at the pooled money investment rate exclusively from premium income collected by the agency for seismic rehabilitation loan loss guarantees issued under this chapter. No other moneys of the agency shall be liable for repayment of the loan from the Local Agency Indebtedness Fund. The loan authorized, along with accrued interest, shall be due and payable not later than one year from the date of expiration of the last outstanding loan loss guarantee issued, or not later than January 1, 2010, whichever comes first, or unless the Legislature extends the sunset provision of this program because of the success and continuing need for the program.

(c) Moneys transferred to the agency under this section may be used to create reserves for loan loss guarantees authorized by this chapter and for the initial administrative expenses of the program which are not offset by premium income.

*(Added by Stats. 1993, Ch. 115, Sec. 4. Effective July 15, 1993. Conditionally inoperative as provided in Section 51687.)*

**51686.** In addition to the powers expressly granted by this chapter, the agency shall have all the powers granted under this part in administering this program which are not inconsistent with this chapter.

*(Added by Stats. 1993, Ch. 115, Sec. 4. Effective July 15, 1993. Conditionally inoperative as provided in Section 51687.)*

**51687.** This chapter shall be inoperative if moneys are not transferred to the fund pursuant to Section 51685.5 for the purposes defined in Section 51680.

*(Added by Stats. 1993, Ch. 115, Sec. 4. Effective July 15, 1993. Note: Termination clause affects Chapter 6, commencing with Section 51680.)*