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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 HOUSING AND HOME FINANCE [50000 - 54913] (*Division 31 repealed and added by Stats. 1977, Ch. 610.*)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 7. SOLAR AND ENERGY CONSERVATION MORTGAGE CORPORATION [53000 - 53113] (*Part 7 added by Stats. 1981, Ch. 1033.*)

CHAPTER 3. Purpose and Organization [53100 - 53113] (*Chapter 3 added by Stats. 1981, Ch. 1033.*)

53100. The corporation created by this part shall be known as "Sunny Mac."

(*Added by Stats. 1981, Ch. 1033.*)

53101. The Solar and Energy Conservation Mortgage Corporation is hereby created for the following purposes:

- (a) To facilitate financing of energy conservation measures and structural improvements.
- (b) To provide liquidity for loans made by member financial institutions for such purpose.
- (c) To provide that such loans shall be financed by private capital to the maximum extent feasible.

(*Added by Stats. 1981, Ch. 1033.*)

53102. The corporation shall have common stock, without par value, which shall be vested with all voting rights, each share being entitled to one vote with rights of cumulative voting. Shares may be held beneficially and of record only by member financial institutions, shall be transferable only on the books of the corporation, and shall be subject to the following conditions:

- (a) The board of directors of the corporation shall, from time to time, establish a stated value for shares issued and sold by it, and a minimum number of shares which shall be owned by any member financial institution. The minimum number of shares shall be the higher of (1) a fixed minimum per member financial institutions and (2) a minimum expressed as a percentage of such member's sales of loans to the corporation.
- (b) Dividends may be declared by the board of directors, in its discretion, to be paid by the corporation to the holders of its common stock, but in any one fiscal year the aggregate amount of cash dividends paid on account of any share of stock shall not exceed the percentage dividend rate paid for that year by the Federal Home Loan Bank of San Francisco.
- (c) If the corporation's dividend rate in any one year does not equal the dividend rate paid for that year by the Federal Home Loan Bank of San Francisco, the difference in these rates may be applied to the corporation's dividend rate in any subsequent year, even if it would mean exceeding that dividend rate for that year.

(*Added by Stats. 1981, Ch. 1033.*)

53103. The board of directors of the corporation shall consist of seven members, selected and appointed as follows:

- (a) One member, representing the public interest, for a term of four years, appointed by the Governor.
- (b) One member, for a term of four years, appointed by the State Treasurer.
- (c) One member, representing the solar energy industry, for a term of three years, appointed by the Secretary of the Business, Transportation and Housing Agency.
- (d) Four members, for terms of two years, elected by the stockholders of the corporation.

(*Added by Stats. 1981, Ch. 1033.*)

53104. The members of the board shall annually elect a chairman from among their membership.

(*Added by Stats. 1981, Ch. 1033.*)

53105. In order to expedite the startup of the corporation, the four members representing the stockholders shall initially be appointed by the Secretary of the Business, Transportation and Housing Agency. These members will serve until the first stockholders' meeting, at which point they will be replaced by elected members.

(Added by Stats. 1981, Ch. 1033.)

53106. On or before February 1, 1982, the Governor, the State Treasurer, and the Secretary of Business, Transportation and Housing shall appoint the directors authorized under Sections 53103 and 53105. These directors shall call the first general shareholders' meeting not later than May 30, 1983, at which time the shareholders of record shall elect the directors authorized by subdivision (f) of Section 53103.

(Added by Stats. 1981, Ch. 1033.)

53108. For the purposes set forth in this chapter, the corporation is authorized pursuant to commitments, or otherwise, to purchase, service, sell, lend on the security of, or otherwise deal in, any loans or advances of credit made for financing energy conservation measures. To be eligible for purchase, the loan shall be secured and comply with such other standards as required by the corporation.

(Added by Stats. 1981, Ch. 1033.)

53109. For the purposes set forth in this chapter, the corporation is authorized to borrow money through the issuance of notes, bonds, debentures, mortgage trust certificates, or any other security or secondary mortgage market instrument and shall have such other corporate powers as permitted under Section 207 of the Corporations Code.

(Added by Stats. 1981, Ch. 1033.)

53110. Any financial institution may apply to the corporation to become a member financial institution. The corporation shall establish standards and procedures for qualification as a member financial institution, from which the corporation shall purchase loans made for the purposes set forth in this part.

(Added by Stats. 1981, Ch. 1033.)

53111. Any purchases of loans made by the corporation pursuant to the provisions of this part, for value, in good faith and without actual and written notice of any adverse claims against the loans, shall place the corporation in the status of holder-in-due course of the loans.

(Added by Stats. 1981, Ch. 1033.)

53112. Any mortgage trust certificates, mortgage-backed bonds, mortgage-backed passthrough certificates, or other obligations of the corporation secured by the loans and related deeds of trust purchased by the corporation shall be a legal investment for every executor, administrator, trustee, guardian, conservator of a natural person, receiver, fiduciary, public corporation, political subdivision, public instrumentality, charitable institution, educational and eleemosynary institution, bank, savings bank, trust company, financial institution, insurance company, public or private pension fund or profit sharing trust, or cemetery association, without court order.

(Added by Stats. 1981, Ch. 1033.)

53113. The corporation may accept and administer grants, subsidies, loans, loan guarantees, and other special programs as may be established for that purpose by the Public Utilities Commission, State Energy Resources Conservation and Development Commission, or any other federal or state agency. However, the corporation shall not be required to accept any administration which would require operation at a loss to the corporation.

(Added by Stats. 1981, Ch. 1033.)