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**DIVISION 3. OBLIGATIONS [1427 - 3273.69]** ( *Heading of Division 3 amended by Stats. 1988, Ch. 160, Sec. 14.*  )

**PART 4. OBLIGATIONS ARISING FROM PARTICULAR TRANSACTIONS [1738 - 3273.69]** ( *Part 4 enacted 1872.*  )

**TITLE 4. LOAN [1884 - 1923.10]** ( *Title 4 enacted 1872.*  )

**CHAPTER 4. Shared Appreciation Loans of E.R.I.S.A. Pension Funds [1917.010 - 1917.075]** ( *Chapter 4 repealed and added by Stats. 1982, Ch. 466, Sec. 11.*  )

**ARTICLE 5. Improvements [1917.050- 1917.050.]** ( *Article 5 added by Stats. 1982, Ch. 466, Sec. 11.*  )

**1917.050.** The borrower may have the cost of capital improvements to the security property completed within any 12-month period, and with an appraised value in excess of two thousand five hundred dollars (\$2,500), added to the borrower's cost of the property, for purposes of determining the contingent deferred interest, but only if the procedures set forth in this article are followed.

(a) Within 60 days following the completion of the improvements, the borrower shall send by first-class mail a notice of the completion of the improvements to the lender and shall submit proof of cost of the improvements.

(b) Within 90 days following the completion of the improvements, the lender shall select an appraiser to perform an appraisal to determine the increase in value of the property, if any, by reason of the improvements. A copy of the appraisal shall be sent by first-class mail to the borrower, together with a notice informing the borrower that the appraisal will constitute a final and conclusive determination of the increase in the value of the property by reason of the improvement for purposes of computing the net appreciated value of the property, and that if the borrower disputes the amount of the appraisal, the borrower may procure an independent appraisal as provided in subdivision (c). The lender may require the borrower to pay for the cost of the appraisal.

(c) If the borrower disputes the amount of the appraisal, the borrower, within 120 days of the completion of the improvements, may secure at borrower's expense, a qualified, independent appraiser to perform an appraisal to determine the increase in value of the property, if any, by reason of the improvements, and a copy of the appraisal shall be sent by first-class mail to the lender within that period of time.

(d) If the appraisal of the appraiser selected by the borrower is greater in amount than the appraisal by the appraiser selected by the lender, the amount of the appraisal, for the purposes of this section, shall be one-half of the sum of the two appraisals.

(e) The lesser of the borrower's actual cost or the appraised increase in the value of the property by reason of the improvements shall be available as a credit to the buyer for purposes of determining net appreciated value, except as provided in subdivision (f).

(f) If 50 percent or more of the value of the labor or other work on the improvements was performed by the borrower, then the appraised increase in the value of the property by reason of the improvements shall be the cost of capital improvements for purposes of establishing the credit under this section.

(*Repealed and added by Stats. 1982, Ch. 466, Sec. 11. Inoperative January 1, 1990, by Stats. 1982, Ch. 466, Sec. 11.5.*)