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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 Shared Appreciation Loans of E.R.I.S.A. Pension Funds [1917.010 - 1917.075]** ( *Chapter 4 repealed and added by Stats. 1982, Ch. 466, Sec. 11.*  )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 1. Legislative Findings and Declarations [1917.010- 1917.010.]** ( *Article 1 added by Stats. 1982, Ch. 466, Sec. 11.*  )

**1917.010.** The Legislature hereby finds and declares that:

- (a) It is necessary and essential that the state provide and promote alternative means of supplying affordable housing to the citizens of the state.
- (b) High interest rates have caused payment schedules for new long-term, fixed-rate and adjustable-rate mortgages to exceed affordable levels for the vast majority of the state's households.
- (c) Because of current economic conditions, including high and volatile interest rates, alternative mortgage instruments must be developed to supplement the standard long-term, fixed-rate mortgage.
- (d) Because the interest to which the lender is entitled under a shared appreciation mortgage includes a share of the appreciated value of the property securing the loan, the periodic payments under a shared appreciation mortgage are lower and, therefore, more affordable to borrowers than under a mortgage in which the lender's interest does not include a share of the appreciated value of the property. State authorization of the shared appreciation loan for pension fund lenders will serve the need to develop alternative and more affordable means of financing the construction of new housing and the subsequent marketing of new homes, and to create vitally needed jobs in the construction industry.
- (e) Pension funds may find shared appreciation loans suited to their investment needs since yields are keyed to appreciation in property values, which may serve as a hedge against inflation.

*(Repealed and added by Stats. 1982, Ch. 466, Sec. 11.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