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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 7. Shared Appreciation Loans for Seniors [1917.320 - 1917.714]** ( *Chapter 7 added by Stats. 1984, Ch. 1701, Sec. 1. )*

**ARTICLE 2. Terms and Conditions [1917.330 - 1917.334]** ( *Article 2 added by Stats. 1984, Ch. 1701, Sec. 1. )*

**1917.330.** Lenders may make shared appreciation loans for seniors pursuant to this chapter for the refinancing of real property improved with one- to four-dwelling units, including structures ancillary to such dwelling units and including attached single-family dwelling units, single-family mobilehome units, residential condominium units, and dwelling units within a planned unit development. Shared appreciation loans shall be made to refinance only owner-occupied dwelling units, but in the case of two- to four-unit dwellings financed under this chapter, only one of the units need be owner-occupied. A dwelling unit shall be conclusively deemed to be owner-occupied for purposes of this chapter with respect to initial qualification for participation in the loan program if a borrower certifies in writing to the lender at the time the loan is made that he or she will occupy the property.

Nothing contained herein shall be deemed or interpreted to restrict a lender from providing a shared appreciation loan based solely upon the value of the real property upon which the borrower's dwelling is situated, secured only by that real property and not by the improvements thereon. In that case, the lender's actual contingent interest, and any other necessary calculations, shall be based upon the land value alone, not taking into account any improvements thereon. This paragraph is declaratory of existing law.

(*Amended by Stats. 1988, Ch. 1406, Sec. 2.*)

**1917.331.** (a) A shared appreciation loan for seniors shall include all of the following:

(1) The term of the loan shall be for an open-ended term, terminating upon the occurrence of a maturity event, or the failure of the borrower to meet the terms of a deed of trust granted by the borrower to the lender which are normally and customarily used by mortgage lenders in this state for loans secured by residential real property. However, if the maturity event is either cessation of occupancy of the property by the borrower or death of the borrower, the term shall be extended until the earlier of the sale or refinancing of the property or 12 months after the occurrence of the maturity event.

(2) An initial advance, if desired by the borrower.

(3) Monthly annuity payments which shall continue until the occurrence of a maturity event, or earlier termination in accordance with paragraph (1).

(4) Interest on (2) and (3), calculated no more often than monthly at the stated interest rate.

(5) Actual contingent interest.

(6) Interest on paragraphs (2) to (5), inclusive, compounded no more often than monthly, from the date of a maturity event until the loan is repaid in full.

(b) The loan shall be secured by a deed of trust on the real property financed.

(c) The aggregate amount of any fee charged to the borrower by the lender for processing an application, preparing any necessary documents, obtaining a credit report, or any other costs incurred by the lender in connection with originating a shared appreciation loan for seniors shall not exceed five hundred dollars (\$500). No prepaid interest shall be charged to the borrower.

(*Amended by Stats. 1988, Ch. 1406, Sec. 3.*)

**1917.332.** Any provision in any loan made pursuant to this chapter for the discontinuation or termination of a monthly annuity other than upon the occurrence of a maturity event is void and unenforceable.

*(Added by Stats. 1984, Ch. 1701, Sec. 1.)*

**1917.333.** (a) The borrower shall have the right to prepay, at any time, in full or in part, the total loan obligation.

*(Added by Stats. 1984, Ch. 1701, Sec. 1.)*

**1917.334.** Except as provided in this article, the terms and conditions of the shared appreciation loan for seniors shall be subject to all laws applicable to loans in effect on the date the loan is made.

*(Added by Stats. 1984, Ch. 1701, Sec. 1.)*