

AMENDED IN SENATE JULY 12, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1084

Introduced by Assembly Member Davis

February 18, 2011

An act to amend Section 985 of, *to add Section 988.7 to, and to repeal Article 4 (commencing with Section 270) of Chapter 3 of, and Article 1 (commencing with Section 480) of Chapter 10 of, Part 1 of Division 2 of, the Military and Veterans Code, relating to veterans, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1084, as amended, Davis. Veterans' farm and home ~~purchases:~~ ~~definitions:~~ ~~home purchases:~~ *shared equity cooperative housing.*

Existing law provides for farm and home purchase benefits for qualifying veterans under the Veterans' Farm and Home Purchase Act of 1943, and subsequent acts, which are collectively referred to as the CalVet Home Loan program. Existing law defines "cooperative housing corporation" for purposes of this program to mean a real estate development in which membership in the corporation, by stock, is coupled with the exclusive right to possess a portion of the real property.

The bill would expand the definition of cooperative housing corporation to include a shared equity cooperative.

The California National Guard Members' Farm and Home Purchase Act of 1978, administered by the Department of Veterans Affairs, provides for farm and home purchase benefits for designated members of the California National Guard. The California National Guard Members' Revenue Bond Act of 1978 authorizes, and prescribes a

procedure for; the issuance of debentures for home, farm, and mobilehome loans under the California National Guard Members' Farm and Home Purchase Act of 1978. The California National Guard Members' Revenue Bond Act of 1978 creates the California National Guard Members' Farm and Home Building Fund of 1978, and creates special accounts in that fund, including, but not limited to, the National Guard Members' Revenue Bond Revenue Account.

This bill would require all moneys in the California National Guard Members' Farm and Home Building Fund of 1978 and in any account created in that fund that are not needed to meet revenue bond obligations to be deposited into the Veterans' Farm and Home Building Fund of 1943. This bill would also require any revenues that would have otherwise been required to be deposited into the California National Guard Members' Farm and Home Building Fund of 1978, or any other account in that fund, to be deposited into the Veterans' Farm and Home Building Fund of 1943. This bill would continuously appropriate all moneys deposited into the Veterans' Farm and Home Building Fund of 1943 pursuant to this bill to the department, and would require those moneys to be used by the department to make shared equity cooperative housing loans.

This bill would repeal the California National Guard Members' Farm and Home Purchase Act of 1978 and the California National Guard Members' Revenue Bond Act of 1978, as provided.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~-yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Article 4 (commencing with Section 270) of
- 2 Chapter 3 of Part 1 of Division 2 of the Military and Veterans
- 3 Code is repealed.
- 4 SEC. 2. Article 1 (commencing with Section 480) of Chapter
- 5 10 of Part 1 of Division 2 of the Military and Veterans Code is
- 6 repealed.
- 7 ~~SECTION 1.~~
- 8 SEC. 3. Section 985 of the Military and Veterans Code is
- 9 amended to read:
- 10 985. As used in this article:

- 1 (a) "Farm" means a tract of land, which, in the opinion of the
2 department, is capable of producing sufficiently to provide a living
3 for the purchaser and the purchaser's dependents.
- 4 (b) "Home" means any of the following:
- 5 (1) A parcel of real estate upon which there is a dwelling house
6 or other buildings that will, in the opinion of the department, suit
7 the needs of the purchaser and the purchaser's dependents as a
8 place of abode.
- 9 (2) Condominium, as defined in subdivision (h).
- 10 (3) Mobilehome, as defined in subdivision (k).
- 11 (4) Cooperative housing, as defined in subdivision (m).
- 12 (c) "Purchaser" means a veteran or any person who has entered
13 into a contract of purchase of a farm or home from the department.
- 14 (d) "Purchase price" means the price which the department pays
15 for any farm or home.
- 16 (e) "Selling price" means the price for which the department
17 sells any farm or home.
- 18 (f) "Initial payment" means the first payment to be made by a
19 purchaser to the department for a farm or home.
- 20 (g) "Progress payment plan" means payment by the department
21 for improvements on real property in installments as work
22 progresses.
- 23 (h) "Condominium" means an estate in real property consisting
24 of an undivided interest in common in a portion of a parcel of real
25 property together with a separate interest in space in a residential
26 building on the real property, such as an apartment, which, in the
27 opinion of the department, suits the needs of the purchaser and the
28 purchaser's dependents as a place of abode. A condominium may
29 include, in addition, a separate interest in other portions of the real
30 property.
- 31 (i) "Effective rate of interest" means the average interest rate
32 of the interest on the unpaid balance due on a participation contract
33 to which the interest of the department is subject and the interest
34 rate on the unpaid balance of the purchase price, as determined by
35 the department.
- 36 (j) "Participation contract" means an obligation secured by a
37 deed of trust or mortgage, or other security interest established
38 pursuant to regulations of the department.
- 39 (k) "Mobilehome" means either a parcel of real estate, or an
40 undivided interest in common in a portion of a parcel of real

1 property, on which is situated a mobilehome that will, in the
2 opinion of the department, suit the needs of the purchaser and the
3 purchaser’s dependents as a place of abode and meets all
4 requirements of local governmental jurisdictions.

5 (l) “Immediate family” means the spouse of a purchaser, the
6 natural or adopted dependent children of the purchaser, and the
7 parents of the purchaser if they are dependent on the purchaser for
8 50 percent or more of their support.

9 (m) “Cooperative housing corporation” means both of the
10 following:

11 (1) A real estate development in which membership in the
12 corporation, by stock ownership, is coupled with the exclusive
13 right to possess a portion of the real property.

14 (2) A shared equity cooperative.

15 *SEC. 4. Section 988.7 is added to the Military and Veterans*
16 *Code, to read:*

17 *988.7. (a) (1) Notwithstanding any other law, all moneys in*
18 *the California National Guard Members’ Farm and Home Building*
19 *Fund of 1978 and any other account created in that fund, including,*
20 *but not limited to, the National Guard Members’ Revenue Bond*
21 *Revenue Account, that are not needed to meet revenue bond*
22 *obligations shall be deposited into the Veterans’ Farm and Home*
23 *Building Fund of 1943 within ____ days after the effective date of*
24 *this section.*

25 *(2) Notwithstanding any other law, on and after the effective*
26 *date of this section, any revenues that would have otherwise been*
27 *required to be deposited into the National Guard Members’*
28 *Revenue Bond Revenue Account pursuant to Section 485.1, the*
29 *California National Guard Members’ Farm and Home Building*
30 *Fund of 1978, or any other account in that fund, shall be deposited*
31 *into the Veterans’ Farm and Home Building Fund of 1943.*

32 *(b) Notwithstanding Section 13340 of the Government Code,*
33 *all moneys deposited into the Veterans’ Farm and Home Building*
34 *Fund of 1943 pursuant to subdivision (a) are hereby continuously*
35 *appropriated, without regard to fiscal year, to the department,*
36 *and shall be used by the department to make shared equity*
37 *cooperative housing loans.*

38 *SEC. 5. Sections 1 and 2 of this bill shall become operative*
39 *____ days after the effective date of this bill. However, any loans*
40 *to California National Guard members made pursuant to the*

1 *California National Guard Members' Farm and Home Purchase*
2 *Act of 1978 (Article 4 (commencing with Section 270) of Chapter*
3 *3 of Part 1 of Division 2 of the Military and Veterans Code) that*
4 *is still in existence after that date shall continue to be administered*
5 *by the Department of Veterans Affairs. All rights and obligations*
6 *acquired under the California National Guard Members' Farm*
7 *and Home Purchase Act of 1978 by a purchaser and by the*
8 *department prior to that date shall continue to exist.*

9 *SEC. 6. This act is an urgency statute necessary for the*
10 *immediate preservation of the public peace, health, or safety within*
11 *the meaning of Article IV of the Constitution and shall go into*
12 *immediate effect. The facts constituting the necessity are:*

13 *In order to allow the CalVet Home Loan Program to offer*
14 *housing finance opportunities to low-income veterans, young*
15 *veterans, veterans in need of specific services, and other special*
16 *needs veterans, and to allow the Department of Veterans Affairs*
17 *to make shared equity cooperative housing loans as soon as*
18 *possible, it is necessary that this act go into immediate effect.*