

Assembly Bill No. 2865

CHAPTER 81

An act to add Chapter 11 (commencing with Section 51500) to Part 3 of Division 31 of the Health and Safety Code, relating to housing, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 5, 2000. Filed with
Secretary of State July 5, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2865, Alquist. Affordable housing: financial assistance.

Existing law requires the California Housing Finance Agency to administer various housing programs to meet the needs of persons and families of very low, low-, and moderate-income households.

This bill would create the California Homebuyer's Downpayment Assistance Program, would require the California Housing Finance Agency to administer the program, and would require that the program include specified conditions and be limited to first-time homebuyers.

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

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

SECTION 1. Chapter 11 (commencing with Section 51500) is added to Part 3 of Division 31 of the Health and Safety Code, to read:

CHAPTER 11. CALIFORNIA HOMEBUYER'S DOWNPAYMENT ASSISTANCE
PROGRAM

51500. This chapter shall be known and may be cited as the California Homebuyer's Downpayment Assistance Program.

51501. The Legislature finds and declares all of the following:

(a) There is a continuing and urgent need to provide affordable mortgage financing to meet the increasingly unfulfilled housing needs of citizens of this state.

(b) The high cost of housing impedes the ability of California employers to compete in the national marketplace for employees.

(c) Affordable housing enhances the quality of life for California residents and provides fuel for the state's economic engine.

(d) Housing is a critical component of the California economy, both as an income producing sector and a principal factor in economic development.



(e) California's housing crisis severely impacts families struggling to provide safe, stable homes for their children to grow and learn and the workers who are the backbone of many of the state's most important industries.

(f) The percentage of Californians able to purchase their own homes continues to decline, even as that percentage climbs for the rest of the nation.

(g) Therefore, this chapter is enacted to make existing financing for residential mortgages more affordable to California's homebuyers.

51502. The purpose of the California Homebuyer's Downpayment Assistance Program is to assist first-time low- and moderate-income homebuyers utilizing existing mortgage financing.

51504. (a) The agency shall administer a downpayment assistance program that includes, but is not limited to, all of the following:

(b) Downpayment assistance shall include, but not be limited to, a deferred-payment, low-interest, junior mortgage loan to reduce the principal and interest payments and make financing affordable to first-time low- and moderate-income homebuyers.

(c) The amount of downpayment assistance shall not exceed 3 percent of the home sales price.

(d) The amount of downpayment assistance shall be secured by a deed of trust in a junior position to the primary financing provided. The term of the loan for the downpayment assistance shall not exceed the term of the primary loan.

(e) The amount of the downpayment assistance shall be due and payable at the end of the term or upon sale of or refinancing of the home. The borrower may refinance the mortgages on the home provided the principal and accrued interest on the junior mortgage loan securing the downpayment assistance are repaid in full. All repayments shall be made to the agency to be reallocated for the purposes of this chapter.

(f) The agency may use up to 5 percent of the funds appropriated by the Legislature for purposes of this chapter to administer this program.

51506. The downpayment assistance provided by this program shall be limited to first-time homebuyers.

51510. The agency shall have all the powers conferred upon it by this part (commencing with Section 50900) in administering this chapter.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to increase the availability of funds for downpayment assistance in order to increase the utilization of existing mortgage



financing as soon as possible, it is necessary that this act take effect immediately.

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