

**ASSEMBLY BILL**

**No. 304**

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**Introduced by Assembly Member Mullin**

February 6, 2003

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An act to amend Section 51504 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 304, as introduced, Mullin. Housing: downpayment assistance.

Under existing law, the California Housing Finance Agency administers a downpayment assistance program under which the amount of downpayment assistance may not exceed 3% of the home sales price.

This bill would increase that amount to 6%.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

- 1 SECTION 1. Section 51504 of the Health and Safety Code is  
2 amended to read:  
3 51504. (a) The agency shall administer a downpayment  
4 assistance program that includes, but is not limited to, all of the  
5 following:  
6 (b) Downpayment assistance shall include, but not be limited  
7 to, a deferred-payment, low-interest, junior mortgage loan to  
8 reduce the principal and interest payments and make financing  
9 affordable to first-time low- and moderate-income homebuyers.

- 1 (c) The amount of downpayment assistance shall not exceed 3  
2 6 percent of the home sales price.
- 3 (d) The amount of downpayment assistance shall be secured by  
4 a deed of trust in a junior position to the primary financing  
5 provided. The term of the loan for the downpayment assistance  
6 shall not exceed the term of the primary loan.
- 7 (e) The amount of the downpayment assistance shall be due and  
8 payable at the end of the term or upon sale of or refinancing of the  
9 home. The borrower may refinance the mortgages on the home  
10 provided the principal and accrued interest on the junior mortgage  
11 loan securing the downpayment assistance are repaid in full. All  
12 repayments shall be made to the agency to be reallocated for the  
13 purposes of this chapter.
- 14 (f) The agency may use up to 5 percent of the funds  
15 appropriated by the Legislature for purposes of this chapter to  
16 administer this program.

