AMENDED IN SENATE JANUARY 11, 2012

AMENDED IN SENATE JANUARY 4, 2012

AMENDED IN SENATE APRIL 28, 2011

AMENDED IN SENATE APRIL 25, 2011

AMENDED IN SENATE APRIL 14, 2011

AMENDED IN SENATE MARCH 29, 2011

SENATE BILL No. 447

Introduced by Senator DeSaulnier

February 16, 2011

An act to add Section 50964 to the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 447, as amended, DeSaulnier. Housing: California Housing Finance Agency.

Existing law establishes the California Housing Finance Agency, administered by a board of directors, whose primary purpose is to meet the housing needs of persons and families of low- or moderate-income. Existing law authorizes the agency to issue revenue bonds and make construction and mortgage loans to meet the multifamily rental housing needs of persons and families of low- or moderate- income persons and families.

This bill would prohibit the agency from foreclosing on a mortgage for a single-family residence that was financed by a revenue bond that is owned or serviced by the agency for the sole reason that the mortgagor is using the residence as a rental property, provided that certain conditions are met.

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

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

SECTION 1. Section 50964 is added to the Health and Safety Code, to read:

50964. The agency shall not foreclose on a mortgage for a single-family residence that was financed by a revenue bond issued pursuant to Chapter 7 (commencing with Section 51350) that is owned or serviced by the agency for the sole reason that the mortgagor is using the residence as a rental property, provided that all of the following conditions are met:

(a) The mortgagor is current in making his or her mortgage payments, and has not breached any term of the mortgage. For purposes of this subdivision, the renting out of the residence shall not constitute a breach that necessitates a foreclosure action, except as may be necessary not to exceed the 4 percent cap specified by subdivision (c).

(b) The mortgagor lived in the home for at least one year after the mortgage was executed.

(c) No more than 4 percent of the total proceeds of the bond issuance shall be used to finance mortgages on residences that are currently used as rental properties.

(d) The value of the residence securing the mortgage is less than the aggregate amount of debt on the residence.

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