

Date of Hearing: April 21, 2026

ASSEMBLY COMMITTEE ON JUDICIARY
Ash Kalra, Chair
AB 1842 (Harabedian) – As Introduced February 11, 2026

As Proposed to be Amended

SUBJECT: CALIFORNIA EMERGENCY MORTGAGE RELIEF ACT

KEY ISSUE: SHOULD ANY HOMEOWNER WHOSE HOME IS RENDERED UNINHABITABLE BY A STATE OF EMERGENCY DECLARED BY THE STATE OR FEDERAL GOVERNMENT BE ELIGIBLE FOR MORTGAGE FORBEARANCE?

SYNOPSIS

Existing law authorizes a borrower who is experiencing financial hardship due to a declared state of emergency related to the 2025 Los Angeles County Wildfire to request and receive forbearance on their mortgage for an initial 90-day period, with potential extensions of up to one year. That law also prohibits a mortgage servicer from assessing any late fees to the qualifying borrower's account or charging a default rate of interest during the forbearance period.

This bill would expand the above provisions to permit a borrower to request and receive mortgage relief when the property has become uninhabitable due to a state of emergency. The bill requires a mortgage servicer to offer mortgage payment forbearance for an initial period of up to 180 days, to be extended at the request of the borrower in 90-day increments, up to a maximum forbearance period of one year. The bill also prohibits a mortgage servicer from assessing any late fees to the borrower's account or charging a default rate of interest during the forbearance period, and imposes certain transparency and reporting requirements on the mortgage servicer. Finally, the bill authorizes a borrower to bring a civil action to enforce these provisions.

The author-sponsored bill is supported by the City of Los Angeles, the Eaton Fire Survivors Network, and several labor organizations. The proponents note that when the next disaster inevitably strikes California, mortgage forbearance may be needed outside of the disaster areas currently provided such relief. The bill is opposed by a coalition of interests from the financial services sector. The opposition contends this bill is preempted by federal law, unworkable, and may leave disaster victims frustrated and confused. This bill will be heard by the Committee on Banking and Finance one day prior to its rereferral to this Committee.

SUMMARY: Establishes the Emergency Mortgage Relief Act to provide mortgage relief to borrowers whose residential property has become uninhabitable as a result of a declared state of emergency. Specifically, **this bill:**

- 1) Authorizes a borrower to request forbearance on a residential mortgage loan, as defined, secured by a residential real property that has become uninhabitable as a direct result of an emergency, by doing the following:

- a) Submitting a request to the borrower's mortgage loan servicer before the conclusion of six months after the date upon which a proclamation or declaration of a state of emergency was issued by the Governor or by the federal government; and
 - b) Affirming that a residential unit is uninhabitable as a direct result of an emergency.
- 2) Requires a mortgage servicer to offer mortgage payment forbearance of a period of up to an initial 180 days, to be extended at the request of the borrower in 90-day increments, up to a maximum forbearance period of 12 months.
 - 3) Requires a mortgage service to inform a borrower within 10 days if the mortgage forbearance has been approved, and simultaneously provide to the borrower information about all potential repayment plans that may be used.
 - 4) Provides that if the mortgage servicer, acting under delegated authority to make forbearance determinations on behalf of the investor, denies a forbearance request within the maximum allowable forbearance period of 12 months, the mortgage servicer is not in violation of the provisions of this bill if the mortgage servicer provides written notice to the borrower stating the specific reason for denial. The notice shall include both of the following:
 - a) A clear and concise explanation of the specific investor provision that is the basis for the denial; and
 - b) The text of the specific investor guideline or contractual provision that is the basis for the denial of the borrower's forbearance request.
 - 5) Requires, if the notice provided a borrower pursuant to 4) cites any defect in the borrower's request, including an incomplete application or missing information, that is curable, the mortgage servicer to do all of the following:
 - a) Specifically identify any curable defect in the written notice;
 - b) Provide 21 calendar days from the mailing date of the written notice for the borrower to cure any identified defect;
 - c) Accept the borrower's revised request for forbearance received before the 21-day period lapses; and
 - d) Respond to the borrower's revised request within five business days of receipt of the revised request.
 - 6) Requires the forbearance period required by the bill to include any period of forbearance related to the emergency that a mortgage servicer has provided to a borrower before the effective date of the bill.
 - 7) Prohibits, during the forbearance period, any late fees from being assessed to the borrower's account, and the borrower being charged a default rate of interest.
 - 8) Requires, no later than 30 calendar days before the end of an initial forbearance period, a mortgage servicer to provide written notice to the borrower disclosing both of the following:

- a) Any documentation or forms that the mortgage servicer requires the borrower to furnish or complete to be considered for an additional period of forbearance;
 - b) A description of the deadlines and timelines associated with considering the borrower for an additional period of forbearance.
- 9) Requires the mortgage servicer to report the credit obligations of borrowers under an emergency-related forbearance plan in compliance with the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681 *et seq.*), as specified.
 - 10) Prohibits a residential mortgage loan from being sold, assigned, or otherwise transferred to another owner or managed by another mortgage servicer without written consent from the borrower.
 - 11) Prohibits a lump sum payment following a forbearance and prohibits cascading payments to collect forborne mortgage payments unless specifically authorized.
 - 12) Prohibits foreclosure, order of sale, foreclosure-related eviction during the forbearance period if the borrower is performing pursuant to the terms of the forbearance.
 - 13) Specifies with respect to a federally backed loan, a person is not liable for a violation of this bill if compliance with this title conflicts with the servicing guidelines applicable to the federally backed loan.
 - 14) Specifies with respect to a residential mortgage loan that is not a federally backed loan, a person is not liable for a violation of this bill if compliance with this title conflicts with the servicing guidelines issued by Fannie Mae or Freddie Mac.
 - 15) Requires periodic reporting regarding the number of applications received, approved and denied to the Department of Financial Protection and Innovation (DFPI) during the state of emergency.
 - 16) Authorizes a borrower to bring a civil action against a mortgage servicer for a violation of the provisions of this bill.
 - 17) Defines numerous terms including the following:
 - a) “Emergency” means the conditions described in a proclamation or declaration of a state of emergency issued by the Governor or by the federal government;
 - b) “Residential mortgage loan” means a loan that is secured by residential real property improved by 4 or fewer residential units.

EXISTING LAW:

- 1) Authorizes a borrower who is experiencing financial hardship that prevents the borrower from making timely payments on a residential mortgage loan due directly to the wildfire disaster may request forbearance on the residential mortgage loan by doing both of the following:

- a) Submitting a request to the borrower's mortgage loan servicer before the earlier of either of the following:
 - i. Six months after the date upon which the state of emergency issued by Governor Gavin Newsom on January 7, 2025, is terminated; or
 - ii. January 7, 2027.
 - b) Affirming that the borrower is experiencing a financial hardship due to the wildfire disaster. (Civil Code Section 3273.23 (a).)
- 2) Requires, upon a request by a borrower for forbearance under 1), a mortgage servicer to offer mortgage payment forbearance for a period of up to an initial 90 days, which must be extended at the request of the borrower in 90-day increments, up to a maximum forbearance period of 12 months. (Civil Code Section 3273.23 (c).)
 - 3) Provides that if the mortgage servicer, acting under delegated authority to make forbearance determinations on behalf of the investor, denies a forbearance request within the maximum allowable forbearance period of 12 months the mortgage servicer is not in violation of the law if the mortgage servicer provides written notice to the borrower stating the specific reason for denial as follows:
 - a) A clear and concise explanation of the specific investor provision that is the basis for the denial;
 - b) The text of the specific investor guideline or contractual provision that is the basis for the denial of the borrower's forbearance request. (Civil Code Section 3273.23 (d).)
 - 4) Prohibits late fees from being assessed to the borrower's account and the borrower from being charged a default rate of interest during the period of forbearance. (Civil Code Section 3273.23 (g).)
 - 5) Requires a mortgage servicer granting a forbearance in accordance with 2) to disclose to a borrower that the forborne mortgage payments are required to be repaid. (Civil Code Section 3273.24 (a).)
 - 6) Prohibits the imposition of a lump sum payment upon the conclusion of a forbearance for a borrower who was current on the residential mortgage loan when the borrower entered forbearance. (Civil Code Section 3273.4 (c).)
 - 7) Defines "wildfire disaster" to mean the conditions described in the proclamation of a state of emergency issued by Governor Gavin Newsom on January 7, 2025, or the federally declared disaster, declared on January 8, 2025, related to the Eaton Wildfire, the Palisades Fire, and the Straight-line Winds (DR-4856-CA). (Civil Code Section 3273.21 (f).)
 - 8) Requires, pursuant to the Homeowner Bill of Rights, that a lender who foreclosed on 175 or more homes in the last year to undertake a series of steps to explore loan modification and loss mitigation with a residential owner-occupant borrower who is delinquent on their home loan, prior to foreclosing on the home. (Civil Code Sections 2923.6, 2923.7, 2923.55, 2924.9, 2924.10, 2924.11, and 2924.17.)

FISCAL EFFECT: As currently in print this bill is keyed fiscal.

COMMENTS: On January 7, 2025, the Palisades Fire in Pacific Palisades and the Eaton Fire in Altadena and Pasadena destroyed more than 11,000 homes in a matter of hours. Recognizing that rebuilding these communities would take time, and that displaced families would need to pay both rent for a temporary shelter and the mortgage on their destroyed property, last year, the author of this bill shepherded AB 238 (Harabedian) Chap. 128, Stats. 2025, through the Legislature to provide one-year of mortgage forbearance to homeowners within the Palisades and Eaton Fire burn areas. Understanding that California is frequently rocked by natural disasters and other calamities that may force families out of their homes, this bill would authorize one-year of mortgage forbearance to any resident living within a state or federally declared disaster area if that resident is unable to inhabit the property subject to the mortgage. In support of this bill the author states:

After the Eaton Fire, we saw firsthand how families who had just lost their homes were still expected to make mortgage payments, and we had to fight to secure relief through AB 238. No homeowner recovering from a disaster should have to navigate uncertainty or negotiate lender by lender for basic forbearance protections. AB 1842 ensures that when disaster strikes, mortgage relief is automatic, consistent, and available immediately—not months later after legislative action. As natural disasters become more frequent and severe, we must provide homeowners with stability and certainty so they can focus on rebuilding their lives, not fighting foreclosure. The California Emergency Mortgage Relief Act establishes a critical statewide safety net, ensuring families facing their darkest hours have stability, protection, and the time they need to rebuild.

Post-disaster rebuilding is a time-consuming process. Rebuilding from a natural disaster can be an emotionally fraught process. Obtaining various disaster loans, finding temporary shelter, and managing the trauma of the underlying disaster can take its toll. Unfortunately, California’s own recent experiences with natural disasters show that although communities show remarkable resilience in the wake of disaster, full recovery takes time. For example, following the 2017 Tubbs Fire which destroyed more than 3,000 homes and large portions of several neighborhoods in Santa Rosa, it took the city more than five years to fully recover. (Paulina Pineda, *Santa Rosa wrote the playbook for the long road to recovery after 2017 Tubbs Fire. These lessons could aid Los Angeles*, The Santa Rosa Press Democrat (Feb. 2, 2025) available at: <https://www.pressdemocrat.com/article/news/santa-rosa-fire-lessons-los-angeles/#:~:text=More%20than%20seven%20years%20since,risen%20in%20the%20burn%20area.>) Indeed, a large scale study of post-fire rebuilding efforts notes that nearly 60 percent of properties destroyed in wildfires were rebuilt within six years of the fire and that virtually all properties were restored within 20 years. (Kramer et al, Post-wildfire rebuilding and new development in California indicates minimal adaptation to fire risk (2021) 107 Land Use Policy 105502, available at: <https://www.sciencedirect.com/science/article/abs/pii/S0264837721002258#:~:text=Rebuilding%20was%20common%3A%2058%25%20of,course%20of%2013%E2%80%9325%20yr.>)

Similar timelines are expected to be experienced following an earthquake. Studies by the insurance industry suggest that it will take at least ten months to restore heavily damaged buildings to a state of habitability and over a year to rebuild those structures that are fully destroyed. (<https://blog.jumpstartinsurance.com/recovery-time-after-a-major-earthquake/>.)

Unfortunately, life's financial obligations are one of the few things left unscathed in a wildfire. These financial obligations include mortgages and other loans related to properties destroyed in the conflagration. The original mortgage must be paid on top of the rent and other expenses fire victims must pay in order to obtain alternate shelter while their original property is rebuilt.

This bill builds on the author's prior measure, AB 238, and recognizes that California's vulnerabilities to natural disasters are not limited to several communities in Los Angeles County. To that end, the bill authorizes a statewide mortgage forbearance program for any person whose home is rendered uninhabitable following a state or federally declared disaster. The bill would permit a person to seek forbearance and if approved, have their mortgage payments cease for up to 12 months. Seeking to prevent borrowers from having to tender balloon payments at the end of the mortgage forbearance period, the bill permits a borrower to tack the deferred cost onto the end of the original loan, unless such an action is prohibited by the terms of the applicable investor contract or servicing guidelines. The bill also requires extensive reporting to the Department of Financial Protection and Innovation, and specifies what information may, or may not, be transmitted to credit reporting agencies regarding the mortgage in forbearance. The bill also authorizes a private right of action against a mortgage servicer who violates the terms of the bill. Finally, the measure defines various operative terms to guide the implementation of the bill.

State versus federal disasters and the impact on federally backed mortgages. This bill is opposed by an array of interests from within the larger financial services sector. While many of their concerns fall under the jurisdiction of the Committee on Banking and Finance, two fall within the jurisdiction of this Committee. For a more thorough vetting of the lending standards and processes of concern to industry please see the analysis of this bill by the Committee on Banking and Finance (Assem. Com. on Banking & Fin., Analysis of Assem. Bill No. 1842 (2025-26 Reg. Session) as introduced Feb. 11, 2026.)

As it relates to the jurisdiction of this Committee, the first issue raised by opposition notes that unlike AB 238, this bill would be triggered by an emergency declared by *either* the state or federal government. The opposition notes that many of the federal lending guidelines that they are legally obligated to follow only contemplate mortgage relief when the federal government certifies a state of emergency. This is true, and in yesteryears when a major disaster spurred Americans to come together to help their fellow citizens, this was an appropriate response.

Unfortunately, the present federal regime has utilized disaster relief as a political cudgel. Since retaking office in late January 2025, President Trump has approved 89 percent of the disaster requests from the Governor's of states who voted for him and only 23 percent of the request from states that did not. (Thomas Frank, *It's 3 times harder for blue states to get disaster funding under Trump*, Politico (Mar. 23, 2026) available at:

[https://www.politico.com/news/2026/03/23/trump-denies-disaster-aid-for-democratic-led-states-00831199?utm_medium=twitter&utm_source=dlvr.it.](https://www.politico.com/news/2026/03/23/trump-denies-disaster-aid-for-democratic-led-states-00831199?utm_medium=twitter&utm_source=dlvr.it))

Notably, this was not an issue when the Legislature debated AB 238. Perhaps the one bit of good fortune to befall the victims of the Palisades and Eaton Fire is that the conflagrations occurred two weeks before Donald Trump's return to power. That enabled then-President Biden to authorize the state of emergency and the accompanying federal aid. Based on President Trump's refusal to provide the state any additional relief it is not clear he would have authorized such a request. Although California was spared a severe wildfire season in 2025, given that President Trump still believes that California must "rake" its forests and convey more water south of the

Sacramento-San Joaquin Delta (which has no appreciable impact on wildfire risk), the next (and inevitable) urban wildfire may not be provided a federal disaster declaration. Similarly, the federal government's support following a major earthquake is not guaranteed. While it is harder to envision how President Trump will be able to lay blame for a naturally occurring geological phenomenon at the feet of Governor Newsom, or his successor, one must assume the President will certainly try.

This is all to say while the concerns of industry about the scope of the disaster declarations that may trigger mortgage forbearance are well founded, the reality facing California government is not as black and white as federal lending standards. *While the author is encouraged to continue to work with industry and may wish to consider an amendment to adopt a 2029 or 2030 sunset to the above-described provisions to allow the Legislature to revisit the issue*, under the current political climate the above-described provisions appear to be an unfortunate necessity to protect everyday Californians.

Unlike prior forbearance measures, this bill authorizes a private right of action to enforce its mandate. The other major difference in this bill, when compared to AB 238, is that this measure adopts a private right of action to enforce the provisions of the bill. Understandably, this is raising alarm bells within the industry who must comply with the provisions of the bill. The new private right of action appears to stem from the author's constituents' frustrations with the implementation of AB 238. In March 2026, the Committee on Banking and Finance held an Outcomes Review hearing on AB 238 in the author's district. That Committee heard testimony describing fire victims navigating a twisting and confusing process to request forbearance. Many Altadena residents shared their frustrations to that Committee over receiving contradictory information from their financial institutions, at times, in contradiction of itself. Of the many borrowers that were denied forbearance, testimony suggested that few received documentation that meets the requirements of the existing law.

Seeking to avoid the experience of his constituents, the author added the private right of action to this bill in order to provide disaster victims with new tools to force industry to comply with the law. This is supplemented by the bill's new reporting requirements to the Department of Financial Protection and Innovation.

However, the existing private right of action in the bill is somewhat vague and does not delineate clear penalties. This may be one aspect of the industry's consternation with the bill. Given that the author is committing to ongoing discussions with the opposition, and based on the experience of AB 238 is genuinely seeking a workable compromise, the Committee is not proposing amendments to the private right of action. However, *the author is encouraged to clarify the penalties that may be sought in the private right of action.* Alternatively, as frustrating as the experience in the Eaton Fire burn zone has been, as more mortgage forbearance programs are inevitably needed across California, the industry may improve the process. Accordingly, at least at the start of the new statewide program, *the author may wish to consider limiting the cause of action to the Attorney General and local public prosecutors* to ensure that the industry can assist disaster victims without facing excessive litigation.

Due to timing constraints this Committee will adopt amendments agreed to between the author and the Committee on Banking and Finance. This bill will be heard by the Committee on Banking and Finance on Monday April 20, 2026, before being heard in this Committee the following day. The author and the prior Committee agreed to several technical amendments, that

due to the close proximity of the hearings, must be taken in this Committee. Those amendments are as follows:

Civil Code Section 3273.32:

(f) “Residential mortgage loan” means a loan that is secured by residential real property improved by ~~4~~ **10** or fewer residential units.

Civil Code Section 3273.34:

(c) The borrower shall be notified within 10 business days by the mortgage servicer whether the borrower’s request for forbearance has been approved. ***With any notice of approval, the mortgage servicer shall provide to the borrower information about all potential repayment plans that may be used.***

...

(j) A residential mortgage loan shall not be sold, assigned, or otherwise transferred to another owner or managed by another mortgage servicer without written consent from the borrower.

ARGUMENTS IN SUPPORT: This bill is supported by a coalition of fire survivor advocates and labor organizations. In support of the bill, the Eaton Fire Survivor’s Network states:

As California faces increasingly frequent and severe natural disasters, homeowners are often left making mortgage payments on homes that are destroyed or uninhabitable. Recovery can take years due to insurance delays, permitting backlogs, labor shortages, and rapidly rising construction costs. Yet California currently lacks a consistent statewide framework that ensures mortgage relief during declared emergencies.

AB 1842 establishes a clear, uniform statewide forbearance process when the Governor or federal government declares a state of emergency. The bill allows eligible homeowners to temporarily pause mortgage payments without late fees, penalties, foreclosure risk, or credit harm, while preventing harmful lump-sum repayment requirements. It also creates transparency and reporting requirements to ensure accountability and consumer protection.

ARGUMENTS IN OPPOSITION: As noted this bill is opposed, unless amended, by the financial services industry. A coalition letter for the opposition states:

While we strongly support efforts to assist homeowners whose properties become uninhabitable as a result of a declared emergency. California lenders have consistently worked with borrowers during wildfires, floods, and other disasters to provide meaningful and timely relief. However, as currently drafted, this proposal raises significant legal, operational, and safety-and-soundness concerns that could unintentionally disrupt mortgage markets and reduce access to credit.

We respectfully urge that any emergency mortgage relief policy be clearly aligned with existing federal and GSE disaster forbearance frameworks, rather than establishing parallel or potentially conflicting requirements. Alignment with these established programs will help

ensure borrowers receive meaningful and consistent relief while preserving contractual certainty, market stability, and continued access to mortgage credit.

REGISTERED SUPPORT / OPPOSITION:

Support

American Federation of State, County and Municipal Employees, AFL-CIO
California Charter Schools Association
California Community Foundation
California Professional Firefighters
California State Council of Service Employees International Union
CFT – a Union of Educators & Classified Professionals, Aft, AFL-CIO
City of Los Angeles
Consumer Attorneys of California
Consumer Watchdog
Eaton Fire Survivors Network
Rise Economy
Southern California Rental Housing Association
University of California Student Association

Opposition (unless amended)

CalChamber
California Association of Realtors
California Bankers Association
California Business Roundtable
California Community Banking Network
California Mortgage Bankers Association
California's Credit Unions

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