CONCURRENCE IN SENATE AMENDMENTS
AB 1842 (Harabedian)
As Amended August 18, 2026
Majority vote

SUMMARY

1) This bill would require 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 during a federally declared emergency.

2) This bill would authorize a borrower to request forbearance on a residential mortgage loan secured by a residential real property that has become uninhabitable as a direct result of an emergency by affirming that as a direct result of an emergency, a residential unit is uninhabitable.

3) The bill would also prohibit a mortgage servicer from assessing any late fees to the borrower's account or charging a default rate of interest during the forbearance period.

Senate Amendments

1) Limits scope to federally declared emergency, not state or federally declared emergency.

2) Defines "uninhabitable" to mean a condition in which a residential real property is inaccessible or unsuitable for living. For multiunit properties secured by a residential mortgage loan, if any unit is uninhabitable, the entire property is uninhabitable for the purposes of this section. Uninhabitability may be established by affirmation of the borrower.

3) Replaces references of "emergency" with "disaster" or "disaster-related".

4) Clarifies for initial forbearance requests, the time period for requests expires six months after the declaration of disaster is issued. For requests to extend forbearance requires new affirmation that the residential unit remains uninhabitable as a direct result of the disaster.

5) Clarifies verbal or written requests are sufficient for affirmation.

6) Clarifies that a new affirmation of uninhabitability as a direct result of the emergency, as defined, is required for forbearance extension. No other documentation is required to substantiate this affirmation.

7) Clarifies that the mortgage servicer must notify the borrower in writing within 10 business days, following receipt of the request, if the request for forbearance has been approved, denied, or deficient.

8) Clarifies "existing contract" and "existing" investor guideline regarding referencing the specific investor provisions that is the basis for denial.

9) Removes credit reporting requirement guidelines, and replaces with either report the credit obligation or account as current.

10) Makes technical changes to repayment offering requirements.

11) Clarifies a mortgage servicer shall apply any payment received from the borrower after the forbearance period ends in compliance with the terms of the loan and any post-forbearance agreement between the borrower and the mortgage servicer.

12) Removes all reporting requirements for a mortgage servicer to the Department of Financial Protection and Innovation (DFPI) during the state of disaster.

COMMENTS

1) *Senate amendments*

Please see previous Banking and Finance Committee Analysis for detailed examination of post--AB 238 outcomes and challenges.

The amendments to this bill in the Senate contemplate the complications of implementing mortgage forbearance during a federally declared disaster. (Please see Assembly Banking and Finance Analysis, hearing date 4/20/2026 for a detailed analysis of the high bar needed to be reached for a federal declaration of disaster.) While onerous to meet the declaration threshold, the amendments remove uncertainty of application for different mortgage servicers. The larger themes following AB 238 from both borrowers and mortgage servicers, in no order, were: 1) concerns of fraud, 2) compliance with investor guidelines, 3) difficult and confusing process to navigate.

The new amendments appear to address these major concerns while maintaining some of the underlying goal; smooth process for borrowers to request mortgage forbearance in the aftermath of a disaster. The requirement for an affirmation that the property is uninhabitable as a direct result of the disaster in order to obtain a forbearance extension should address concerns of fraud. Note, forbearance is not forgiveness and repayment is risk. Mortgage servicers cited non-compliance with investor guidelines and contracts as many do not have terms for state-declared emergencies. Again, narrowing scope to federal disasters should make this even more clear, despite a safe harbor for compliance incongruencies in the original language. There is no way to tell if the amendments will address the third concern, however, as previously stated, ease of the process is a core tenant of the bill.

One big point of contention following AB 238 was a lack of data. Terms of art may be at conflict for some mortgage services in order to comply with accurate reporting requirements. For example, one servicer pointed out that the data point ″total number of forbearance requests denied″ is like self-reporting a crime, the more accurate request is ″legally denied″. Still, the Department has the authority to request information of its licensees at its discretion.

As a result of the amendments, all opposition has been removed.

According to the Author
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 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.

Arguments in Support

Natural disasters like wildfires leave many California homeowners making mortgage payments on homes that are damaged or uninhabitable, while recovery is delayed for years by insurance backlogs, permitting delays, and rising construction costs. California currently has no consistent statewide framework for mortgage relief during declared emergencies, and without one, some households will lose their homes to foreclosure through no fault of their own.

AB 1842 fixes this gap by establishing a uniform, statewide mortgage forbearance process that activates automatically when the Governor or federal government declares an emergency, allowing eligible homeowners to pause payments without late fees, penalties, foreclosure risk, or credit harm.—*Center for Responsible Lending*

Arguments in Opposition

None received. Last verified 8/24/2026.

FISCAL COMMENTS

The following is from the analysis of the Senate Committee on Appropriations, hearing date August 13, 2026:

1) The Department of Financial Protection and Innovation (DFPI) anticipates costs associated with the bill to be absorbable. However, DFPI notes that actual workload impacts would only materialize following a federally declared major disaster or emergency.

2) The Department of Real Estate (DRE) estimates costs of $69,000 in the first year and $67,000 in the second year to promulgate regulations (Real Estate Fund). DRE also anticipates a potentially significant, but unquantifiable, enforcement workload in the event of a future disaster.

3) Unknown court cost pressures, ranging from minor to significant (General Fund and special funds), to the extent the Attorney General (AG) brings civil actions to enforce the bill′s provisions. Actual costs will depend on the number of actions filed and the specific factors and duration of each case. For context, an eight-hour court day costs approximately $8,000 in staff workload. If court days exceed 10, costs to the trial courts could reach hundreds of thousands of dollars. While the courts are not funded on a workload basis, increased caseloads could delay court services and put pressure on the General Fund to support additional resources and backfill trial court operations.

4) The Department of Justice (DOJ) reports that it does not anticipate a significant fiscal impact; this assessment suggests the department may not actively pursue enforcement using the authority prescribed in the bill or may absorb enforcement costs within its existing resources.

VOTES:

ASM BANKING AND FINANCE: 7-0-2
YES: Valencia, Fong, Krell, Michelle Rodriguez, Blanca Rubio, Schiavo, Soria
ABS, ABST OR NV: Chen, Dixon

ASM JUDICIARY: 9-2-1
YES: Kalra, Bauer-Kahan, Bryan, Connolly, Harabedian, Pacheco, Papan, Stefani, Zbur
NO: Macedo, Sanchez
ABS, ABST OR NV: Dixon

ASM APPROPRIATIONS: 11-2-2
YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
NO: Hoover, Tangipa
ABS, ABST OR NV: Dixon, Ta

ASSEMBLY FLOOR: 58-14-8
YES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Connolly, Elhawary, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas
NO: Alanis, Chen, DeMaio, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Macedo, Patterson, Sanchez, Tangipa
ABS, ABST OR NV: Castillo, Davies, Dixon, Lackey, Muratsuchi, Celeste Rodriguez, Ta, Wallis

UPDATED

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