

ASSEMBLY THIRD READING
AB 1847 (Harabedian)
As Amended May 18, 2026
2/3 vote Urgency

SUMMARY

This bill would extend the existing period of emergency mortgage forbearance under AB 238 (Harabedian) Chapter 128, Statutes of 2025 to a total 36 months and extend the latest possible deadline for a borrower's request for forbearance to January 7, 2029. This bill was recently amended to become an urgency measure.

Major Provisions

Specifically, this bill:

- 1) Would extend the period of mortgage forbearance under AB 238 to 36 months.
- 2) Extend the latest possible deadline for a borrower's request for forbearance to January 7, 2029.
- 3) Unless otherwise prohibited, require a mortgage servicer to offer the borrower the option to defer repayment of forborne amounts to the end of the loan term, through a loan deferral or comparable loss mitigation option as specified.

COMMENTS

1) *Background*

In January 2025, lives for families in Los Angeles County changed overnight in the costliest fire in the world.¹ These wildfires, often referred to as firestorms due to the intense hurricane-force winds that helped the fires quickly spread, destroyed more than 17,000 structures and has led to widespread hardship for victims and the surrounding communities. On January 18, 2025, Governor Gavin Newsom announced "commitments from major lenders to provide firestorm survivors with forbearance relief." Under these commitments, qualified borrowers could receive 90 days of forbearance with no lump sum payment at the end of the period under a streamlined request process, relief from mortgage-related late fees accruing during the forbearance period for 90 days, protection from new foreclosures or evictions for at least 60 days, and no reporting of late payments of forborne amounts to credit agencies.

2) *AB 238 The Mortgage Forbearance Act*

On January 13, 2025, AB 238 co-authored by Assemblymembers Harabedian and Irwin, was introduced to codify similar terms of the commitment announced by the Governor on January 18, 2025. Given the nature of the subject matter, AB 238 was introduced as an urgency measure to take effect immediately upon enactment, opposed to the standard default effective date of January 1 of the following year for non-urgency bills.

¹ <https://www.sfchronicle.com/california-wildfires/article/los-angeles-palisades-eaton-insurance-20775841.php>

Industry stakeholders engaged in the legislative process with the author to collaborate on a final bill that would be inclusive, immediately actualized, and not impede federal contractual obligations for some lenders. Pertinent terms of the existing law are outlined above in the so titled section.

3) *One year After the Firestorms—and Outcome Reviews Learning*

According to the most recently available data from the Department of Insurance, a total of 42,121 insurance claims have been filed in relation to these fires. 39,677 insurance claims have been partially paid, with \$22.4 billion claims paid as of November 2025. However, in January 2026, CalMatters reported that survivors are facing more downstream issues such as delayed or denied insurance claims and rise in insurance premiums. Seven in ten survivors have yet to return home a year after the firestorms.²

On March 20, 2026, this committee held an Outcomes Review Hearing³ to hear directly from survivors and community supporters who provide aid to impacted families, as well as representatives from the DFPI, the California Bankers Association, and the California Residential Mortgage Lenders. Relating to this bill, survivors shared a common appeal for forbearance, not forgiveness. Many survivors spoke about the difficulty with the process of obtaining and maintaining forbearance.⁴ Despite the financial uncertainty,⁵ foreclosure would be a devastating financial loss on top of the new expenditures for displacement. Many survivors shared their fears about managing mortgage payments and rent payments as both forbearance and insurance-paid additional living expenses (ALE) ends.

4) *Examining Rebuilds of Other Recent Disasters*

The benefit of hindsight can provide some guidance as to reasonable expectations for rebuilding a residential community after a natural disaster. These are some recent disasters of various types and locations throughout the state and the process of rebuilding.

5) *Planada Flood (2023):*

- a) *Losses:* More than half (52%, 461 of 891 surveyed) of Planada households reported property loss. Of the 461 households that experienced flooding, 74% (340) lost property inside their home. This included anything from furniture and beds to electrical wiring for lights or the foundation of the home. An additional 7% (30 households) did not lose property in their home but still lost a vehicle.⁶

² La, L. (2026, January) Southern California fires: One year late. CalMatters.

<https://calmatters.org/newsletter/southern-california-fires/> Last visited April 11, 2026.

³ On November 20, 2025, California Assembly Speaker Rivas announced an initiative to examine the impact of past policy measures and increase legislative accountability. <https://speaker.asmdc.org/press-releases/20251120-speaker-rivas-announces-first-its-kind-outcomes-review-legislative>. Last visited 3/15/2026.

⁴ These experiences are discussed in the analysis for AB 1842, a bill to develop a statewide emergency mortgage forbearance act.

⁵ Nearly all survivors described receiving a repayment of plan for cascading payments, remodification that would extend the term significantly, or a lump sum.

⁶ "Disaster Response: The Planada Flood, Federal Policy Gaps, and Unmet Community Needs" *University of California Merced, Community and Labor Center* (May, 2023)

- b) *Rebuild*: \$20 million secured in FY 2023-2024 State Budget for flood recovery. As of Jan. 23, 2026, three years after the flood, \$13.7 million has been paid in direct assistance to residents for lost wages, business and housing repairs, a total of 1,337 claims. 133 home repair applications have been completed and 44 more moving through the process. The goal of Merced County is to complete repair work by June 2026.⁷

6) *Camp Fire (2018)*

- a) *Losses: 85 lives lost.*⁸ The community of Concow and the town of Paradise lost an estimated 95% of their buildings. Across the affected areas, nearly 19,000 buildings were destroyed, most of them homes, along with five public schools in Paradise, a rest home, churches, part of Feather River hospital, a Christmas tree farm, a large shopping center, several fast food chains, and numerous small businesses.⁹
- b) *Rebuild*: As of 2026, seven years later, approximately 40% of the Paradise housing has been restored and the population has grown to more than 11,000, compared to 26,000 before the fire.¹⁰

7) *Woolsey Fire (2018)*

- a) *Losses: 3 lives lost. 1,643*¹¹ homes and businesses in L.A. and Ventura Counties destroyed.
- b) *Rebuild*: As of September 20, 2025, approximately 45% of the 488 homes in Malibu that were destroyed have been fully rebuilt.¹²

Examination of this history led to discovery of an academic report on the exact issue. The report made the following relevant findings:

Regarding factors that affect rebuilding, the study¹³ showed:

- 8) There are meaningful differences between neighborhoods where homes were rebuilt and those where they were not. In particular, homes that were rebuilt tend to be in more populated areas with newer housing stock, while homes that were not rebuilt tend to be in higher-income areas.

⁷ McEwen, L. (2026, February 11) "Three years after devastating floods, Planada residents still inching toward 'normal'" *SJV Water*. <https://sjvwater.org/three-years-after-devastating-floods-planada-residents-still-inching-toward-normal/>. Last visited April 8, 2026.

⁸ The Camp Fire Public Report: A Summary of the Camp Fire Investigation (Report). *Butte County District Attorney*. June 16, 2020. Last visited April 8, 2026.

⁹ "Camp Fire devastates Paradise near Chico – businesses, church, numerous homes burn". *San Francisco Chronicle*. November 8, 2018. Last visited April 8, 2026

¹⁰ Cortez, D. (2025, November 8). "Paradise rebuilding efforts continue 7 years after Camp Fire". *KCRA3*. Last visited April 8, 2026.

¹¹ "Woolsey Fire Incident Update". *Los Angeles County Fire Department*. Archived from the original on November 12, 2018. Last visited April 8, 2026.

¹² <https://malibupermits.ci.malibu.ca.us/WoolseyRebuildStats.aspx?returnId=901>. Last visited April 8, 2026.

¹³ "Burned, Sold, and Rebuilt? The Long Road to Recovery After California Wildfires" *Pepperdine University Beacon Economics*. (January, 2026)

- a) One of the strongest predictors of home rebuilding is population density. Homes in neighborhoods with higher populations, more single-family homes, and higher home values are all associated with a greater likelihood of rebuilding. Neighborhoods with a lower probability of rebuilding tend to have a larger retirement-age population and older housing stock, although some of these estimates are inconsistent across data points.
- b) Interestingly, homes in higher-income areas are less likely to be rebuilt, which is somewhat counterintuitive but could reflect a greater reliance on insurance settlements or stricter environmental review processes.
- c) The Woolsey Fire, which offers the closest comparison to the Palisades and Eaton fires geographically, shows just how slow rebuilding can be when permitting delays, underinsurance, and financial straits coincide. In the Woolsey case, more homes were rebuilt in the fourth year following the fire, a stark contrast to other fires, such as Atlas and Carr, where rebuilding began at a brisk pace the following year.

9) *Additional Policy Considerations*

This bill extends a forbearance intervention that would apply to mortgage servicers of both conforming and nonconforming loans. While the prior underlying legislation is modeled after the successful federal CARES Act, the situation facing fire victims is different than the pandemic and thus may call for a modified approach. *(Please see the Banking and Finance Committee analysis for a detailed analysis of each of the following considerations.)*

- a) Confusion around qualifying mortgages
- b) There may be misuse by some borrowers.
- c) Extended forbearance is a very onerous on services, especially small servicers.
- d) Continued forbearance extensions will invite legal challenges from lenders and mortgage servicers as the financial strains continue to spread across all parties affected by the fires.

According to the Author

"The Eaton and Palisades wildfires displaced nearly 192,000 people and forced many into prolonged recovery with insurance delays, rebuilding challenges, and financial strain. AB 1847 extends the Mortgage Forbearance Act for an additional two years to ensure these homeowners can delay mortgage payments without penalties or foreclosure risk. This bill provides critical stability and supports equitable recovery for disaster impacted families still working to rebuild their homes and lives. By preventing unnecessary foreclosures, it also protects long term community stability and helps preserve neighborhoods affected by these devastating fires."

Arguments in Support

"While AB 238 provided critical initial relief, recovery from these fires has taken far longer than anticipated. Many families remain displaced due to insurance delays, permitting backlogs, labor shortages, and escalating rebuilding costs. In many cases, mortgage payments are resuming even though homes remain uninhabitable.

AB 1847 provides necessary continuity and stability by extending existing forbearance protections, ensuring that families are not forced into foreclosure or financial hardship while they

work to rebuild. This extension recognizes the realities of disaster recovery and protects homeowners through no fault of their own." *California State Council of Service Employees International Union (SEIU California)*

Arguments in Opposition

"While offering up to three years of forbearance may appear beneficial, it presents serious unintended consequences that could ultimately harm borrowers. At the conclusion of an extended forbearance period, homeowners generally face three options: 1) a loan modification, 2) deferral of all missed principal, interest, taxes, and insurance to the end of the loan term, or 3) a lump-sum repayment, which is rarely feasible.

In practice, most borrowers receive either a modification or deferral. A modification capitalizes missed payments into the remaining balance, often increasing the monthly payment, potentially beyond what a financially distressed borrower can afford. A deferral, while avoiding an immediate payment increase, creates a sizable balloon balance at maturity and may significantly reduce equity, particularly for borrowers with low down payments, potentially placing them underwater.

These scenarios are likely to create borrower confusion, financial stress, and long-term instability. Additionally, overlapping or conflicting forbearance programs may inadvertently expose borrowers to predatory practices or scams, as bad actors exploit confusion in the marketplace. Extended forbearance could also impact borrowers' credit profiles, potentially making it more difficult for them to access future credit or refinance their loans.

Beyond these borrower-level impacts, implementing extended forbearance outside of existing federal and private mortgage servicing standards introduces significant legal, operational, and financial challenges. Mortgage servicers must comply with federal regulations, investor requirements, and contractual obligations. Requiring servicers to advance monthly payments, taxes, and insurance to investors during prolonged forbearance periods could also place smaller and local banks at significant risk of insolvency, potentially resulting in bankruptcy, receivership, or even liquidation. Mandates that conflict with these obligations risk creating investor disputes, raising constitutional contract issues, and generating additional unintended harm to consumers. It is important to note that federal law preempts local mandates under the Supremacy Clause of the U.S. Constitution. Any attempt to impose requirements that conflict with federal servicing guidelines or investor agreements could be rendered unenforceable." *California Bankers Association*

FISCAL COMMENTS

The following comments are from the analysis of the Assembly Appropriations Committee.

- 1) The Department of Financial Protection and Innovation (DFPI) anticipates a material but absorbable impact from this bill related to continued complaints and increased call volume associated with wildfire-related mortgage forbearance, updating examination procedures and increasing examinations as a result of increased complaint volume, and post-examination corrective action monitoring. However, DFPI notes that while revenue from examinations may help offset ongoing administration and enforcement costs, actual costs will depend on the number of borrower complaints received and examinations conducted. Given the complexity of providing forbearance relief in light of federal requirements and the importance of relief to borrowers after a disaster, it is reasonable to anticipate a significant

volume of complaints and examination issues related to this bill, resulting in costs to DFPI in excess of \$150,000 (Financial Protection Fund).

- 2) Similarly, the Department of Real Estate (DRE), which regulates DRE licensees who service mortgages, anticipates minor and absorbable costs to process, review, investigate, and adjudicate consumer complaints and answer public inquiries, but notes that workload will ultimately depend on the volume of complaints and complexity of any subsequent cases.

VOTES

ASM BANKING AND FINANCE: 5-2-2

YES: Valencia, Fong, Krell, Michelle Rodriguez, Schiavo

NO: Chen, Dixon

ABS, ABST OR NV: Blanca Rubio, Soria

ASM JUDICIARY: 8-3-1

YES: Kalra, Bauer-Kahan, Bryan, Connolly, Harabedian, Papan, Stefani, Zbur

NO: Macedo, Dixon, Sanchez

ABS, ABST OR NV: Pacheco

ASM APPROPRIATIONS: 10-4-1

YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pellerin, Sharp-Collins, Solache

NO: Hoover, Dixon, Ta, Tangipa

ABS, ABST OR NV: Pacheco

UPDATED

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