

ASSEMBLY THIRD READING
AB 1847 (Harabedian)
As Amended May 22, 2026
Majority vote.

SUMMARY

This bill would extend the existing period of emergency mortgage forbearance under AB 238 to a total 36 months and extend the latest possible deadline for a borrower's request for forbearance to January 7, 2029.

The floor amendment removed the urgency.

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

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.

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).

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

VERSION: May 22, 2026

CONSULTANT: Desiree Nguyen Orth / B. & F. / (916) 319-3081

FN: 0003131