

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 1847 (Harabedian)
Version: June 22, 2026
Hearing Date: June 30, 2026
Fiscal: Yes
Urgency: No
ID

SUBJECT

Mortgage forbearance: state of emergency: wildfire

DIGEST

This bill extends to January 7, 2029, the period by which a homeowner may request forbearance from their mortgage servicer for hardship due to the 2025 Los Angeles wildfires, and increases from 12 to 24 months the maximum allowable forbearance period.

EXECUTIVE SUMMARY

In early January 2025, extremely dry conditions and high winds in Los Angeles resulted in two of the worst wildfires in state history: the Palisades and Eaton fires. The fires burned 37,469 acres and damaged or destroyed almost 18,000 structures, including 373 mobilehomes, and resulted in 29 fatalities. Many homeowners were significantly affected by the wildfires, because their properties were covered by hazardous debris and ash, significantly damaged, or completely destroyed by the blazes.

To provide homeowners affected by the fires relief, the Legislature passed AB 238 (Harabedian, Ch. 547, Stats. 2025) to permit homeowners of properties with four or fewer residential units to request mortgage payment forbearance, and required mortgage servicers to provide forbearance for an initial 90-day period, and for additional 90-day periods up to a maximum of 12 months of forbearance. AB 238 also prohibited a mortgage servicer from assessing late fees or charging a higher, default interest rate during the period of forbearance, or from initiating or carrying out any foreclosure proceedings. AB 1847 builds upon this forbearance, giving borrowers until January 7, 2029, to request forbearance, and expanding the maximum forbearance to 24 months. AB 1847 would also require that borrowers attest in their request that the property remains uninhabitable due to the wildfire disaster, and requires a mortgage servicer to offer the borrower the option to defer repayment of forborne amounts,

unless prohibited by the terms of an applicable investor contract or servicing guidelines, as specified.

AB 1847 is sponsored by Los Angeles Mayor Karen Bass, and is supported by the Consumer Attorneys of California, Consumer Watchdog, Habitat for Humanity California, Pacific Palisades Community Council, SEIU California, and a number of other groups. It is opposed by the California Bankers Association, the California Association of Realtors, and other groups. It previously passed out of the Senate Banking and Financial Institutions Committee by a vote of 5 to 0.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Establishes comprehensive procedures for conducting a non-judicial foreclosure sale, pursuant to a power of sale in the deed or mortgage, through an auction conducted by a trustee (also known as a “trustee’s sale”). (Civ. Code §§ 2924g & 2924h.)
- 2) Prohibits a mortgage servicer, mortgagee, trustee, beneficiary, or authorized agent from recording a notice of default until specified actions have been taken, including the following:
 - a) the mortgage servicer contacts the borrower in person or by telephone at least 30 days before the recording of the notice of default to assess the borrower’s financial situation and explore options for the borrower to avoid foreclosure; and
 - b) the mortgage servicer processes a complete application for a first lien loan modification application. (Civ. Code §§ 2923.5(a)(2) & 2923.55(b)(2).)
- 3) Prohibits a mortgage servicer from taking specified acts related to foreclosure while a borrower’s application for a loan modification is pending. (Civ. Code § 2924.11.)
- 4) Permits a borrower experiencing financial hardship that prevents them from making timely payments on a residential mortgage loan due to the Eaton and Palisades fires or the Straight-line Winds to request payment forbearance on their residential mortgage, and requires their mortgage servicer to provide mortgage forbearance upon this request. Specifies that this period of forbearance be for a period of up to 90 days, which must be extended in 90-day segments at the request of the borrower, up to a maximum forbearance period of 12 months. (Civ. Code § 3273.23.)
- 5) Requires that the borrower submit a request for forbearance by the earlier of: six months after the termination of the state of emergency issued by the Governor on January 7, 2025; or January 7, 2027. Requires a borrower to affirm that they are

experiencing financial hardship due to the wildfire disaster in this request. (Civ. Code § 3273.23(a).)

- 6) Requires the mortgage servicer to notify the borrower within 10 business days whether the request for forbearance is approved, and if the mortgage servicer denies the forbearance request, requires the mortgage servicer to provide written notice to the borrower stating the specific reason for denial, in order to not be in violation of these provisions, as specified. Specifies that, if this notice cites a defect in the borrower's request that is curable, the servicer must identify the curable defect and provide the borrower 21 days to cure the defect. (Civ. Code § 3273.23(d).)
- 7) Prohibits a mortgage servicer from assessing any late fees or charging a default rate of interest for the period of forbearance, and prohibits mortgage servicers from initiating any foreclosure process, moving for a foreclosure judgment or order of sale, or from executing a foreclosure-related eviction or foreclosure sale if the borrower is performing the terms required under the forbearance. (Civ. Code §§ 3273.23(g), 3273.25.)
- 8) Requires the mortgage servicer to provide written notice, no later than 30 calendar days before the end of the initial forbearance period, that discloses any required forms or documentation for requesting an additional period of forbearance and the deadlines and timelines for considering any request for an additional period of forbearance. (Civ. Code § 3273.23(h).)
- 9) Requires a mortgage servicer to report the credit obligations of borrowers under a disaster-related forbearance plan in compliance with the federal Fair Credit Reporting Act, and prohibits the mortgage servicer from furnishing information regarding borrowers granted disaster-related mortgage payment relief indicating that the payments are in forbearance, as specified. (Civ. Code § 3273.23(i).)
- 10) Requires that a mortgage servicer disclose to a recipient of forbearance at the beginning of the forbearance period that the forborne mortgage payments are required to be repaid. Prohibits a mortgage servicer from requiring a borrower who was current on their mortgage when they entered into forbearance to pay a lump sum. (Civ. Code § 3273.24.)
- 11) Specifies that, for federally-backed loans, a person may not be held liable for a violation of these provisions if compliance with these provisions conflicts with the servicing guidelines applicable to the federally-backed loan. For a mortgage not federally-backed, specifies that the person may not be held liable for a violation of these provisions if compliance with these provisions conflicts with the servicing guidelines issued by Fannie Mae or Freddie Mac. (Civ. Code § 3273.27.)

- 12) Requires the Department of Financial Protection and Innovation to post links to the servicing guidelines pertaining to disaster-related forbearance relief for federally-backed loans, a summary of Fannie Mae and Freddie Mac guidance on their forbearance programs, and a dedicated telephone number for borrowers seeking assistance. (Civ. Code § 3273.28.)
- 13) Defines, for the purposes of its provisions, the following:
 - a) “borrower” to mean a natural person who is a mortgagor or trustor, or someone who holds a power of attorney for a mortgagor or trustor, and not a person who has surrendered their property or who has a recorded notice of default against their property that was recorded before the wildfire disaster;
 - b) “mortgage servicer” to mean a person or entity who directly services a loan or who is responsible for interacting with the borrower, managing the loan account or any escrow account, or enforcing the note and security instrument, but not to mean a subservicing agent or a trustee or their agent;
 - c) “residential mortgage loan” to mean a loan that is secured by residential real property improved by four or fewer residential units; and
 - d) “wildfire disaster” to mean the conditions described in the state of emergency proclamation made by the Governor on January 7, 2025, or the federally-declared disaster, related to the Eaton Wildfire, Palisades Fire, and the Straight-line Winds. (Civ. Code § 3273.21.)

This bill:

- 1) Extends the period by which a borrower may submit a request to their mortgage servicer for forbearance described in (5), above, from January 7, 2027 to January 7, 2029.
- 2) Extends the maximum allowable forbearance period under the above-described provisions from 12 to 24 months.
- 3) Requires that a borrower requesting forbearance under these provisions must attest under penalty of perjury that the property securing the residential mortgage loan remains uninhabitable due to the wildfire disaster.
- 4) Specifies that, unless it is prohibited by the terms of the applicable investor contract or servicing guidelines, a mortgage servicer must 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, consistent with the servicer’s contractual authority.

COMMENTS

1. Author's statement

In support of this measure, the author states:

AB 1847 extends the protections and framework established under AB 238 for an additional year, for a total of two, ensuring continuity of relief for disaster-impacted homeowners. By doing so, the bill will help families who are still rebuilding from renewed mortgage obligations and increased risk of foreclosure and long-term financial instability through no fault of their own.

2. The Palisades and Eaton fires were two of the most destructive fires in California history

In early January 2025, extremely dry conditions and high winds in Los Angeles resulted in two of the most destructive wildfires in state history. The Palisades fire began on January 7th, burning a total of 23,448 acres and damaging or destroying almost 8,000 structures in the Pacific Palisades and Topanga State Park area of west Los Angeles.¹ The Eaton fire also began that same day, and consumed 14,021 acres and damaged or destroyed more than 10,000 structures, including significant portions of the city of Altadena.² About half of all properties in the Pacific Palisades and Altadena were destroyed by the Palisades and Eaton fires, and both fires together tragically took the lives of 29 civilians and injured a dozen firefighters. Real estate losses have been estimated to be as high as \$30 billion, and just under 13,000 households were displaced by the Palisades and Eaton fires.³ An estimated 9,592 single family homes and condominiums, 678 apartment units, 2,210 duplex and bungalow courts, and 373 mobilehomes were either heavily damaged or destroyed. All told, the January wildfires in Los Angeles were some of the most tragic and destructive wildfires in state history.

Many homeowners were significantly affected by the wildfires, because their properties were covered by hazardous debris and ash, significantly damaged, or completely destroyed by the blazes. The wildfires also interrupted numerous businesses and many people's jobs. Homeowners whose homes were damaged or destroyed found themselves searching for temporary housing while they worked to rebuild or clean up their properties, all while still having mortgage payments due. At the same time, rents

¹ CalFire, "Palisades Fire," (3/27/2025) <https://www.fire.ca.gov/incidents/2025/1/7/palisades-fire>.

² CalFire, "Eaton Fire," (3/04/2025) <https://www.fire.ca.gov/incidents/2025/1/7/eaton-fire>.

³ Doug Smith and Sandhya Kambhampati, "Real Estate losses from fires may top \$30 billion, from old mobile homes to \$23-million mansions," Los Angeles Times (Feb. 21, 2025) <https://www.latimes.com/california/story/2025-02-21/real-estate-losses-from-palisades-and-eaton-fires-top-30-billion#:~:text=Los%20Angeles%20Housing%20Department%20records,the%20city's%20rent%20stabilization%20ordinance>.

throughout the region spiked, as thousands were displaced and in need of temporary housing. Thus, many homeowners have experienced significant financial strain as a result of the fires, strain that likely put many at risk of default on their mortgages and foreclosure.

Recognizing this, the Newsom administration negotiated with major mortgage lenders to provide relief to homeowners impacted by the fires. An agreement was announced on January 18th in which the major lenders would provide victims of the LA wildfires 90-day forbearance periods for mortgage payments.⁴ Forbearance is a process by which a borrower may temporarily pause making payments on their mortgage without being in default of their mortgage and risking foreclosure. While forbearance does excuse a borrower from paying off their mortgage for a period of time, it does not excuse them entirely from paying; they must still pay back the mortgage and make up for the forborne payments eventually. However, it does provide borrowers experiencing financial strain a temporary reprieve as they get on more stable financial footing. As part of the Governor's agreement, lenders agreed to provide: a streamlined process for requesting forbearance; a variety of payment options at the end of the forbearance period, including ones that do not require paying all forborne payments immediately; relief from late fees during the forbearance period; protection from new foreclosure or eviction proceedings for at least 60 days; a pause in reporting late payments for the forborne amounts to credit reporting agencies; and an opportunity for borrowers to extend their periods of forbearance. However, many impacted homeowners' periods of forbearance were only for 90 days.

3. Current mortgage options and forbearance for homeowners experiencing financial difficulties

All mortgages in the United States are either "federally-backed" mortgages, in which they are owned, insured, or guaranteed by an agency of the federal government, such as the Fair Housing Administration (FHA), or they are privately-backed mortgages. Of privately-backed mortgages, a majority are what are called "conforming mortgages," in which they are backed by a Government-Sponsored Enterprise (GSE) like Fannie Mae or Freddie Mac. Fannie Mae and Freddie Mac historically were private companies that operated under government regulation as GSEs; however, after the 2008 financial crisis, both came under the control of the government.⁵ A majority of mortgages in the United States are federally-backed mortgages or conforming mortgages.

⁴ Office of the Governor, "Governor Newsom announces commitments from major lenders to provide firestorm survivors with mortgage relief" (Jan. 18, 2025) <https://www.gov.ca.gov/2025/01/18/governor-newsom-announces-commitments-from-major-lenders-to-provide-firestorm-survivors-with-mortgage-relief/>.

⁵ Consumer Financial Protection Bureau, "What are Fannie Mae and Freddie Mac?" (Feb. 2, 2024), <https://www.consumerfinance.gov/ask-cfpb/what-are-fannie-mae-and-freddie-mac-en-1959/>.

Government-backed mortgages must follow the rules and requirements set by the agency that is backing the mortgage. Conforming loans backed by a GSE must follow specific guidelines established by the GSE for the servicing of the loan.⁶ Under the servicing guidelines for Fannie Mae, mortgage servicers may provide a borrower with mortgage forbearance for six months, and for an additional six months after an initial forbearance, when they are experiencing temporary financial difficulties, but they are not required to do so. If a mortgage servicer of a conforming mortgage does provide forbearance, the servicing guidelines specify various requirements for this forbearance. For example, the mortgage servicer must counsel the borrower regarding their options and the availability of federal disaster relief that may be available when the forbearance is the result of a disaster. When forbearance is requested as a result of a disaster, the servicing guidelines authorize a mortgage servicer to provide forbearance periods of three months.

While forbearance under the servicing guidelines are permissive, the servicing guidelines do require that a mortgage servicer provide a borrower with disaster payment deferral when the borrower qualifies because they had financial hardship related to a disaster. However, deferral is different from forbearance; a deferral is typically a solution for when a borrower is coming out of forbearance, and can resume making mortgage payments, but cannot pay back the forbore amount. With payment deferral, the amount deferred is paid in a lump sum at the end of the mortgage, without accruing interest.

During the COVID-19 pandemic, the federal CARES Act (Coronavirus Aid, Relief, and Economic Security (CARES) Act, Pub. L. No. 116-136 (Mar. 27, 2020) 134 Stat. 281, Section 4022(b)) provided owners of properties with four or fewer residential units that have federally-backed mortgages the ability to obtain forbearance. Unlike the GSE guidelines on forbearance, forbearance under the CARES Act was mandatory when requested by a borrower who qualified due to financial hardship related to the pandemic. The CARES Act provided for up to two six-month periods of forbearance, and prohibited interest, fees, and penalties from being charged beyond what would be able to be charged if the borrower was making full, timely payments under the mortgage contract.

4. AB 238 created a process to request forbearance for homeowners impacted by the LA wildfires

To provide victims of the Palisades and Eaton fires greater mortgage forbearance, the Legislature passed AB 238 (Harabedian, Ch. 128, Stats. 2025). AB 238 was similar to the CARES Act and required mortgage servicers to provide borrowers who are experiencing financial hardship due to the Los Angeles wildfires three months of

⁶ See Fannie Mae, *Servicing Guide: Fannie Mae Single Family* (Jun. 11, 2025), available at <https://servicing-guide.fanniemae.com/>.

forbearance, with the possibility to renew the forbearance period for a total of 12 months of forbearance. AB 238 included in this 12-month period any forbearance that the borrower's mortgage servicer has already provided related to the LA wildfires. During the period of forbearance, the mortgage servicer is prohibited from charging a borrower late fees or the interest rate applicable to a mortgage that is in default. AB 238 also prohibited a mortgage servicer from initiating a foreclosure, obtaining a foreclosure judgment, or executing a foreclosure-related eviction or sale if the borrower is meeting the terms of the forbearance.

AB 238 provided a process by which a borrower denied forbearance may cure a defect in their request for forbearance, and required that the mortgage servicer provide the borrower various notices, including a notice that the borrower is still required to repay the loan once forbearance ends. Once the forbearance period ends, AB 238 prohibited a mortgage servicer from requiring that the borrower make a lump sum payment of the forborne payments at the end of the forbearance, if the borrower was current on their mortgage before entering forbearance.

AB 238's provisions applied to all loans made on a property that contains four or fewer residential units and in which the borrower is a natural person. A borrower who is eligible must request forbearance by the earlier of: six months after the expiration of the state of emergency declared by the Governor regarding the Los Angeles wildfires, or January 7, 2027.

5. AB 1847 extends and expands AB 238's forbearance requirements

According to the author, rebuilding from the LA wildfires has taken significantly longer than expected for many due to insurance claim delays, permitting delays, construction timelines, shortages in labor and construction materials, and the added burden on families of temporary housing costs. It is indeed true that the recovery process has taken an extensive amount of time. According to the city of Los Angeles, permits for rebuilding are taking an average of more than six months to be approved, even with the city's one-stop, expedited permitting centers.⁷ With toxic hazards clean up, design and permitting, receiving insurance payouts to cover rebuilding, and the actual construction process, it is likely that rebuilding is taking victims of the fires more than a year. Due to these delays and extended recovery, the author asserts that some homeowners are reaching the end of their original forbearance period and still need continued relief.

In order to provide additional relief, AB 1847 extends AB 238's forbearance provisions and provides for additional forbearance. First, it extends the timeline for submitting a request for forbearance from January 7, 2027, to January 7, 2029, providing borrowers an additional two years to request forbearance. It should be noted that this timeline is

⁷ See, "Track LA's progress," CA.gov, <https://www.ca.gov/lafires/track-progress/> (accessed Jun. 18, 2026).

the *earlier* of either that date, or the date of the termination of the state of emergency; if the state of emergency is terminated before 2029, borrowers would still be foreclosed from requesting any more forbearance.

AB 1847 also expands how much maximum forbearance a borrower may obtain, from 12 months to 24 total months of forbearance. However, it does place a new requirement on this forbearance as well, which is that a borrower must attest under penalty of perjury that the property securing the mortgage remains uninhabitable due to the wildfire.

Lastly, AB 1847 clarifies that, unless it is prohibited by the terms of an investor contract with the lender or the servicing guidelines for the lender, the mortgage servicer must 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.

These changes would provide victims of the Palisades and Eaton fires additional ability to request and benefit from forbearance, and would help them explore repayment options with their lender at the end of the forbearance. Considering that the forborne amount after 24 months may be significant, allowing fire victims to pursue deferment could be considerably helpful. Many victims of the wildfires are already coming up on, or have already surpassed, 12 months of forbearance, AB 1847 ensures that they can obtain at least another year of forbearance while they continue to rebuild. However, AB 1847 now requires them to attest that their property is uninhabitable, a requirement that did not previously exist, thereby attempting to ensure that they need forbearance because they are still rebuilding from the fires.

This added protection could be vital to many victims who are still struggling and undergoing the building process, as they may otherwise default on their loan and go into foreclosure. Such a result would exacerbate the borrower's situation and halt any rebuilding or recovery. Certainly, it is in the state and lenders' best interests to prevent such an outcome and help those continuing to try to rebuild from such a devastating disaster. AB 1847 provides that additional help and protection.

6. Arguments in support

According to Los Angeles Mayor Karen Bass, who is the sponsor of AB 1847:

In early 2025, devastating wildfires caused destruction and financial hardship for residents across Los Angeles. While the initial 12-month forbearance period provided by AB 238 (Harabedian) provided vital immediate relief, rebuilding from such widespread devastation requires a longer recovery timeline. Many residents are still struggling to stabilize their housing and finances in the aftermath of this disaster.

[AB 1847] would provide extended protection for Los Angeles homeowners impacted by these disasters. By allowing up to 24 months of forbearance and prohibiting required lump-sum repayments this bill ensures that vulnerable residents are not forced into foreclosure while they are still attempting to recover from these tragic events. It gives our communities the time to rebuild without the threat of losing their homes.

7. Arguments in opposition

According to the California Bankers Association and a coalition of other groups in opposition to AB 1847:

FORBEARANCE IS INTENDED TO BE A TEMPORARY TOOL Forbearance is most effective as a short-term financial bridge tailored to the individual needs of a borrower experiencing hardship — not a long-term solution as contemplated by this bill.

FEDERAL PROGRAMS ALREADY PROVIDE FLEXIBILITY The GSEs and FHA already allow forbearance extensions beyond 12 months on a case-by-case basis based on a borrower's specific financial circumstances and ability to recover.

A 36-MONTH STATE MANDATE IS UNWORKABLE The bill would effectively create a state expectation of up to 36 months of forbearance for all borrowers unless prohibited by the investor. This creates a significant gap between what state law appears to promise and what servicers are actually permitted to offer under federal and investor guidelines.

THE BILL CREATES MISLEADING BORROWER EXPECTATIONS The bill suggests borrowers are entitled to extended forbearance periods as a matter of right, even though federal housing programs evaluate extensions individually based on borrower need and eligibility.

MANDATED DEFERMENT LANGUAGE IS ALSO MISLEADING The bill's requirement that servicers offer deferment unless prohibited by the investor does not reflect current market realities. In general, deferment options are not available beyond 12 months under existing investor guidelines.

SIGNIFICANT COST AND ENFORCEMENT CONCERNS The bill will likely generate a substantial increase in borrower complaints from individuals who believe they are automatically entitled to three years of forbearance or deferment relief. These complaints will create additional investigation and enforcement burdens for the Department of Financial Protection and Innovation (DFPI).

SUPPORT

Office of Los Angeles Mayor Karen Bass (sponsor)
American Federation of State, County and Municipal Employees, AFL-CIO
California Community Foundation
California Professional Firefighters
Center for Responsible Lending
Consumer Attorneys of California
Consumer Watchdog
Habitat for Humanity California
Pacific Palisades Community Council
SEIU California

OPPOSITION

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

RELATED LEGISLATION

Pending Legislation: AB 1842 (Harabedian, 2026) authorizes a borrower to request forbearance on a residential mortgage that has become uninhabitable as a direct result of a federally-declared disaster, and requires a mortgage servicer to offer forbearance for a period of up to an initial 180 days, to be extended in 90-day increments for a maximum forbearance of 12 months.

Prior Legislation:

SB 610 (Pérez, Ch. 547, Stats. 2025) required, among other things, that the Commissioner of Financial Protection and Innovation of the Department of Financial Protection and Innovation to coordinate with mortgage lenders and servicers operating in the state to facilitate and monitor the implementation and promotion of mortgage forbearance, foreclosure prevention, and loss mitigation programs available to borrowers who experience a material decrease in household income or an increase in household expenses due to a wildfire, upon the declaration of a state of emergency due to wildfire.

AB 238 (Harabedian, Ch. 128, Stats. 2025) *see Comment 4*.

PRIOR VOTES:

Senate Banking and Financial Institutions Committee (Ayes 5, Noes 0)
Assembly Floor (Ayes 49, Noes 18)
Assembly Appropriations Committee (Ayes 10, Noes 4)
Assembly Judiciary Committee (Ayes 8, Noes 3)
Assembly Banking and Finance Committee (Ayes 5, Noes 2)
