Office of Senate Floor Analyses
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THIRD READING

Bill No: AB 1847
Author: Harabedian (D), et al.
Amended: 8/13/26 in Senate
Vote: 21

SENATE BANKING & F.I. COMMITTEE: 5-0, 6/17/26
AYES: Grayson, Cervantes, Hurtado, Reyes, Richardson
NO VOTE RECORDED: Niello, Strickland

SENATE JUDICIARY COMMITTEE: 11-0, 6/30/26
AYES: Umberg, Allen, Ashby, Caballero, Durazo, Laird, Reyes, Stern, Wahab, Weber Pierson, Wiener
NO VOTE RECORDED: Niello, Valladares

SENATE APPROPRIATIONS COMMITTEE: 5-0, 8/13/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Seyarto, Dahle

ASSEMBLY FLOOR: 49-18, 5/26/26 - See last page for vote

SUBJECT: Mortgage forbearance: state of emergency: wildfire

SOURCE: Author

DIGEST: This bill extends the maximum period of forbearance required to be offered to mortgage borrowers affected by the 2025 Los Angeles wildfires from 12 months to 24 months and requires a mortgage servicer to offer the borrower the option to defer repayment of forborne amounts to the end of loan term, unless prohibited by investor contract terms or servicing guidelines.

ANALYSIS:

Existing law:

1) Defines "wildfire disaster" to mean the conditions described in specified disaster proclamations related to the Eaton Wildfire, the Palisades Fire, and the Straight-line Winds that occurred in January 2025. (Civil Code Section 3273.21(f))

2) Permits 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 to request forbearance on the residential mortgage loan, as specified. (Civil Code Section 3273.23(a))

3) Requires a mortgage servicer, upon a request from a borrower pursuant to #2 above, to offer mortgage payment forbearance for a period of up to an initial 90 days, which shall be extended at the request of the borrower in 90-day increments, up to a maximum forbearance period of 12 months, which shall include any period of forbearance provided to the borrower prior to the enactment of this bill. (Civil Code Section 3273.23(b))

4) Provides that a mortgage servicer, if acting under delegated authority to make forbearance determinations on behalf of the investor, shall not be in violation of #3 above if the mortgage servicer denies a forbearance request and provides written notice to the borrower stating the specific reason for denial, as specified. (Civil Code Section 3273.23(d))

5) Provides a specified process for a borrower to cure a defect in the borrower's forbearance request. (Civil Code Section 3273.23(e))

6) Prohibits a mortgage servicer, for accounts granted disaster-related mortgage payment relief, from furnishing information during the forbearance period indicating that the payments are in forbearance. (Civil Code Section 3273.23(i))

7) Prohibits a mortgage servicer from the following acts:

   a) Assessing any late fees or charging a default rate of interest during the forbearance period. (Civil Code Section 3273.23(g))

   b) Requiring a lump sum payment for a borrower who was current on the residential mortgage loan when the borrower entered forbearance. (Civil Code Section 3273.24(c))

   c) Initiating any judicial or nonjudicial foreclosure process, moving for a foreclosure judgment or order of sale, or executing a foreclosure-related eviction or foreclosure sale during the time of forbearance, if the borrower is performing pursuant to the terms of the forbearance. (Civil Code Section 3273.25)

8) Provides that failure to comply with the provisions of this bill shall not affect the validity of a trustee's sale or a sale to a bona fide purchaser of value. (Civil Code Section 3273.26)

9) Provides that a person shall not be held liable for a violation of a provision of this bill if compliance with such a provision conflicts with specified servicing guidelines. (Civil Code Section 3273.27)

10) Requires the Department of Financial Protection and Innovation to post the following information on its website:

    a) Links to the provisions of servicing guidelines pertaining to disaster-related forbearance relief for federally backed loans.

    b) A summary of Fannie Mae and Freddie Mac guidance to assist borrowers in understanding their forbearance programs.

    c) A dedicated telephone number for borrowers seeking assistance. (Civil Code Section 3273.28)

11) Declares the intent of the Legislature that a mortgage servicer offer a borrower forbearance that is consistent with the mortgage servicer's contractual or other authority. Provides that nothing in this bill requires a mortgage servicer to take any action that would require the mortgage servicer to breach the terms of an existing contract with the investor that owns the residential mortgage loan. (Civil Code Section 3273.29)

This bill:

1) Extends the deadline for a borrower to request wildfire disaster-related forbearance to the earlier of six months after the state of emergency is terminated or January 7, 2029.

2) Increases the maximum forbearance period that mortgage servicers are required to offer, at the request of the borrower in 90-day increments, to 24 months.

3) Requires a borrower, in order to receive forbearance, to affirm that the property securing the residential mortgage loan is uninhabitable due to the wildfire disaster.

4) Authorizes a mortgage servicer to request documentation from the borrower if all of the following conditions apply:

   a) The borrower has requested an extension of forbearance that would result in a total forbearance period of more than 12 months.

   b) The mortgage servicer has received a written request from the investor, guarantor, insurer, or holder of the residential mortgage loan, requesting documentation from the borrower that the investor, guarantor, insurer, or holder requires and that is reasonably necessary to decide whether to approve a request from a borrower for a forbearance period that exceeds 12 months.

   c) The documentation is related to the nature of the financial hardship affirmed by the borrower, the habitability of the property, or efforts undertaken by the borrower to remedy the damage incurred on the property securing the loan.

5) Changes from 10 business days to 21 business days the requirement in existing law that a borrower be notified by the mortgage servicer whether the borrower's forbearance request has been approved. Authorizes an extension of the 21-day period upon agreement between the borrower and mortgage servicer.

6) Requires a mortgage servicer who, if acting under delegated authority to make forbearance determinations on behalf of the investor, denies a forbearance request within the maximum allowable 24-month period to provide written notice to the borrower stating the specific reason for denial.

7) Requires a mortgage service 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, consistent with the servicer's contractual authority, unless such an offer is prohibited by the terms of the applicable investor contract or servicing guidelines.

Comments

Purpose. According to the author:

> Existing law under AB 238 provided temporary mortgage forbearance relief to homeowners impacted by the Eaton and Palisades wildfires for one year. However, rebuilding has taken significantly longer due to insurance claim delays, permitting delays, construction timelines, labor and material shortages, and the added burden of temporary housing costs. As a result, some homeowners are reaching the end of their original forbearance period with the

need for continued financial relief. AB 1847 addresses this gap by extending the existing forbearance protections for an additional two years, ensuring continued stability for families still rebuilding and supporting long-term community recovery. By doing so, the bill will help families who are still rebuilding from renewed mortgage obligations, increases risk of foreclosure and long-term financial instability through no fault of their own.

Background

Mortgage forbearance. Mortgage borrowers affected by wildfires may face challenges in making their mortgage payments, particularly those borrowers who experience a loss of employment, reduced earnings, or unexpected expenses due to the emergency, including being displaced from one's home while waiting to rebuild. For these mortgage borrowers, a temporary pause in their mortgage payment obligations will afford them the opportunity to get back on their feet and avoid the cascading expenses and challenges that accompany mortgage delinquency and foreclosure.

Mortgage forbearance refers to a temporary pause in monthly payments, offered to borrowers who face financial challenges. These payments are not forgiven, and the borrower is required to repay the scheduled payments at a later date, often with interest accruing over the time that the payments are deferred.

Mortgage servicers typically allow a borrower to receive forbearance when dealing with a financial hardship. Servicers of federally backed mortgages are subject to guidelines that establish expectations, responsibilities, and authorities when servicing mortgages on behalf of the investors who purchase mortgage-backed securities and the government agencies that insure or guarantee certain mortgages.[1] These guidelines authorize – but do not require – servicers to offer forbearance to borrowers facing a financial hardship, whether related to a natural disaster or a more typical hardship, such as the loss of employment. Servicers of fully private mortgages, which do not receive government support, often follow federal guidelines, at least in part, when servicing these loans.

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[1] The federal government supports the mortgage financing system through several programs designed to ensure liquidity in mortgage markets, subsidize costs for credit-challenged borrowers, aid first-time homebuyers, and to increase homeownership. Approximately 70% of mortgages nationwide are supported by federal agencies or government-sponsored enterprises, like Fannie Mae and Freddie Mac (see, e.g., **https://www.urban.org/urban-wire/price-tag-keeping-29-million-families-their-homes-162-billion**). Each federal program maintains maximum loan amounts to qualify. Given the higher prices of California real estate compared to the national average, it is likely that federally back mortgages comprise significantly less than 70% of outstanding mortgages in California, though there is no publicly available data to provide a more precise estimate.

Mortgage relief for LA wildfire survivors. Wildfires in Los Angeles in January 2025, including the Palisades Fire and Eaton Fire, destroyed more than 16,000 structures and wreaked economic damage in the affected areas with an estimated output loss of between $5 billion and $10 billion through 2029. Labor income losses are estimated at $2.2 billion to $4.2 billion, affecting between 28,000 and 55,000 job-years.[2]

To help survivors manage their financial hardships, the author of this bill authored AB 238 (Harabedian, Chapter 128, Statutes of 2025) which provided streamlined access for victims of the wildfires to obtain at least 12 months forbearance of their mortgage payments. Additionally, the state has provided more than $39 million in mortgage relief to 1,155 households under the CalAssist Mortgage Relief program. This program provides up to $100,000 in mortgage payments over 12 months to disaster survivors with household incomes below $281,400.[3]

In addition to government mandates and programs, the mortgage industry has provided relief voluntarily, including Bank of America which offers forbearance of up to three years for clients who plan to rebuild their home.[4] Other financial institutions have also offered extended forbearance options, though timelines differ based on the type of mortgage and varying decisions made by each institution.[5]

Where do LA wildfire survivors stand today? The pace of recovery after the LA wildfires has been slow. Survey data gathered by the Department of Angels, a nonprofit founded to help survivors of the fires, tell a frightening story of the realities facing so many survivors.[6] The survey is extensive, and the report published in April 2026 and cited in this paragraph covers issues related to housing stability, financial impacts, health concerns, insurance issues, and views on governmental response, among others. Selected summary statistics related to this bill include:

- Two-thirds of respondents who were living in Altadena or Pacific Palisades remain displaced and living in temporary housing.

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[2] Economic impact estimates were calculated by the Los Angeles County Department of Economic Opportunity and the Los Angeles County Economic Development Corporation's Institute for Applied Economics. **https://opportunity.lacounty.gov/economictrendfire/**

[3] **https://www.gov.ca.gov/2026/05/12/more-than-1000-la-firestorm-survivors-have-accessed-calassist-mortgage-relief/**

[4] **https://newsroom.bankofamerica.com/content/newsroom/press-releases/2025/11/bofa-to-help-l-a--wildfire-clients-rebuild-with-financing--rate-.html**

[5] **https://www.epa.gov/newsreleases/epa-highlights-new-mortgage-forbearance-extension-secured-la-wildfire-survivors**

[6] The information is based on a survey of 2,158 adults between March 30 – April 10, 2026: **https://static1.squarespace.com/static/6792c245599ed84703227b1e/t/69fb99d59526446388bdd51b/1778096597336/Department+of+Angels+Community+Voices+LA+Fire+Recovery+Report+_+Q1+April+2026.pdf**

- For those relying on insurance to pay for temporary housing, 22% have run out of benefits and another 24% have less than 12 months of coverage. Among households with incomes of less than $500,000, fewer than one in three believe they could afford housing for more than a year after their displacement coverage ends.
- More than 40% of survivors have taken on debt, and the median amount of new debt taken out by these survivors is just over $100,000.
- After accounting for insurance proceeds received or expected, homeowners estimate they would need about $660,000, on average, to rebuild their home.

These sobering data points and analysis of the pace of recovery suggest that the 12-month forbearance offered by AB 238, while certainly helpful to those who received it, remains insufficient to adequately bridge the financial gaps faced by many survivors who owned – and then lost – their homes. The author of this bill argues that additional patience by mortgage servicers and holders is critical to these survivors.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee, the Department of Financial Protection and Innovation (DFPI) and the Department of Real Estate (DRE) anticipate costs associated with the bill to be absorbable (Financial Protection Fund and Real Estate Fund, respectively). However, to the extent there is a spike in cases related to forbearance extensions, there may be a corresponding but unquantifiable enforcement workload impact on both the DFPI and DRE programs.

SUPPORT: (Verified 8/13/26)

American Federation of State, County and Municipal Employees, AFL-CIO
California Charter Schools Association
California Community Foundation
California Low-income Consumer Coalition
California Professional Firefighters
Center for Responsible Lending
CFT – a Union of Educators & Classified Professionals, AFT, AFL-CIO
Consumer Attorneys of California
Consumer Watchdog
Habitat for Humanity California
Insurance Commissioner Ricardo Lara / California Department of Insurance
Los Angeles County

Office of Los Angeles Mayor Karen Bass
Pacific Palisades Community Council
SEIU California
Western Center on Law & Poverty, INC.

OPPOSITION: (Verified 8/13/26)

None received

ARGUMENTS IN SUPPORT: Eaton Fire Survivors Network writes in support:

> The Eaton Fire Survivors Network (EFSN) is the nation's largest survivor recovery hub, bringing together more than 10,000 wildfire survivors and allies. Our members include families across Los Angeles who remain displaced due to destroyed homes, severe smoke contamination, and prolonged insurance delays that continue to stall recovery.
>
> While AB 238 provided critical initial relief, recovery from these fires has taken far longer than anticipated. Many families remain displaced because of insurance delays, permitting backlogs, labor shortages, and sharply rising rebuilding costs. In many cases, mortgage payments are now resuming even though homes remain uninhabitable.
>
> AB 1847 provides essential stability by extending existing forbearance protections so that families are not forced into foreclosure or financial hardship while they work to rebuild. This extension reflects the real timeline of disaster recovery and protects homeowners who are struggling through circumstances entirely beyond their control.
>
> Without this extension, many fire survivors could face the devastating prospect of losing their homes before they even have a chance to rebuild them.

ASSEMBLY FLOOR: 49-18, 5/26/26
AYES: 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, Lee, Lowenthal, McKinnor, Ortega, Papan, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Rogers, Schiavo, Schultz, Sharp-Collins, Solache, Stefani, Valencia, Ward, Wicks, Zbur, Rivas

NOES: Alanis, Chen, DeMaio, Dixon, Ellis, Flora, Gallagher, Jeff Gonzalez, Hadwick, Hoover, Johnson, Lackey, Macedo, Patterson, Sanchez, Ta, Tangipa, Wallis
NO VOTE RECORDED: Castillo, Davies, Krell, Muratsuchi, Nguyen, Pacheco, Patel, Ransom, Celeste Rodriguez, Michelle Rodriguez, Blanca Rubio, Soria, Wilson

Prepared by: Michael Burdick / B. & F.I. /
8/17/26 10:42:55

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