Assembly Bill No. 1847

CHAPTER 242

An act to amend Sections 3273.23 and 3273.24 of the Civil Code, relating to wildfire relief.

[Approved by Governor September 15, 2026. Filed with Secretary of State September 15, 2026.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1847, Harabedian. Mortgage forbearance: state of emergency: wildfire.

Existing law authorizes a borrower to request forbearance on their residential mortgage loan for a period of 12 months if, among other things, the borrower affirms that they are experiencing financial hardship that prevents them from making timely payments on the loan due directly to the wildfire disaster described in the proclamation of a state of emergency issued by Governor Gavin Newsom on January 7, 2025, or the federally declared disaster, declared on January 8, 2025, related to the Eaton Wildfire, the Palisades Fire, and the Straight-line Winds. Existing law requires an applicant requesting forbearance on their residential mortgage loan to affirm that they are experiencing a financial hardship due to the wildfire disaster. Existing law requires that request to be made before the earlier of either 6 months after the date upon which the state of emergency is terminated or January 7, 2027. Existing law requires a borrower to be notified by the mortgage servicer within 10 business days whether their request for forbearance has been approved. Existing law prohibits any late fees from being assessed to the borrower's account during the period of forbearance, and the borrower from being charged a default rate of interest.

This bill would extend the period of mortgage forbearance to 24 months and extend the latest possible deadline for a borrower's request for forbearance to January 7, 2029. The bill would require an applicant requesting forbearance on their residential mortgage loan to further affirm that the property securing the loan is uninhabitable due to the wildfire disaster. Because the bill would expand the crime of perjury, the bill would impose a state-mandated local program. If the borrower has requested an extension of a forbearance period that would result in a total forbearance period of more than 12 months, the bill would authorize a mortgage servicer to request certain related documentation from the borrower, as specified. The bill would extend the amount of time the mortgage servicer has to notify the borrower whether their request for forbearance has been approved to 21 days or longer, as specified. During the period in which the borrower is waiting to be notified, the bill would prohibit any late fees from being assessed to the borrower's account, and the borrower from being charged a default rate of interest.

Existing law requires a mortgage servicer to disclose to a borrower to whom a forbearance has been granted that the forborne mortgage payments are required to be repaid. Existing law prohibits requiring a borrower who was current on the residential mortgage loan when they entered forbearance to make a lump sum payment.

This bill would require a mortgage servicer to offer the borrower the option to defer repayment of forborne amounts to the end of the loan term, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. Section 3273.23 of the Civil Code is amended to read:

3273.23. (a) 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 may request forbearance on the residential mortgage loan by doing all of the following:

(1) Submitting a request to the borrower's mortgage loan servicer before the earlier of either of the following:

(A) Six months after the date upon which the state of emergency issued by Governor Gavin Newsom on January 7, 2025, is terminated.

(B) January 7, 2029.

(2) Affirming that the borrower is experiencing a financial hardship due to the wildfire disaster.

(3) Affirming that the property securing the residential mortgage loan is uninhabitable due to the wildfire disaster.

(b) (1) Upon a request by a borrower for forbearance under subdivision (a), a mortgage servicer shall 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 24 months.

(2) Notwithstanding paragraph (1), a mortgage servicer may request documentation from the borrower beyond the documentation described in subdivision (a) if all of the following conditions apply:

(A) The borrower has requested an extension of a forbearance period pursuant to paragraph (1) 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 any of the following:

(i) The nature of the financial hardship affirmed by the borrower.

(ii) The habitability of the property securing the residential mortgage loan.

(iii) Efforts undertaken by the borrower to remedy the damage incurred on the property securing the residential mortgage loan with the objective of restoring the habitability of the property.

(D) Upon a request from the borrower, the mortgage servicer provides a copy of the written request described in subparagraph (B) to the borrower.

(3) The intent of this subdivision is to provide a streamlined process for forbearance related to the wildfire disaster and to limit the documentation that a borrower must provide their mortgage servicer to those documents that the investor, guarantor, insurer, or holder of the residential mortgage loan requires to approve or deny a request for forbearance that extends the forbearance period beyond 12 months.

(c) (1) The borrower shall be notified within 21 days by the mortgage servicer whether their request for forbearance has been approved.

(2) The 21-day period provided by paragraph (1) may be extended upon agreement between the borrower and the mortgage servicer to allow additional time for the borrower to provide the documentation described in paragraph (2) of subdivision (b) and for the mortgage servicer to receive approval from the investor, guarantor, insurer, or holder of the residential mortgage loan to provide forbearance beyond a 12-month duration.

(d) If the mortgage servicer, acting under delegated authority to make forbearance determinations on behalf of the investor, denies a forbearance request within the maximum allowable forbearance period of 24 months pursuant to subdivision (b), the mortgage servicer shall not be in violation of this section if the mortgage servicer provides written notice to the borrower stating the specific reason for denial. The notice shall include both of the following:

(1) A clear and concise explanation of the specific investor provision that is the basis for the denial.

(2) The text of the specific investor guideline or contractual provision that is the basis for the denial of the borrower's forbearance request.

(e) If the written notice in subdivision (c) cites any defect in the borrower's request, including an incomplete application or missing information, that is curable, the mortgage servicer shall do all of the following:

(1) Specifically identify any curable defect in the written notice.

(2) Provide 21 calendar days from the mailing date of the written notice for the borrower to cure any identified defect.

(3) Accept the borrower's revised request for forbearance before the 21-day period described in paragraph (2) lapses.

(4) Respond to the borrower's revised request within five business days of receipt of the revised request.

(f) The forbearance period required by subdivision (b) shall include any period of forbearance related to the wildfire disaster that a mortgage servicer has provided to a borrower before the effective date of this title.

(g) During the period of forbearance required by this section, including the period during which the borrower is waiting to be notified pursuant to subdivision (c) whether their forbearance request is approved, no late fees shall be assessed to the borrower's account and the borrower shall not be charged a default rate of interest.

(h) No later than 30 calendar days before the end of a forbearance period provided pursuant to subdivision (b), a mortgage servicer shall provide written notice to the borrower disclosing both of the following:

(1) Any documentation or forms that the mortgage servicer requires the borrower to furnish or complete to be considered for an additional period of forbearance.

(2) A description of the deadlines and timelines associated with considering the borrower for an additional period of forbearance.

(i) A mortgage servicer shall report the credit obligations of borrowers under a disaster-related forbearance plan in compliance with the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681 et seq.). For accounts granted disaster-related mortgage payment relief pursuant to this title, a mortgage servicer shall not furnish information during the forbearance period indicating that the payments are in forbearance and shall do either of the following:

(1) Report the credit obligation or account as current.

(2) If a borrower was delinquent before the disaster-related forbearance plan, the mortgage servicer shall:

(A) Maintain the delinquent status during the period in which the plan is in effect.

(B) If the consumer brings the account current during the forbearance period, report the account as current.

SEC. 2. Section 3273.24 of the Civil Code is amended to read:

3273.24. (a) A mortgage servicer shall disclose to a borrower to whom a forbearance has been granted pursuant to Section 3273.23 that the forborne mortgage payments are required to be repaid.

(b) The disclosure required by subdivision (a) is only required to be furnished to the borrower once at the beginning of the forbearance period.

(c) A lump sum payment shall not be required for a borrower who was current on the residential mortgage loan when the borrower entered forbearance.

(d) Unless it is prohibited by the terms of the applicable investor contract or servicing guidelines, a mortgage servicer shall 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.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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