FACT SHEET
AB 1842 (CALIFORNIA MORTGAGE RELIEF ACT)

What the bill is about:
AB 1842 is about access to disaster forbearance. Disaster forbearance is a kind of mortgage assistance for homeowners after a major disaster is declared by the government. It allows an eligible homeowner who is affected by the disaster to pause making mortgage payments for a set period of time without the risk of foreclosure. At the end of a forbearance period, the homeowner has to make arrangements with their mortgage servicer to bring the loan current.

AB 1842 builds on existing disaster forbearance programs for various types of mortgage loans[1] by setting uniform requirements for mortgage servicers to follow. The AB 1842 requirements are, however, subject to several important exceptions, so it is important to assess each homeowner's eligibility for the bill's protections.

What the bill does:
AB 1842 creates a special procedure for homeowners impacted by a federally declared disaster to request forbearance from their mortgage servicer.

- When borrowers request disaster forbearance, servicers are required to:
  - Respond to requests within 10 business days.
  - Approve borrower requests for an initial 180-day forbearance and two additional 90-day forbearances upon request *unless* doing so would conflict with investor restrictions.
  - Send a written notice of any denial of forbearance that either identifies any defects in the request so the borrower can resubmit; or, if an investor restriction is the basis for the denial, explains *and* includes the text of the restriction.
  - Advise borrowers approved for forbearance that the missed payments will have to be repaid.
  - Send instructions for requesting an extension by 30 days before the end of an initial forbearance.

- During a forbearance period, servicers may not:
  - Charge late fees or penalty interest rates.
  - Report the borrower as late on payments that would have been due during the forbearance period.

- At the end of a forbearance, servicers should not require a lump sum repayment. As long as the investor allows it, they must offer at least one repayment option, such as a deferral or a loan modification, that either maintains or lowers the principal and interest payments due each month under the existing contract terms.

[1] You can find existing rules about disaster forbearance options available for different types of loans here: Fannie Mae - https://servicing-guide.fanniemae.com/svc/d2-3.2-01/forbearance-plan; Freddie Mac - https://guide.freddiemac.com/app/guide/section/9203.3; FHA – Handbook 4000.1 (rev. 8/12/2026) at 1205 & 1269; VA Servicer Handbook 26-4, Ch. 21 (updated 9/19/26); USDA Guaranteed - Handbook HB-1-3555, Ch. 18, Sec. 5; USDA Direct - HB-1-3550 Handbook, Appx. 10.

What the bill does not do:

AB 1842 *does not apply* if:

- The disaster is not subject to a federal declaration (*i.e.,* disaster declarations made only by a state or local government are not eligible).
- The servicer would violate its contractual obligations to the investor by complying with the law's requirements (*i.e.,* investor restrictions can override the law's requirements).
- The property is not uninhabitable (*i.e.,* the property can be occupied).

A borrower is not eligible for AB 1842 protections if:

- The borrower does not request forbearance within six months after the disaster declaration was issued.
- The borrower's loan has already been in forbearance for 12 months or more since the disaster occurred.
- The borrower was more than 90 days delinquent before the disaster declaration was issued.
- There was a notice of default recorded against the property before the disaster declaration was issued.
- The borrower has surrendered the property in writing or by handing over the keys.

A note about existing disaster forbearance programs:

If a borrower wants to enforce their rights under AB 1842, they should always:

- Determine what type of loan they have (*e.g.*, Fannie Mae, FHA, private/conventional); and
- Review any disaster forbearance rules or guidelines that apply to their type of loan.

In many cases, existing rules or guidance may overlap with AB 1842 requirements, but some types of loans may be subject to different rules. As noted above, if AB 1842 requirements conflict directly with the parallel rules for a particular type of loan, the servicer will follow the investor's requirements.