July 15, 2025

The Honorable John Harabedian
1021 O Street, Suite 4350
Sacramento, CA 95814

RE: Support for AB 238 (Harabedian): the Mortgage Forbearance Act

Dear Assemblymember Harabedian:

On behalf of our nearly 200-member credit unions, the California Credit Union League (CCUL) is writing to express our support for AB 238, the Mortgage Forbearance Act, an important piece of legislation that will ensure survivors of the LA wildfires receive the support they need.

The impact of the Eaton and Palisades wildfires, combined with extreme wind events, has been ruinous. According to NBC News, over 18,000 structures were destroyed, and 150,000 residents were displaced. Preliminary estimates from Intercontinental Exchange Inc. indicate that more than one in six borrowers impacted by the Eaton fire are at risk of falling behind on their mortgages. As of February, over 4,100 homeowners were past due—a staggering increase from just 700 the prior month..

Credit unions have long been at the forefront of supporting communities during times of crisis. As not-for-profit financial cooperatives, credit unions prioritize member well-being over profits. Many of our member institutions serve low- and moderate-income communities and have provided forbearance, waived fees, and offered emergency assistance during past disasters, including the COVID-19 pandemic, government shutdowns and wildfires across the state. AB 238 takes a thoughtful, practical approach that aligns with the relief that credit unions are accustomed to providing to their member-owners. The bill grants eligible borrowers an initial 90-day forbearance period, extendable up to 12 months upon request.

Given the long recovery timeline after natural disasters, short-term relief is insufficient. AB 238 ensures a clear, fair, and consistent framework for mortgage forbearance that balances the needs of borrowers and servicers alike, helping stabilize families and communities during their most vulnerable moments.

For the reasons listed above, the California Credit Union League urges your support for AB 238. If you have any questions, please contact Robert Wilson at (916) 325-1366 or robertw@ccul.org.

Respectfully,

California Credit Union League-Robert Wilson, SVP Stat Govt Affairs