

2026 Election Wrap-Up

CaliforniaMBA
Advocacy. Education. Connection.

What California's results mean for your business

THE HEADLINES

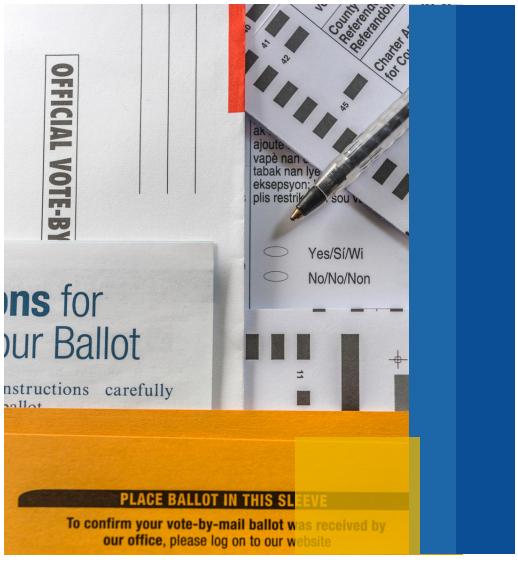
- **Governor**: Xavier Becerra (D) won about 65.6% to 34.4%* over Steve Hilton. He'll be California's first elected Latino governor, takes office January 4, and has to deliver a budget by January 10 with a multibillion-dollar deficit waiting for him.
- **Legislature**: Democratic supermajorities hold in both houses, and Assembly Democrats look set to pick up at least four seats. Several business-backed moderate Democrats won open seats, which could mean a more pragmatic Legislature on business issues.
- **Insurance Commissioner**: Jane Kim (D) won. With insurance availability and cost holding up closings, especially in wildfire areas, this office matters more to our industry than ever.
- **New faces**: There are 13 open Assembly seats plus new senators. New legislators are sworn in December 7, and that starts the clock on new bills.

WHAT THIS MEANS FOR YOUR BUSINESS

- Expect continuity with Newsom-era policy, but a new Administration means new appointees at the agencies that regulate you. We'll be building those relationships early.
- Dozens of new legislators don't know our industry yet. That's both a risk and an opportunity, and it's why California MBA will be in their offices in January.
- Budget pressure means new fees and taxes will be on the table. Keep an eye on costs that land on lenders (see SB 122 below).

BALLOT MEASURES THAT TOUCH HOUSING FINANCE

Prop 37, Middle-Income Homebuyer Loans: PASSED (62.2%)*
Lets CalHFA issue up to $25 billion in revenue bonds for a new loan program. Eligible buyers get a fixed-rate second mortgage for up to 17% of the price of a newly built home (priced below about $1.5 million), put at least 3% down, and the first mortgage covers the rest. Buyers must be California residents and owner-occupants under the income limits. The bonds are repaid by the mortgage payments, not the state.



*Results as of November 16, 2026. Counting continues until the Secretary of State certifies results on December 11.

WHAT PROP 37 MEANS FOR YOUR BUSINESS

- A new purchase product for new-construction buyers is coming, but CalHFA still has to write the rules. Loans won't be available until that program design is done, so set expectations with builders and buyers.
- The open questions are lender questions: how the second lien is priced, who carries the risk, and how it stacks up against GSE 3% and 5% down options once LLPAs at 80 LTV are factored in.
- California MBA intends to be at the table as CalHFA designs it. If your capital markets or product team has a view, we want it.

Prop 1, Housing Bonds: PASSED (60.9%)*
Authorizes $11.25 billion in state bonds for housing affordability, mostly affordable rental and supportive housing, plus veterans' mortgages and down payment assistance.

WHAT PROP 1 MEANS FOR YOUR BUSINESS

- Most of the money goes to construction, but the veterans' mortgage and down payment assistance pieces could mean more buyer-assistance options over time. Watch for new or expanded CalHFA and CalVet programs.
- It's a good reminder to make sure your loan officers know the down payment programs already available today.

Other measures worth knowing: Prop 40 (one-time billionaire tax) has failed. Prop 42 (bans new state taxes on personal property like vehicles or intangible assets) has passed. Prop 45 (CEQA streamlining for certain development projects) and Prop 43 (two-thirds vote for local special taxes) also failed to pass.



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WHAT WE DELIVERED FOR YOU IN 2026

- **40+ bills tracked, 8 harmful bills stopped:** We stopped bills on loan portability, PACE expansion, and AI/automated decisioning, and moved 4 more from oppose to neutral.
- **AB 801:** We turned a proposed state CRA on independent mortgage bankers into a fair-lending exam folded into the existing DFPI exam cycle, avoiding an estimated ~$5M a year in compliance costs.
- **AB 179:** We secured $100 million through CalHFA for wildfire rebuilding, with 18+ member loan applications in the first month.
- **AB 1842/1847:** We shaped the wildfire foreberance bills, including removing a private right of action.

YOUR 2027 WATCH LIST

- **SB 122, sales tax on SaaS and prewritten software (Jan 1, 2027):** Your LOS, POS, pricing, CRM and verification vendors may start adding sales tax to invoices. Budget for it now, since a carve-out is a long shot.
- **AB 1609, AI chatbot disclosure (Jan 1, 2027):** New disclosure rules apply to companies with $500M+ in revenue. Check any consumer-facing chat tools.
- **AI and automated decisioning:** Expect a successor to AB 1018 to come back. If you use automated underwriting or AI in your workflow, this one matters.
- **DFPI:** Expect follow-up on the wildfire insurance-proceeds survey, and the Mortgage Compliance Dataset (MCD) pilot. Loop in your data and compliance teams early.
- **Prop 37 implementation:** CalHFA will design the new middle-income homebuyer loan program, and the state's structural deficit will add budget pressure.
- **AB 130 (2025):** Junior-lien "zombie mortgage" rules remain in force after the federal challenge was dismissed in June.

GET AHEAD OF IT AT LIRC26

We're digging into all of this at **LIRC26, December 7-8 at the Hyatt Regency Huntington Beach.** The conference kicks off the same day new legislators are sworn in.

Don't miss **The 2027 Legislative Outlook:** Jon Ross (KP Public Affairs) and Jason Piatt (Pennymac), moderated by Ike Suri (FundingShield). Then hear **A View from DFPI:** Senior Deputy Commissioner Greg Young.

California MBA lender members attend free.

Register for LIRC26: https://my.cmba.com/events/lirc26.html