



Lender Letter (LL-2026-01)

Feb. 11, 2026

To: All Fannie Mae Single-Family Servicers Updates to retention workout options and disaster-related foreclosure proceedings policy

We remain committed to ensuring our *Servicing Guide* policies provide appropriate borrower assistance, including assistance for borrowers with disaster-related hardships. In partnership with Freddie Mac and under the oversight of the Federal Housing Finance Agency (FHFA), we are providing updates and clarifications to our policies for forbearance plans, Fannie Mae Flex Modifications, and foreclosure proceedings for disaster-impacted properties.

This Lender Letter provides information about the following:

- [Forbearance plan terms](#): Updating the allowable forbearance plan term increments and setting a new requirement for when servicers must submit forbearance plan cases that exceed Guide thresholds to Fannie Mae for review and decision
- [Determining eligibility for a Fannie Mae Flex Modification](#): Clarifying the prior mortgage loan modification cap and post-payment eligibility for Fannie Mae Flex Modifications in accordance with the reduced eligibility criteria for a borrower with a disaster-related hardship
- [Foreclosure proceedings for disaster-impacted properties](#): Replacing existing policy for initiating and suspending legal proceedings for disaster-impacted properties and borrowers with updated foreclosure proceedings requirements for disaster-impacted properties

With the exception of the updates in this Lender Letter that replace the referenced *Servicing Guide* policy, the servicer must otherwise refer to the existing requirements in *Servicing Guide* [D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower](#); [D2-3.2-01, Forbearance Plan](#); and [D2-3.2-06, Fannie Mae Flex Modification](#).

Effective: The servicer must implement these policies on and after May 1, 2026, for all

- forbearance plan term structuring,
- forbearance plan term extensions for borrowers with a disaster-related hardship,
- Fannie Mae Flex Modification evaluations, and
- referrals of mortgage loans for disaster-impacted properties to foreclosure proceedings or continuation of certain foreclosure proceedings as referenced in this Lender Letter.

Forbearance plan terms

Forbearance plan terms must be in increments of no greater than three months at a time and must not be extended beyond a date that would

- exceed a cumulative term of 12 months as measured from the start date of the initial forbearance plan, or
- result in the mortgage loan becoming greater than 12 months delinquent.

For a forbearance plan to exceed the limits referenced above, the servicer is authorized to request Fannie Mae's prior written approval by submitting a completed [Forbearance Exception Request Template](#) and must receive such approval before granting any additional term(s).

Note: If a borrower with a disaster-related hardship requests additional time to resolve that hardship beyond the limits referenced above, the servicer must submit each instance for Fannie Mae's review and decision by submitting a completed [Forbearance Exception Request Template](#).



Determining eligibility for a Fannie Mae Flex Modification

We are clarifying that the number of previous mortgage loan modifications does not impact the borrower’s eligibility for a Fannie Mae Flex Modification in accordance with the reduced eligibility criteria for a borrower with a disaster-related hardship.

Additionally, payments received that reduce the amount of delinquency after the date of evaluation for a Fannie Mae Flex Modification do not impact the borrower’s eligibility in accordance with the reduced eligibility criteria for a borrower with a disaster-related hardship, provided that the mortgage loan is at least 30 days delinquent prior to the commencement of the Fannie Mae Flex Modification Trial Period Plan.

Foreclosure proceedings for disaster-impacted properties

If the servicer determines that a disaster event has impacted the borrower's property, it must obtain prior written approval from Fannie Mae before referring the mortgage loan to foreclosure, initiating any judicial or non-judicial foreclosure process, moving for a foreclosure judgement or order of sale, or executing a foreclosure sale, if such delays are permitted under applicable law.

If the servicer determines foreclosure should proceed, the servicer must submit a detailed description of the mortgage loan status and the servicer’s recommended course of action to Fannie Mae at hazard_loss@fanniemae.com in accordance with the following table.

If the servicer...	Then it must make the submission to Fannie Mae within five days after...
has not referred the mortgage loan to foreclosure	completing the prereferral review.
has already referred the mortgage loan to foreclosure	determining a disaster event has impacted the borrower’s property.

The servicer’s submission must include the following information at a minimum:

- whether the recommendation is to initiate or continue foreclosure proceedings, including the foreclosure referral date if the request is for a continuation;
- the date the disaster event occurred;
- the status of any repairs to the property;
- insurance loss claim date, status, and the amount of proceeds that have been or are expected to be disbursed, as applicable; and
- a summary of any engagement with the borrower, including whether Quality Right Party Contact (QRPC) has been achieved and the borrower’s intention for the property.

Note: As of the effective date, this policy replaces *Initiating or Suspending Legal Proceedings* in [D1-3-01, Evaluating the Impact of a Disaster Event and Assisting a Borrower](#) in its entirety.

Servicers who have questions about this Lender Letter may contact their Fannie Mae Servicing Manager or Fannie Mae’s Single-Family Servicer Resource Center at 1-800-2FANNIE(1-800-232-6643).
 Have Guide questions? Get answers to all your policy questions, straight from the source. [Ask Poli.](#)