

Deed for Lease™ (D4L) – Frequently Asked Questions

November 4, 2009

Q1. What are the terms of the lease?

Fannie Mae will offer lease terms of up to 12 months at market rates.

Q2. How are investor properties with tenants handled?

Once the servicer determines that a borrower is eligible for deed-for-lease consideration, the servicer will discuss the possibility of a D4L with the borrower. If the borrower indicates that his or her tenants might be interested in a D4L, the servicer will provide the borrower's contact information to the property management company. The property management company will work with the borrower to contact the tenants. If the tenants and the property meet rental qualifications, the lease will be executed with the tenants. A tenant's failure to cooperate or meet the lease requirements will prevent the execution of a lease, but the borrower may still be eligible for a deed-in-lieu of foreclosure.

Q3. If the borrower initially says that he or she is not interested in a lease, but changes his or her mind, when is it too late to submit the request to Fannie Mae?

Fannie Mae's property manager needs 10 business days to process the lease application. If the Deed in Lieu (DIL) completion date is more than 10 days away, we may be able to accommodate the request; however, we reserve the right to consider these situations on a case-by-case basis.

Q4. What if the borrower (or tenant) tells the servicer that he or she is unavailable to meet with the property manager during the 10- day lease consideration window?

Please indicate in the "special notes" field of the Deed-for-Lease™ Program Referral Form (Form 187) when the borrower (or tenant) will be available. We may be able to make accommodations for the schedule of the borrower (or tenant); however, the servicer must make sure the DIL completion date is scheduled to allow ten days for lease consideration taking into account the schedule of the borrower (or tenant).

Q5. How should servicers handle questions about the lease?

Please provide the Deed for Lease™ Instructions for Borrowers to all interested borrowers (available on eFanniemae.com). The property manager will answer all lease questions once contact is made with the borrower (or tenant).

Q6. What if the servicer discovers that the borrower does not meet the eligibility requirements after referring the borrower for D4L consideration?

If the servicer discovers that the borrower does not meet all the screening requirements – for example, a second lien on the property or other title issue is discovered – please complete the Deed for Lease™ Cancellation Form (Form 188) and e-mail it to the address on the form.

Q7. What is the OFAC check requirement?

The Office of Foreign Asset Control ("OFAC") of the Treasury Department administers and enforces economic sanctions programs primarily against countries and groups of individuals, such as terrorists and narcotics traffickers. OFAC maintains a list of specifically designated individuals, and Fannie Mae may not rent to an individual on the list. The OFAC check is handled by the property manager. Information on OFAC can be found on the Department of Treasury's website at www.ustreas.gov/ofac.

Q8. Is renters insurance required for pet owners?

Certain pets may pose a liability threat to the tenant and the landlord. For this reason we may require tenants with pets to secure renters insurance, which includes liability coverage for pets and names Fannie Mae as an additional insured.

Q9. Will Fannie Mae market the property for sale while a tenant is occupying the property?

Yes; Fannie Mae reserves the right to market the property while a tenant is occupying the property. The property may be sold to an investor subject to the lease.

Q10. If a tenant occupies the property, who pays the \$75 lease application fee?

Either the borrower or the tenant may pay the \$75 lease application fee.

Q11. If it is a multi-unit property occupied by both the borrower and tenant(s) does one \$75 check cover everyone?

No. \$75 should be collected for each occupied dwelling unit. For example, if it is a four-unit apartment with four tenants, \$300 will be collected.

Q12. Are sublets allowed?

No. Subleasing is prohibited by the terms of the lease.

Q13. If the borrower does not qualify for the D4L program, will the \$75 application fee be refunded?

The \$75 fee is not refundable. The fee covers the cost of evaluating the property and the borrower (or tenant), including any background and credit checks.

Q14. Does the borrower still qualify for any relocation assistance (Cash for Keys) if he or she agrees to the D4L?

No. Cash for Keys is intended to cover relocation assistance, and a D4L borrower is not relocating.