

Deed-for-Lease™ (D4L)

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Peace of mind in uncertain times.



Overview

- Fannie Mae's Deed-for-Lease Program (D4L) is designed to minimize family displacement, deterioration of neighborhoods caused by vandalism and theft to vacant homes, and the effect these have on families, communities and home price stabilization.
- D4L allows qualifying borrowers of properties transferred through deed-in-lieu of foreclosure to remain in their home and community by executing a lease of up to 12 months in conjunction with a deed-in-lieu.
- Investment properties that are tenant-occupied may also be considered as long as the borrower is cooperative in providing information from and facilitating contact with the tenant.

Features

Borrowers or their tenants may be eligible to lease a property following a deed-in-lieu:

- Lease is contingent upon an acceptance of a deed-in-lieu
- Lease term up to 12 months
- Property, borrower and tenant screening process
- Professional property management
- Market-based rent

Borrowers interested in participating in D4L should contact their servicer to see if they are candidates for a deed-in-lieu.

Eligibility

D4L is offered nationwide. Both the occupant and property must meet general qualifications. Servicers refer eligible interested borrowers for the program.

Borrowers must:

- Have made more than three payments since origination
- Have made more than three payments since last modification
- Not be in active bankruptcy or litigation

Occupant must be borrower or tenant of the borrower and must:

- Occupy home as a primary residence
- Have verifiable income source (standard for lease applications) and no more than 31% rent to income ratio
- Be keeping property in good condition as indicated by a property inspection
- Cooperate with the property manager to inspect property and sign new lease

Borrower may or may not have:

- Tried the Home Affordable Modification Program (HAMP) or a modification – not a prerequisite
- Mortgage insurance – not an obstacle

Loan type exclusions

- No HECM loans (reverse mortgages)
- No USDA Rural loans
- No FHA loans
- No VA loans
- No Recourse loans
- No Second liens

Property eligibility*

- There are no zoning or homeowner's association (HOA) rental limitations that would prohibit a lease.
- Repairs required to make the property habitable are deemed to be in an acceptable amount based on the property value.
- The property is in compliance with local rules and laws or can be brought into compliance within 30 days.
- The market rental income is anticipated to cover ongoing maintenance and management costs.

*This list does not include all conditions, which may vary by location based on local and state regulations.

Easy Steps to Deed for Lease

1. Borrower indicates interest in D4L
2. Servicer refers eligible loans to Fannie Mae
3. Property manager contacts the borrower for information
4. Property manager inspects property for eligibility
5. If both property and borrower qualify a contingent lease is signed
6. Servicer completes the deed-in-lieu
7. Property transferred to Fannie Mae and lease becomes effective
8. Property manager collects rent and manages property



Setting rental rates

- Rental rate set by property manager based on local market conditions (Not current mortgage payment)
- Property manager may give the borrower a preliminary range until property is inspected
- Fannie Mae **requires** the borrower/tenant to have the income to support a 31% income-to-rent ratio
- Rental payments are not subsidized

Questions?

For a copy of the **D4L Instructions for Borrowers**
and additional information, please visit
www.efanniemae.com/sf/servicing/d4l