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## **Fannie Mae Announces "Lease for Deed" Program**

by CalculatedRisk on 11/05/2009 11:20:00 AM

From Fannie Mae: [Fannie Mae Announces Deed for Lease™ Program](#)

Fannie Mae (FNM/NYSE) is implementing the Deed for Lease™ Program under which qualifying homeowners facing foreclosure will be able to remain in their homes by signing a lease in connection with the voluntary transfer of the property deed back to the lender.

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The new program is designed for borrowers who do not qualify for or have not been able to sustain other loan-workout solutions, such as a modification. Under Deed for Lease, borrowers transfer their property to the lender by completing a deed in lieu of foreclosure, and then lease back the house at a market rate.

To participate in the program, borrowers must live in the home as their primary residence and must be released from any subordinate liens on the property. Tenants of borrowers in this circumstance may also be eligible for leases under the program. Borrowers or tenants interested in a lease must be able to document that the new market rental rate is no more than 31% of their gross income.

Leases under the new program may be up to 12 months, with the possibility of term renewal or month-to-month extensions after that period. A Deed for Lease property that is subsequently sold includes an assignment of the lease to the buyer.

This is part of the "single family public housing" program.