

Fannie Mae's National REO Rental Policy FAQs

Fannie Mae's National REO Rental Policy allows renters in Fannie Mae-owned, single-family foreclosed properties the opportunity to stay in their homes by signing a new month-to-month lease with Fannie Mae.

Who does the new policy apply to?

The new policy applies only to renters occupying the home at the time of foreclosure or deed-in-lieu of foreclosure. It does not apply to mortgagors or their immediate families.

Tenants occupying any type of single-family property will be eligible including residents of two- to four-unit properties, condos, co-op, single-family detached homes, and manufactured housing, where the homeowners associations (HOAs) do not prohibit rentals. The policy applies to all renter-occupied single-family Fannie Mae REO; however, with regard to properties where the loans were insured by FHA, approval from the Department of Housing and Urban Development (HUD) will be required.

What are a renter's options?

After the foreclosure is complete, renters are offered the opportunity to either accept an incentive payment to vacate the property (Cash for Keys) or sign a new month-to-month lease with Fannie Mae.

Can any renter sign a lease with Fannie Mae? What are the restrictions?

In order for a lease to be offered, the property must meet state laws and local code requirements for a rental property. Renters must be occupying the property at the time of foreclosure. Fannie Mae will not require payment histories or credit checks.

If a property or potential renter does not meet these requirements, Cash for Keys will still be offered as an alternative.

How will rent be established?

Renters will be charged market rate rent under the new lease. Market rates may be determined by reviewing local comparable rents, conducting a neighborhood survey or through other relevant indicators. No security deposit will be required. The company will review each instance where the market rate may require a tenant to pay additional rent and will work to reach an equitable resolution.

What if a property is qualified as Section 8 or under other rent control?

Fannie Mae will accommodate Section 8 and rent control concessions as long as the proper documentation is provided.

Will the property be for sale?

Yes, the property will be marketed for sale and may undergo repair or rehab while occupied with a renter under a Fannie Mae lease. If the property sells, the lease will transfer to the new owner.

How will the property be managed?

Fannie Mae will manage the property through a real estate broker or a property management company. The real estate broker or property management company will coordinate property repairs and respond to any property safety issues as appropriate.

How does a renter know if they are in a Fannie Mae-owned foreclosed property?

Property managers will make contact with occupants to notify them of their options by visiting the property directly or, if occupant is away, by leaving an information flyer with contact details for more information.

Does the policy apply in all locations?

Yes. Leases will be offered anywhere Fannie Mae does business and has eligible properties and tenants.

Who should I contact for more information?

Contact Fannie Mae's Consumer Resource Center at 1-800-7FANNIE (1-800-732-6643) for additional information on the policy.