Welcome to the Asset and Liabilities GUS application page, presented by USDA's Single Family Housing Guaranteed Loan Program!
The training objectives will review each section of the GUS Asset and Liabilities application page which include:

• Assets,
• REO Property,
• Mortgage liabilities,
• Other liabilities, and
• Additional expenses.
The “Assets” section will allow the user to enter the following:

- **Account Owner:** Select the account owner from the drop down.
• Asset Type: Select the appropriate asset from the drop down box.
• Cash Value: Enter the appropriate value for the selected asset. The asset value entered must accurately represent the amount of funds that are typically available to the account owner. For example: 401k accounts may only be entered as 60 percent of the vested balance. Some assets may require withdrawal penalties to be deducted to determine the actual amount that may be accessed. Checking and savings accounts must reflect the typical balance available to the applicant. This is typically the average two month balance of the account, or an alternate documented balance. If a checking or savings account balance is artificially inflated due to recent deposits, tax refunds, etc. it does not provide an accurate calculation of how much money the applicant typically has on hand. Hint: Inflated assets will result in an unsupported GUS Underwriting Recommendation.

• If Net Equity, Select Property: If a property is entered in the “REO Property Information” section of this application page, with the property address completed, this data field will display a drop down box where the user can select the property address associated with the net equity entry.

• Description: This is a free text data field that will allow the user to enter any important notes or explanations regarding the entered asset.
Let’s review some asset tips!

• Assets are not required to be entered into GUS. Some lenders do not include assets in GUS in order to obtain the most conservative underwriting recommendation.

• While assets are not required to listed on this application page, the income earned from eligible assets must be included on the “Eligibility” application page. Assets that must be considered for the annual income calculation to determine program eligibility may be reviewed in 3555.152(d) and Handbook Chapter 9.

• Do not inflate or overstate the assets in GUS. All data entries must be supported with documentation and acceptable calculations.

• Assets are compensating factors, therefore accurate data entry is imperative.

• Some asset types will not reflect in the reserve or funds to close calculations. Handbook Chapter 9 includes explanations.

• Do not worry about funds to close negatively affecting a GUS Underwriting Recommendation. Verification of funds to close is a lender’s responsibility. USDA is aware that if the applicant does not have eligible funds to close, the lender will not close the loan.
The “REO Property Information” section will allow lenders to enter information regarding an applicant’s property that is/will be:

- Pending Sale
- Sold
- Rented, or
- Retained.

USDA offers a separate training module for completing the REO Property Information page. Please refer to this training for full details.
As the user scrolls down the application page to the liability sections there is a red message that states: “Liabilities may be auto-populated from the Credit/Underwriting page.”
For loans that are imported into GUS:

- The liabilities listed in the lender’s LOS will be populated on this application page.

- Ensure every single open account on the credit report is reflected in the liabilities.

- Users may choose to delete all liabilities that imported and then select the auto-populate option when ordering a new credit report or re-issuing an existing credit report to the GUS application from the “Credit and Underwriting” page. This will ensure all open liabilities are displayed in this section of the GUS application.
For loans that are manually entered by the user into GUS:

• It is recommended that users skip manually entering the liabilities.

• Instead, select the “auto-populate” option when ordering the credit report into GUS. This will ensure that every open liability on the credit report will be reflected on this application page.
Regardless of which liability entry method you choose, the first liabilities section is “Mortgage Liabilities (HELOC, Mortgage)”. If an applicant is currently liable for a mortgage obligation, it must be entered into the GUS liabilities. Users must ensure the following are completed:

- **Account Owner**: Select the applicant responsible for the liability.
- **Liability Type**: There are two options: HELOC for Home Equity Lines of Credit and Mortgage Loan. Select the appropriate type.
• Balance: The current balance due as reported on the credit report or supporting documentation.

• Monthly Payment: Enter the applicable monthly payment.

• Creditor Name: Enter the creditor name.

• Notes: This is a free text data field that will allow the user to enter any notes that are important for the underwriter and USDA to know. For example, an entry of “sold” or “pending sale” will alert the reviewer of the status of the property.
• Select Property: When the “REO Property” section is properly completed, the address for this mortgage liability may be selected from the dropdown box.
On the left side of each mortgage liability the following options are available to remove the payment from ratio analysis. The selection of either option must be fully documented:

- **Omit**: For example, if the property has been rented for 24 months or more, it would qualify to be omitted from the ratios.

- **Paid by Close**: Properties that are sold or are pending sale and will close before the proposed guaranteed loan, this option may be selected.
If additional mortgage liabilities exist, select “Insert More Mortgage Liabilities.”

If the user wishes to delete all data entries, select “Delete All Mortgage Liabilities.”
Applicant’s that will retain a property that has no mortgage liability must have the continuing monthly debts of real estate taxes, insurance, special assessments, HOA fees, etc. included in the debt ratios. This is accomplished by manually entering these debts in the “Other Liabilities” section of this application page.

When these items are manually entered into GUS, an underwriting recommendation of “Accept” will not require a downgrade.
The second set of liabilities is “Other Liabilities.” The user must complete the following data fields:

- **Account Owner:** Select the account owner from the drop down box.

- **Liability Type:** Select the appropriate liability type from the drop down box. This section will typically capture revolving accounts such as credit cards, installments debts, collections, etc.
• Balance: Enter the balance on the credit report or from supporting documentation.

• Monthly Payment: Enter the applicable monthly payment.

• Creditor Name: Enter the creditor for the account.

• Notes: This is a free text data field where the user can enter important or useful information for the underwriter and USDA. A few examples of an informative note would alert the reviewer to: 1.) one percent of a student loan has been entered, 2.) a collection was omitted because it is medical, 3.) a liability was omitted because it was included in a bankruptcy in 2014, etc.
If a liability is eligible to be omitted from the debt ratios or it will be paid by close, users may select the applicable check box.

Refer to 7 CFR 3555 and HB Chapter 10 and 11 for guidance regarding the omission of eligible debts.
A distinction must be made between “Omit” and “Paid by Close.”

“Omit” is typically selected when:
• The liability has already been paid in full by the applicant and there is documentation to support the zero balance, or
• The underwriter has determined the liability is not required to be paid in full as a condition of loan approval. Examples of omitting debts may include but are not limited to medical collections, evidence the debt is already paid in full, etc. Underwriting rationale and documentation as applicable must be recorded in the permanent loan file.
• Debts that are omitted will not be included in the debt ratio calculation.
Assets and Liabilities: Omit or Paid By Close

Paid by Close

• Liability will be paid in full at or before the guaranteed loan closes
• Funds required to pay these debts will be deducted from cash reserves
• Mortgage liabilities typically have net equity to accommodate payoff
• Debt will be excluded from ratio calculations

“Paid by Close” is typically selected when:
• The liability will be paid in full at or before the guaranteed loan closes. The lender will retain documentation to support the exclusion of this debt from the ratios was accurate.
• Funds required to pay these debts will be deducted from eligible cash reserves.
• Mortgage liabilities that will be paid by close typically have net equity entered in the “Assets” section to support the payoff amount.
• Debts that are marked paid by close will also be excluded from the ratio calculations.
This slide displays an example how not to code a liability.

Do NOT select omit and then declare in the “Notes” section it will be paid by close.

There is a “Paid by Close” option located next to the “Omit” option. By making these selections the user has omitted the debt from the ratio calculations and avoided depleting cash reserves. This is incorrect data entry. Therefore, this loan will be released for correction by USDA to the approved lender for correct data entry.
If additional liability data fields are needed, the user may select “Insert More Other Liabilities.”

If the user wishes to delete all currently entered data they may select “Delete All Other Liabilities.”
The third and final liabilities section is “Additional Expenses.” The user must complete the following:

- **Account Owner**: Select the account owner from the drop down box.

- **Expense Type**: Select the applicable expense type. This section will typically capture alimony, child support, and additional expenses that must be included in the ratio calculations. Child care is listed as an expense type, but the payment of childcare is not required to be included in the total debt ratio. GUS has been designed to capture all data entries that are available in the users LOS. Underwriters may include any debt in the ratios that they feel is a significant impact to repayment ability.
- Monthly Payments: Enter the applicable monthly payment.
- Months Left to Pay: Enter the number of payments remaining for this debt.
- Notes: This is a free text data field where the user may enter any important notes for the underwriter and USDA.
If additional data fields are required, the user may select “Insert More Additional Expenses.”
If the user wishes to delete or omit an individual additional expense, they may select “Del” for delete, or “Omit” as applicable.
Please sign up for GovDelivery messages. USDA sends out origination (including GUS) and servicing messages to alert lenders of new publications, clarifications, and additional program updates.
Thank you for supporting the USDA Single Family Housing Guaranteed Loan Program! We appreciate the opportunity to help you serve more rural homebuyers!
This will conclude the training module. Thank you and have a great day!