




Welcome to the REO Property GUS application page, presented by USDA's Single Family Housing Guaranteed Loan Program!



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Department of
Agriculture
Rural Development

Training Objectives

- REO property information
- Property address
- Financial information

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The training objectives will review each section of the GUS REO Property application page which includes:

- REO property information,
- Property address, and
- Financial information.



REO Properties: Not Applicable

- Manufactured homes on rented lots
- Manufactured homes not titled/taxed as real property
- Timeshares

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Before the review of the REO Properties application page, there are some transactions that are not required to be completed.

- Manufactured homes or trailers that are located on rented lot space or are not taxed/titled as real estate are not considered personal property.
- Timeshares are also not required to be entered on this application page due to the nature of their ownership interest.

Please ensure all applicable debts associated with these liabilities or ownership are reflected on the “Asset and Liabilities” application page.

Assets and Liabilities: REO Property Information

Assets

Account Owner	Asset Type	Cash Value	If Not Equity, Select Property	Description
Homesteader, John	Checking Account	\$4,000.00	Select One	
Homesteader, Mary	Savings Account	\$2,000.00	Select One	
Select One	Select One	\$0.00	Select One	
Select One	Select One	\$0.00	Select One	
Select One	Select One	\$0.00	Select One	

REO Property Information

Mortgage Liabilities (HELOC, Mortgage)

Paid By	Account Owner	Liability Type	Balance	Monthly Payment	Creditor Name	Notes	Select Property
<input type="checkbox"/>	Homesteader, John	Mortgage Loan	\$122,000.00	\$617.00	ABC Lending	January 4, 2017	123 E Oak Street, Normal, Illinois 61761
<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One
<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One

Users can enter information regarding REO properties from the GUS Assets and Liabilities application page.

Under the “REO Property Information” section users may select the “REO Property Information” button.

REO Properties

IF REO is a Pending Sale, OUS calculates the Net Equity and includes in Liquid Assets. Net Equity can be calculated outside of OUS and entered (positive or negative) as Net Equity in the Assets section. If Net Equity is entered in the Assets section, OUS will use that amount in the Liquid Asset calculation.

REO Properties	REO Properties
Property Owner: Select One	Property Owner: Select One
Property Indicator: Select One	Property Indicator: Select One
Property Disposition: Select One	Property Disposition: Select One
Property Type: Select One	Property Type: Select One
Property Address	
Street Address: [Text Box]	
City: [Text Box]	
State/Zip: [Dropdown] [Text Box]	
Financial Information	
Present Market Value: \$0.00	
Amt of Mortgage Liens: \$0.00	
<small>(This section Calculated Net Equity, enter amount in second column)</small>	
Net Equity: \$0.00	\$0.00
Gross Rental Income: \$0.00	\$0.00
Mortgage Payments: \$0.00	\$0.00
Insur Maint Taxes: \$0.00	\$0.00
<small>(This section Calculated Net Rental Income, enter amount in second column)</small>	
Net Rental Income: \$0.00	\$0.00
[Delete]	

Insert More REO Properties

BACK NEW EDIT DELETE

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The REO Properties application page will display. There are three sections:

- REO Properties
- Property Address, and
- Financial Information.

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REO Properties

REO Properties

Property Owner

Property Indicator

Property Disposition

Property Type

Property Owner
Homeowner, John
Homeowner, Mary

Property Indicator
Current Residence
Refinance of Current Residence
Subject of the Loan

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The REO Properties section will capture the property:

- Owner
- Indicator
- Disposition, and
- Type.

This slide displays the drop down selections for the “Property Owner.” Please select the appropriate applicant for the property.

The “Property Indicator” includes Current Residence, Refinance of the Current Residence, or Subject of the Loan.

The image shows a screenshot of a web form titled "REO Properties" under the USDA Rural Development logo. The form contains four dropdown menus: "Property Owner", "Property Indicator", "Property Disposition", and "Property Type". The "Property Disposition" and "Property Type" dropdowns are highlighted with red boxes. The "Property Disposition" dropdown is open, showing options: "Select One", "Pending Sale", "Rental", "Retained", and "Sold". The "Property Type" dropdown is also open, showing options: "Select One", "Commercial Non Residential", "Condominium", "Cooperative", "Farm", "Home and Business", "Land", "Manufactured Mobile Home", "Mixed Use Residential", "Multifamily More Than Four", "Single Family", "Townhouse", and "Two to Four Unit Property".

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REO Properties

REO Properties

Property Owner

Property Indicator

Property Disposition

Property Type

Property Disposition

- Pending Sale
- Rental
- Retained
- Sold


Property Type

- Commercial Non Residential
- Condominium
- Cooperative
- Farm
- Home and Business
- Land
- Manufactured Mobile Home
- Mixed Use Residential
- Multifamily More Than Four
- Single Family
- Townhouse
- Two to Four Unit Property

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Users may select the “Property Disposition” from Pending Sale, Rental, Retained, or Sold. It is important to make the correct selection in order to allow for additional data fields to be available for completion on this page.

The “Property Type” may also be selected from the twelve options displayed in the drop down box on the slide.



REO Properties: Property Address

- Property Address

Street Address

City


State/Zip

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In the Property Address section the user will enter the following for the REO property:

- Street Address
- City
- State, and Zip.

The property address must be completed in order for the user to be able to select this property to coincide with any mortgage debts on the “Assets and Liabilities” application page.



REO Properties: Financial Information

- Financial Information

Present Market Value

Amt of Mortgage Liens

(To override Calculated Net Equity, enter amount in second column).

Net Equity

Gross Rental Income

Mortgage Payments

Insur Maint Taxes

(To override Calculated Net Rental Income, enter amount in second column).

Net Rental Income

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The Financial Information section will allow for data entry into the following fields as applicable to the selected property disposition:

- Present Market Value,
- Amount of Mortgage Liens,
- Net Equity,
- Gross Rental Income,
- Mortgage Payments,
- Insurance, Maintenance, Taxes, and
- Net Rental Income.

GUS will automatically calculate net equity and net rental income when it applies, but the user can override the calculation. These data fields will be covered in the appropriate disposition examples.

The following slides will review GUS data entry based upon the selected property disposition.

The first example will be for a Pending Sale.

At the top of the REO Properties application page there is a red message that states: *“If REO is a Pending Sale, GUS calculates the Net Equity and includes in Liquid Assets. Net Equity can be calculated outside of GUS and entered (positive or negative) as Net Equity in the Assets section. If Net Equity is entered in the Assets section, GUS will use that amount in the Liquid Asset calculation.”*

REO Properties: Pending Sale

REO Properties
 (If REO is a Pending Sale, GUS calculates the Net Equity and includes in Liq.)

REO Properties
 Property Owner: Homeowner, John
 Property Indicator: Current Residence
 Property Disposition: Pending Sale
 Property Type: Single Family

Property Address
 Street Address: 122 E Oak Street
 City: Normal
 State/Zip: Illinois 61761 1233

Financial Information
 Present Market Value: \$145,000.00
 Amt of Mortgage Liens: \$122,000.00
 (To override Calculated Net Equity, enter amount in second column.)
 Net Equity: \$8,500.00 \$0.00
 Gross Rental Income: \$0.00
 Mortgage Payments: \$0.00
 Insur Maint Taxes: \$0.00
 (To override Calculated Net Rental Income, enter amount in second column.)
 Net Rental Income: \$0.00 \$0.00

Financial Information
 Present Market Value: \$145,000.00
 Amt of Mortgage Liens: \$122,000.00
 (To override Calculated Net Equity, enter amount in second column.)
 Net Equity: \$8,500.00 \$0.00
 Gross Rental Income: \$0.00
 Mortgage Payments: \$0.00
 Insur Maint Taxes: \$0.00
 (To override Calculated Net Rental Income, enter amount in second column.)
 Net Rental Income: \$0.00 \$0.00

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The user has completed the REO Properties section to reflect a “Property Disposition” of “Pending Sale” of the “Current Residence.”

The “Property Address” section is completed.

The “Financial Information” section will allow the user to complete the “Present Value” and “Amount of Mortgage Liens.” Based on these two figures, GUS will calculate the “Net Equity.”

The red message states “To override Calculated Net Equity, enter amount in the second column.”

“Net Equity” has two data fields. The first one is the GUS calculation. GUS calculates the net equity of the property as 90% of the present market value minus the amount of mortgage liens.

If the user calculates a higher or lower amount that is supported with documented evidence, they may enter the new figure (positive or negative) in the second data field. GUS will use the data entered by the user for liquid asset calculations and underwriting recommendation purposes.

Because this is a pending sale, the data fields of “Gross Rental Income, Mortgage Payments, Insurance Maintenance Taxes, and Net Rental Income” will not be completed.

The user may save the application page and return to the “Assets and Liabilities” page.

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REO Properties: Pending Sale

Assets and Liabilities

Mortgage Liabilities (HELOC, Mortgage)

Paid Omit by Close	Account Owner	Liability Type	Balance	Monthly Payment	Creditor Name	Notes	Select Property
<input checked="" type="checkbox"/>	Homeowner, John	Mortgage Loan	\$122,000.00	\$545.00	XYZ Mortgage	pending sale	122 E Oak Street, Normal, Illinois 61761
<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One
<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One

Insert More Mortgage Liabilities Delete All Mortgage Liabilities

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Back on the “Assets and Liabilities” application page, the mortgage debt associated with REO Property was entered under the “Mortgage Liabilities” section.

The property is pending sale, therefore the user may select “Paid by Close” when the property will sell before the new proposed mortgage is closed, this will ensure the mortgage liability is not included in the debt ratio calculation.

The user may also complete “Select Property” from the drop down box that will now reflect the address entered on the “REO Properties” application page.

REO Properties: Pending Sale
Net Equity is added to Liquid Assets / Cash Reserves

Assets and Liabilities

Assets					Financial Information	
Account Owner	Asset Type	Cash Value	If Net Equity, Select Property	Description	Present Market Value	Amt of Mortgage Liens
Del Homeowner, John	Checking Account	\$4,300.00	Select One		\$145,000.00	\$122,000.00
Del Homeowner, Mary	Savings Account	\$2,000.00	Select One			
Del Select One	Select One	\$0.00	Select One			
Del Select One	Select One	\$0.00	Select One			
Del Select One	Select One	\$0.00	Select One			
					Net Equity	\$8,500.00

MORTGAGE INFORMATION

LTV	99.6169%	Monthly PITI	\$1,058.70	Note Rate	4.5%
PITI Ratio	19.6056%	Other Monthly Debt	\$25.00	Loan Type	RHS
TD Ratio	20.9685%	Total Monthly Debt	\$1,083.70	Loan Term	360
Loan Amount	\$144,444.44	Amortization Type	Fixed	Loan Purpose	Purchase
Sales Price	\$140,000.00	Refinance Purpose	N/A	Payment Shock	111.7400%
Appraised Value	\$145,000.00	Cash Reserves	\$14,800.00	Months of Cash Reserves	13
Monthly MCC	\$0.00				
Temporary Buydown	No				

As stated in the red message at the top of the REO Properties application page, GUS included the “Net Equity” in the liquid assets.

The “Assets and Liabilities” application page reflects \$6,300 of entered assets. The REO Properties application page reflects \$8,500 of Net Equity.

This example assumes no cash was required from the borrower at loan closing. Therefore \$14,800 of cash reserves is stated on the GUS Underwriting Findings Report.

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REO Properties: Sold

REO Properties
(If REO is a Pending Sale, GUS calculates the Net Equity and includes in Liq)

REO Properties
 Property Owner: Homeowner, John
 Property Indicator: Current Residence
 Property Disposition: **Sold**
 Property Type: Single Family

Property Address
 Street Address: 122 E Oak Street
 City: Normal
 State/Zip: Illinois 61761 1233

Financial Information
 Present Market Value: \$145,000.00
 Amt of Mortgage Liens: \$122,000.00
 (To override Calculated Net Equity, enter amount in second column)
 Net Equity: \$0.00 \$0.00
 Gross Rental Income: \$0.00
 Mortgage Payments: \$0.00
 Insur Maint Taxes: \$0.00
 (To override Calculated Net Rental Income, enter amount in second column)
 Net Rental Income: \$0.00 \$0.00

Delete

Insert More REO Properties


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The next example is for a property disposition of “Sold.”

The “Property Address” section is complete.

In the “Financial Information” section the user can complete the applicable data fields of “Present Market Value” and “Amount of Mortgage Liens.”

Notice that “Net Equity” is not calculated by GUS for a sold property disposition. Therefore if net equity or sale proceeds are realized, the user must manually enter these assets on the “Assets and Liabilities” application page if they are not reflected in a depository account.



REO Properties: Sold

Assets and Liabilities

Mortgage Liabilities (HELOC, Mortgage)

Paid Omit by Close	Account Owner	Liability Type	Balance	Monthly Payment	Creditor Name	Notes	Select Property
<input checked="" type="checkbox"/>	Homeowner, John	Mortgage Loan	\$122,000.00	\$575.00	ABC Lending	sold	122 E Oak Street . Normal, Illinois 61761
<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One
<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One

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The property is already sold. Therefore any proceeds realized from the sale of the home may be reflected in a liquid checking or savings account.

The corresponding mortgage liability may be omitted because the property is sold and the loan closing has already occurred. By selecting “omit” the monthly payment will not be included in the debt ratio calculations. The property address will be available under the “Select Property” drop down box.

REO Properties: Rental

REO Properties
 (If REO is a Pending Sale, GUS calculates the Net Equity and includes in L)

REO Properties
 Property Owner: Homeowner, John
 Property Indicator: Current Residence
 Property Disposition: Rental
 Property Type: Single Family

Property Address
 Street Address: 122 E Oak Street
 City: Normal
 State/Zip: Illinois 61761 1233

Financial Information
 Present Market Value: \$145,000.00
 Amt of Mortgage Liens: \$122,000.00
 Net Equity: \$0.00
 Gross Rental Income: \$1,200.00
 Mortgage Payments: \$450.00
 Insur Maint Taxes: \$125.00
 Net Rental Income: \$325.00

COMPLETE IF PROPERTY IS RENTED 24 MONTHS +

In this example the REO disposition is “Rental.”

The “Property Address” section is complete.

In the “Financial Information” section the following data fields may be completed:

- Present Market Value
- Amount of Mortgage Liens,
- Gross Rental Income,
- Mortgage Payments, and
- Insurance, Maintenance, Taxes.

GUS will calculate the “Net Rental Income” based on the data entered in this section. GUS will enter this amount in the first data field. GUS uses a 25% vacancy factor when calculating net rental income. In this example the net rental income of \$1,200 would be reduced by 25% to \$900. Then the \$450 mortgage payment and \$125 of Insurance, Maintenance, and Taxes would be deducted. This arrives at the positive net rental income amount of \$325.

If the actual net rental income is more or less than the GUS figure and it can be supported with documentation, the user may enter that amount (positive or negative) in the second data field.

Helpful Tip: Only positive net rental income received for 24 months or more may be

determined as stable and dependable income for repayment purposes. If the rental income has been received for less than 24 months, users should not complete the “Gross Rental Income, Mortgage Payments, or Insurance, Maintenance, Taxes” data fields.

REO Properties: Rental (positive)

REO Page

Financial Information

Present Market Value	\$145,000.00
Amt of Mortgage Liens	\$122,000.00
<i>(To override Calculated Net Equity, enter amount in second column)</i>	
Net Equity	\$0.00
Gross Rental Income	\$1,200.00
Mortgage Payments	\$450.00
Insur Maint Taxes	\$125.00
<i>(To override Calculated Net Rental Income, enter amount in second column)</i>	
Net Rental Income	\$325.00

Income and Expenses

Monthly Repayment Income ^(P)
(Stable and dependable income of parties to the note)

	Homeowner, John	Homeowner, Mary	Total
Base Employment Income	\$3,200.00	\$2,200.00	\$5,400.00
Overtime	\$0.00	\$0.00	\$0.00
Bonuses	\$0.00	\$0.00	\$0.00
Commissions	\$0.00	\$0.00	\$0.00
Dividends/Interest	\$0.00	\$0.00	\$0.00
Other <i>(enter details below)</i>	\$0.00	\$0.00	\$0.00
Subtotal	\$3,200.00	\$2,200.00	\$5,400.00
Net Rental	\$325.00	\$0.00	\$325.00
Total	\$3,525.00	\$2,200.00	\$5,725.00

The “Net Rental Income” calculated on the “REO Properties” application page was \$325. The user did not enter an alternate amount in the second data field for GUS to consider for the application.

GUS will automatically add positive rental income to the “Net Rental” data field on the “Income and Expenses” application page. Negative rental income will be added to the monthly liabilities prior to ratio calculations.

Helpful Tip Reminder: Only positive net rental income received for 24 months or more may be determined as stable and dependable income for repayment purposes.

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REO Properties: Rental (positive) Asset and Liabilities

Mortgage Liabilities (HELOC, Mortgage)

Omit	Paid by	Account Owner	Liability Type	Balance	Monthly Payment	Creditor Name	Notes	Select Property
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Homeowner, John	Mortgage Loan	\$122,000.00	\$575.00	ABC Lending	rented 28 mo	122 E Oak Street, Normal, Illinois 61761
<input type="checkbox"/>	<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One
<input type="checkbox"/>	<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One

Insert More Mortgage Liabilities Delete All Mortgage Liabilities

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On the “Assets and Liabilities” application page, IF the REO property has been rented for a minimum of 24 months, the corresponding mortgage liability may be omitted. This will ensure the mortgage payment is not included in the debt ratio calculations.

Notice on this screen shot the user entered under “Notes” that the property had been rented for 28 months. Nice touch! Now the underwriter and USDA are aware that the user knows that only rental properties with a minimum of 24 month rental history are eligible to include rents received for repayment and omission of corresponding mortgage debts.

The property address will be available under the “Select Property” drop down box.



REO Properties: Rental (positive)

Eligibility: 3555.152(b)

Eligibility Page

Monthly Gross Income For All Household Members ^(P)
(Annual income of household members to determine income eligibility)

	Applicant(Borrower with highest income)	Other Household Members
Base Employment Income	\$3,200.00	\$2,200.00
Overtime	\$0.00	\$0.00
Bonuses	\$120.00	\$0.00
Commissions	\$0.00	\$0.00
Dividends/Interest	\$0.00	\$0.00
Other	\$0.00	\$0.00
Net Rental	\$325.00	\$0.00

All Other Monthly Income Received by Adult Members of the Household:

Income Category ^(P) Moderate [Income Category Lookup](#)
Which Income Category should I choose? ⓘ

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Rental income that has been received regularly must be considered in the annual income calculation to determine program eligibility as required under 3555.152(b).

This slide displays the entry of net rental income in the “Monthly Gross Income For All Household Members” section.

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REO Properties: Rental (negative)

REO Page

- Financial Information

Present Market Value

Amt of Mortgage Liens

(To override Calculated Net Equity, enter amount in second column).

Net Equity

Gross Rental Income

Mortgage Payments

Insur Maint Taxes

(To override Calculated Net Rental Income, enter amount in second column).

Net Rental Income

Income and Expenses

Monthly Repayment Income ^(P)
(Stable and dependable income of parties to the note)

	Homeowner, John	Homeowner, Mary	Total
Base Employment Income	<input type="text" value="\$3,200.00"/>	<input type="text" value="\$2,200.00"/>	<input type="text" value="\$5,400.00"/>
Overtime	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>
Bonuses	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>
Commissions	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>
Dividends/Interest	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>
Other <i>(enter details below)</i>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>	<input type="text" value="\$0.00"/>
Subtotal	<input type="text" value="\$3,200.00"/>	<input type="text" value="\$2,200.00"/>	<input type="text" value="\$5,400.00"/>
Net Rental	<input type="text" value="-\$332.50"/>	<input type="text" value="\$0.00"/>	<input type="text" value="-\$332.50"/>
Total	<input type="text" value="\$2,867.50"/>	<input type="text" value="\$2,200.00"/>	<input type="text" value="\$5,067.50"/>

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This example will review the correct GUS sequence when the net rental income is negative. In this example, the “Net Rental Income” calculated on the “REO Properties” application page was a negative \$332.50. The user did not enter an alternate amount in the second data field for GUS to consider for the application.

GUS will automatically reflect this negative amount in the “Net Rental” data field on the “Income and Expenses” application page. However, GUS does not deduct the loss from the repayment income. GUS will include this loss of \$332.50 per month in the total debt ratios.

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REO Properties: Rental (negative) Asset and Liabilities

Mortgage Liabilities (HELOC, Mortgage)

Paid Omit by Close	Account Owner	Liability Type	Balance	Monthly Payment	Creditor Name	Notes	Select Property
<input checked="" type="checkbox"/>	Homeowner, John	Mortgage Loan	\$122,000.00	\$545.00	XYZ Mortgage	rented 28	122 E Oak Street, Normal, Illinois 61761
<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One
<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One

Insert More Mortgage Liabilities Delete All Mortgage Liabilities

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On the “Assets and Liabilities” application page, IF the REO property has been rented for a minimum of 24 months, the corresponding mortgage liability may be omitted. This will ensure the mortgage payment is not included in the debt ratio calculations.

GUS is already including the net rental income loss into the monthly debt ratio calculations. Therefore if the user does not “omit” the mortgage liability from this application page, the applicant will be negatively impacted by not only mortgage loan payment but also the negative net rental loss as well. This should be avoided.



REO Properties: Rental (negative)

Eligibility: 3555.152(b)

Eligibility Page

Monthly Gross Income For All Household Members ^(P)
(Annual income of household members to determine income eligibility)

	Applicant(Borrower with highest income)	Other Household Members
Base Employment Income	\$3,200.00	\$2,200.00
Overtime	\$0.00	\$0.00
Bonuses	\$120.00	\$0.00
Commissions	\$0.00	\$0.00
Dividends/Interest	\$0.00	\$0.00
Other	\$0.00	\$35.00
Net Rental	\$0.00	\$0.00

All Other Monthly Income Received by Adult Members of the Household:

Income Category ^(P) Moderate ▼ [Income Category Lookup](#)

Which Income Category should I choose? [?](#)

Net rental income losses are considered zero for annual income and program eligibility calculations per 3555.152(b). Therefore, the user will not enter any amount in the “Net Rental” income data field.

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REO Properties: Rental (negative)

MORTGAGE INFORMATION

LTV	99.6169%	Monthly PITI	\$1,050.70	Note Rate	4.5%
PITI Ratio	19.6050%	Other Monthly Debt	\$732.50	Loan Type	RHS
TD Ratio	33.1704%	Total Monthly Debt	\$1,791.20	Loan Term	360
Loan Amount	\$144,444.44			Amortization Type	Fixed
Sales Price	\$140,000.00			Loan Purpose	Purchase
Appraised Value	\$145,000.00			Refinance Purpose	N/A
Monthly MCC	\$0.00			Payment Shock	111.7400%
Temporary Buydown	No			Cash Reserves	\$1,145.00
				Months of Cash Reserves	1

GUS Findings

\$375 Toyota
+ \$25 Visa
+ 332.50 Rental loss
\$732.50

Assets and Liabilities

Other Liabilities		Account Owner	Liability Type	Balance	Monthly Payment	Creditor Name	Notes
<input type="checkbox"/>	<input type="checkbox"/>	Homeowner, John	Installment	\$12,500.00	\$375.00	TOYOTA CREDIT	
<input type="checkbox"/>	<input type="checkbox"/>	Homeowner, Mary	Revolving	\$950.00	\$25.00	UNIVERSAL VISA	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Homeowner, John	Revolving	\$1,500.00	\$35.00	VISA	
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Homeowner, John	Revolving	\$655.00	\$15.00	KOHL'S	

Based on the data entries we have reviewed, let's double check our work to ensure the rental loss is properly documented in GUS.

The GUS Underwriting Findings Report shows the "Other Monthly Debt" total as \$732.50. This would include the two eligible debts listed on the "Assets and Liabilities" page of \$375 and \$25. Notice the other two revolving debts were selected as "paid by close" by the user.

\$375 plus \$25 plus the net rental income loss calculated on the "REO Properties" page of \$332.50 equals the total of \$732.50. This would indicate the net rental loss is correctly entered into GUS and the applicant is not being hit again for the current mortgage liability associated with this rental property.

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REO Properties: Rental (negative)

Income and Expenses

Monthly Repayment Income ^(P)
(Stable and dependable income of parties to the note)

	Homeowner, John	Homeowner, Mary	
Base Employment Income	\$3,200.00	\$2,200.00	\$5,400.00
Overtime	\$0.00	\$0.00	\$0.00
Bonuses	\$0.00	\$0.00	\$0.00
Commissions	\$0.00	\$0.00	\$0.00
Dividends/Interest	\$0.00	\$0.00	\$0.00
Other <i>(enter details below)</i>	\$0.00	\$0.00	\$0.00
Subtotal	\$3,200.00	\$2,200.00	\$5,400.00
Net Rental	-\$332.50	\$0.00	-\$332.50
Total	\$2,867.50	\$2,200.00	\$5,067.50

GUS Findings

REPAYMENT INCOME

	Homeowner, John	Homeowner, Mary
Base Employment Income	\$3,200.00	\$2,200.00
Overtime	\$0.00	\$0.00
Bonuses	\$0.00	\$0.00
Commission	\$0.00	\$0.00
Dividends/Interest	\$0.00	\$0.00
Other Income	\$0.00	\$0.00
Net Rental Income	\$0.00	\$0.00
Total Repayment Income	\$5,400.00	

If the user was concerned that GUS not only included the net rental loss in the monthly liabilities, but also deducted the loss from repayment income, a quick check of the GUS Underwriting Findings Report will verify that the full repayment income data entry of \$5,400 was utilized.

So while GUS may show a deduction of the net rental loss on the “Income and Expenses” application page, it truly includes the loss in the monthly liabilities total as previously reviewed.



Rental Income Reminders


Received 24 months or more

- Complete Financial Information on REO Properties
- Positive income will pre-fill on Income & Expenses
- Negative income will reflect in monthly liabilities total
 - It will reflect on Income & Expenses page but it is not deducted from income
- Add positive income to Eligibility
- Omit corresponding mortgage/real estate liabilities

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Let's review some rental income reminders for properties with a documented receipt of rent for 24 months or more:

- Users may complete the "Financial Information" section of the "REO Properties" page.
- Positive net rental income will automatically pre-fill in the "Net Rental" income data field for repayment income on the "Income and Expenses" application page.
- Negative net rental income will be added to the total monthly liabilities figure before debt ratios are calculated. There will not be a corresponding liability created by GUS on the "Assets and Liabilities" page. Users will see the negative rental income reflected on the GUS Underwriting Findings Report in the "Mortgage Information" and "Expenses" sections. The negative income will appear on the "Income and Expenses" application page as negative net rental income, but GUS does not deduct this from repayment income.
- Users must add positive net rental income to the "Eligibility" application as applicable under 7 CFR 3555.
- Any corresponding mortgage or real estate debts associated with the rental property may be omitted from the debt ratio calculations.



Rental Income Reminders
Received less than 24 months

- **Do not** complete Financial Information on REO Properties
- No history for repayment consideration
- Do not omit corresponding mortgage/real estate liabilities
- Add positive income to Eligibility

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When rental income has been received for less than 24 months:

- Users should not complete the “Financial Information” section of the “REO Properties” page. This will ensure GUS does not add unsupported net rental income to the application.
- Rental income received for less than 24 months is not considered a stable or dependable source of income for repayment purposes.
- The applicant remains responsible to pay for all mortgage and/or real estate liabilities associated with the property.
- Users must add positive net rental income to the “Eligibility” application page as applicable per 7 CFR 3555.

REO Properties

(If REO is a Pending Sale, GUS calculates the Net Equity and includes in Liq)

REO Properties

Property Owner: Homeowner, John

Property Indicator: Current Residence

Property Disposition: Retained

Property Type: Single Family

- Property Address

Street Address: 122 E Oak Street

City: Normal

State/Zip: Illinois 61761 1233

- Financial Information

Present Market Value: \$145,000.00

Amt of Mortgage Liens: \$122,000.00

(To override Calculated Net Equity, enter amount in second column)

Net Equity: \$0.00 \$0.00

Gross Rental Income: \$0.00

Mortgage Payments: \$0.00

Insur Maint Taxes: \$0.00

(To override Calculated Net Rental Income, enter amount in second column)

Net Rental Income: \$0.00 \$0.00

Delete

Insert More REO Properties

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This is a retained property example.

The “Property Address” section is complete.

Because the property will be retained there is no part of the “Financial Information” section that should be completed, but the following data fields are available:

- Present Market Value and
- Amount of Mortgage Liens.



REO Properties: Retained Assets and Liabilities

Mortgage Liabilities (HELOC, Mortgage)


Omit	Paid by Close	Account Owner	Liability Type	Balance	Monthly Payment	Creditor Name	Notes	Select Property
<input type="checkbox"/>	<input type="checkbox"/>	Homeowner, John	Mortgage Loan	\$122,000.00	\$575.00	ABC Lending		122 E Oak Street , Normal, Illinois 61761
<input type="checkbox"/>	<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One
<input type="checkbox"/>	<input type="checkbox"/>	Select One	Select One	\$0.00	\$0.00			Select One

Insert More Mortgage Liabilities
Delete All Mortgage Liabilities

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The home is retained, therefore all mortgage liability payments associated with the home must be included in the debt ratios.

The property address may be chosen from the “Select Property” dropdown box.



REO Properties: Retained
No mortgage debt
Assets and Liabilities page

- Include real estate taxes, insurance, assessments, HOA fees, etc. under “Other Liabilities”
- No downgrade of a GUS Accept is required for manual entry of these monthly debts

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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 as applicable. This is accomplished by returning to the “Assets and Liabilities” application page and manually entering these debts in the “Other Liabilities” section.

When these items are manually entered into GUS, an underwriting recommendation of “Accept” will not require a downgrade.

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This will conclude the training module. Thank you and have a great day!