A GUIDE FOR HOME BUYERS

FHA

THE FIRST-TIME BUYER'S FRONT DOOR

Lower down payment. Flexible credit.

How FHA loans work, what they cost, how mortgage insurance works, what the house has to pass, and the 2026 loan limits for the Capital Region.



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START HERE

READY TO STOP RENTING? FHA MAY BE YOUR WAY IN.

For a lot of buyers, the two biggest hurdles are the **down payment** and a **credit score** that isn't perfect yet. FHA loans were built for exactly that. They've helped millions of families buy their first home since the 1930s.

With an FHA loan, you can buy with as little as **3.5% down**, use gift money from family, combine it with down payment assistance and qualify with credit that's still being rebuilt.

I've been helping families into homes since 1993, first as a Realtor and now as a mortgage lender. Read this, then call me. In 15 minutes, I can tell you whether FHA or another loan is the better fit.

Brian

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WHAT AN FHA LOAN IS

A mortgage insured by the federal government.

FHA loans are made by approved lenders like New American Funding and **insured by the Federal Housing Administration**, part of HUD. That insurance protects the lender, which lets them offer lower down payments and more flexible credit rules.

3.5% DOWN

With a credit score of **580 or higher**. Scores from 500 to 579 need 10% down.

$541,287

The 2026 FHA limit for a **single-family home** in most counties, including the Capital Region.

1–4 UNITS

Buy a single-family home, condo or a **2–4 unit** property you'll live in.

NOT JUST FOR FIRST-TIME BUYERS

FHA is popular with first-time buyers, but **anyone** can use it, as long as the home will be your primary residence. Many move-up buyers and buyers rebuilding after a setback use FHA too.

GOOD TO KNOW: The minimum scores above are FHA's program rules. Individual lenders, including NAF, may set their own minimums. I'll tell you exactly where you stand.

WHO FHA LOANS FIT

Built for buyers with a small down payment or credit still in progress.

USUALLY A GOOD FIT

- You have a smaller down payment saved
- Your credit score is fair, not perfect
- Family is helping with a gift
- You're using down payment assistance
- You want to buy a 2–4 unit and live in one
- You had a bankruptcy or foreclosure a few years ago

KNOW GOING IN

- FHA has **mortgage insurance** upfront and monthly
- Monthly insurance often lasts **the life of the loan**
- The home must be your **primary residence**
- The appraisal checks the home's **condition**
- Condos must be FHA-approved
- Loan amounts are capped by county

REAL TALK: If your credit is strong and you have 5% or more down, a conventional loan may cost less over time. I'll run both side by side before you choose.

FHA VS. CONVENTIONAL

Two popular loans, different strengths.

	FHA	CONVENTIONAL
MINIMUM DOWN	3.5% with a 580+ score	3% for many first-time buyers
CREDIT FLEXIBILITY	More forgiving of lower scores	Best pricing for higher scores
MORTGAGE INSURANCE	Upfront plus monthly. Monthly often lasts the life of the loan	Monthly only. Can be removed at 20% equity
WAITING AFTER BANKRUPTCY	Generally 2 years (Chapter 7)	Generally 4 years (Chapter 7)
PROPERTY CONDITION	Must meet FHA standards	More flexible
2026 LIMIT (1 UNIT)	$541,287 in most counties	$832,750 in most counties

START WITH FHA, SWITCH LATER

Many buyers start with FHA, build equity and credit, then refinance to a conventional loan to drop mortgage insurance. That isn't guaranteed, but it's a common plan worth knowing about.

MORTGAGE INSURANCE, EXPLAINED

It's what makes the low down payment possible.

Every FHA loan has **mortgage insurance premium (MIP)**. It protects the lender if a loan defaults, which is why FHA can accept lower down payments and scores. There are two parts.

UPFRONT: 1.75%

A one-time premium of **1.75% of the loan amount**. It's usually added to the loan, so you don't pay it in cash at closing.

MONTHLY: 0.55% A YEAR

For most borrowers, an annual premium of **0.55%** of the loan, divided into your monthly payment.

YOUR DOWN PAYMENT	HOW LONG MONTHLY MIP LASTS
LESS THAN 10%	The life of the loan
10% OR MORE	11 years

GOOD TO KNOW: Premiums are set by HUD and current as of October 2026. Larger loans and shorter terms can have different rates. Your Loan Estimate will show your exact figures.

WHAT IT COSTS: AN EXAMPLE

A typical Capital Region purchase, step by step.

Here's how an FHA loan might look on a $300,000 home with the minimum down payment. Your price, rate, taxes and insurance will be different.

Purchase price	**$300,000**
Down payment (3.5%)	**($10,500)**
Base loan amount	**$289,500**
Upfront MIP (1.75%), added to the loan	**+$5,066**
Total loan amount	**$294,566**
MONTHLY MIP (0.55% ÷ 12)	**ABOUT $133**

EXAMPLE ONLY. NOT A RATE QUOTE OR LOAN ESTIMATE. EXCLUDES PRINCIPAL, INTEREST, TAXES AND INSURANCE.

CASH TO CLOSE

Down payment plus closing costs. Gifts, assistance and seller credits can help.

SELLER HELP

FHA allows the seller to pay up to **6%** of the price toward your costs.

TAXES MATTER

Capital Region property and school taxes vary a lot by town. I'll estimate yours.

DOWN PAYMENT, GIFTS & CREDIT

More ways to come up with the money, and more room on credit.

GIFT FUNDS	DOWN PAYMENT ASSISTANCE
Your entire down payment can be a **gift** from family, an employer or other approved donors, with a signed gift letter.	FHA works with programs like **SONYMA DPAL** and local city programs. Ask for my DPA guide.

580 AND UP	3.5% minimum down payment. Most FHA buyers fall here.
500 TO 579	10% minimum down payment, and fewer lenders will approve it.
BELOW 500	Not eligible for FHA. Let's build a plan to get you there.

CREDIT EVENT	FHA WAITING PERIOD (GENERAL)
CHAPTER 7 BANKRUPTCY	2 years from discharge
CHAPTER 13 BANKRUPTCY	12 months of on-time plan payments, with court approval
FORECLOSURE	3 years from completion

GOOD TO KNOW: Lender minimums can be higher than FHA's. Extenuating circumstances may shorten some waiting periods.

WHAT THE HOUSE HAS TO PASS

FHA appraisers check value and basic condition.

An FHA appraisal confirms the home is worth the price, and that it meets HUD's **minimum property standards** for safety, security and soundness. Most homes pass easily. Older homes sometimes need small repairs first.

1. **PEELING PAINT**
   On homes built before 1978, chipped or peeling paint usually must be fixed.

2. **ROOF**
   Should keep water out and have some useful life left.

3. **WORKING SYSTEMS**
   Heat, electrical and plumbing need to work safely.

4. **SAFETY ITEMS**
   Handrails on stairs, no exposed wiring, safe access to the home.

CONDOS

The building must be **FHA-approved**, or the unit must qualify through a single-unit approval.

FIXER-UPPERS

An **FHA 203(k)** loan can finance the purchase and repairs together. Ask for my renovation guide.

REAL TALK: An FHA appraisal is not a home inspection. Always get your own inspection, too.

COMMON MISTAKES THAT DELAY APPROVAL

Most of these are easy to fix ahead of time.

1 GIFT MONEY WITH NO PAPER TRAIL
Gifts need a letter and proof of the transfer. Don't deposit cash.

2 NEW CREDIT DURING THE LOAN
No new cards, car loans or financed furniture until after closing.

3 IGNORING REPAIRS
Peeling paint or a bad roof can hold up an FHA closing.

4 NON-APPROVED CONDO
Check the condo's FHA status before you make an offer.

5 CHANGING JOBS MID-LOAN
Talk to me before you switch employers or go part-time.

6 UNEXPLAINED DEPOSITS
Large deposits need a source. Keep your money where it is.

7 LATE PAYMENTS
One late payment during the process can change your approval.

8 SHOPPING BEFORE PRE-APPROVAL
Know your numbers before you fall in love with a house.

REAL TALK: Almost every one of these is avoidable with a 15-minute conversation before you apply. That's the cheapest time to fix a problem.

2026 LOAN LIMITS & MULTI-FAMILY

FHA can buy a two-family, and your tenant helps pay the mortgage.

FHA limits are set by county each year. Most Capital Region counties sit at HUD's national **floor**. Limits are higher for properties with more units.

Single-family (1 unit)	**$541,287**
Two-family (2 units)	**$693,050**
Three-family (3 units)	**$837,700**
Four-family (4 units)	**$1,041,125**

2026 FHA NATIONAL FLOOR LIMITS, FOR CASE NUMBERS ASSIGNED JANUARY 1 TO DECEMBER 31, 2026. I'LL CONFIRM YOUR COUNTY'S EXACT LIMIT.

LIVE IN ONE UNIT, RENT THE OTHERS

Albany, Troy and Schenectady have plenty of two- and three-family homes. With FHA, you can buy one with the same low down payment, as long as you live in one of the units. Rent from the other units may help you qualify.

GOOD TO KNOW: 3–4 unit properties have an extra test: the rent has to cover the full payment. I'll run that for you on any property you're considering.

12 · GET ORGANIZED

DOCUMENT CHECKLIST

Have these ready, and the process moves a lot faster.

- [ ] Pay stubs covering the last 30 days
- [ ] W-2s for the last 2 years
- [ ] Tax returns, if self-employed or required
- [ ] Bank statements, last 2 months, all pages
- [ ] Gift letter and proof of transfer, if applicable
- [ ] Government-issued photo ID
- [ ] Social Security number for each borrower
- [ ] Bankruptcy or foreclosure papers, if applicable
- [ ] Divorce decree or child support order, if applicable
- [ ] Current lease and landlord contact

Every buyer is a little different. I'll give you the exact list for your scenario before you gather anything.



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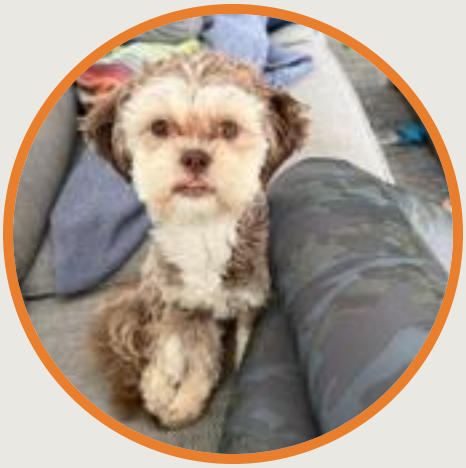
BOOK 15 MINUTES

EQUAL HOUSING OPPORTUNITY

This guide is for educational purposes only and is not a loan commitment or guarantee of approval. All loans are subject to credit, income, asset, property and appraisal approval; not all applicants will qualify. FHA loan limits shown are HUD's 2026 national figures; your county's limit may differ. Minimum credit scores shown are FHA program minimums; lender requirements may be higher. Mortgage insurance premiums, waiting periods and other guidelines are set by HUD, are current as of October 2026 and are subject to change. Examples are illustrations only and are not a rate quote or Loan Estimate. FHA loans require the home to be your primary residence. Brian Marchand and New American Funding are not acting on behalf of HUD or FHA. © 2026 New American Funding, LLC. NMLS #6606 (nmlsconsumeraccess.org). 1 MacArthur Place, Suite 800, Santa Ana, CA 92707 · newamericanfunding.com · (800) 450-2010. Licensed Mortgage Banker, NYS Department of Financial Services. Equal Housing Lender. October 2026.

PENNY'S CORNER

A few words from our Chief Belly-Rub Officer.



PENNY SAYS

CHIEF BELLY-RUB OFFICER

FHA is how a lot of Dad's families got their very first keys. Low down payment, flexible credit, and a real shot at a yard of your own.

Go ahead and ask Dad your questions. All of them. He has more patience than I do when the mail carrier comes.

CONNECT WITH PENNY ON FACEBOOK

Tips, updates and plenty of Penny.

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