

MORTGAGE Q&A GUIDE

65 real questions from Capital Region homebuyers and homeowners, answered in plain English.

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Questions in this guide

These are the questions people actually ask me, with the answers I give them. Every situation is different, so treat this as a starting point and call or text me with yours.

01 How does the VA funding fee actually work?

It is a one-time fee, not monthly mortgage insurance, and it is normally financed into the loan rather than paid at closing. The amount depends on your down payment and whether this is your first use of the benefit. First-time use with nothing down is the lowest tier, and subsequent use is higher. It is waived entirely for veterans receiving VA compensation for a service-connected disability, and for surviving spouses receiving DIC. If you have a rating and were charged the fee, it can be refunded. That happens more often than it should.

02 Can I use a VA loan more than once?

Yes, and you can sometimes have two VA loans at the same time. What governs it is entitlement, not a count of loans. As long as you have remaining entitlement, you can buy again. This is how service members handle a PCS move without selling: keep the first home as a rental, use remaining entitlement on the next. Entitlement is also restorable once the prior loan is paid off. The math is specific to your Certificate of Eligibility, so pull it before you plan around it.

03 Does a VA loan really require nothing down?

On most purchases, yes: 100% financing with no monthly mortgage insurance, a significant advantage for those who qualify. There is no loan limit on full-entitlement VA purchases. You still need funds for closing costs and prepaid taxes and insurance, though the seller can pay those and VA allows a seller concession of up to 4% of the value on top of normal closing costs. A well-structured VA offer can get someone into a home with very little cash.

04 Is a SONYMA rate actually better than a regular loan?

SONYMA rates are set by the state and are typically below the conventional market, which is the core benefit alongside the assistance. But the honest comparison is not rate alone. SONYMA carries income and purchase-price limits by county and household size, a recapture provision if you sell at a gain within nine years, and a longer underwriting path. For a buyer who needs the down payment help, it is usually the clear winner. For a buyer with 10% down and strong credit, a conventional loan sometimes nets out better. Run both.

05 What are the SONYMA income and purchase price limits?

They vary by county, by household size, and by program, and the state updates them periodically. In the Capital Region the income limits are more generous than most buyers assume. Households well into the six figures qualify in several counties. Because the numbers change, I will not quote them here and have them be wrong six months from now. The current limits by county are on the SONYMA income limits page, and I will run your specific household against them on a call.

06 When does PMI actually come off a conventional loan?

Two triggers. Automatic cancellation happens when your loan balance falls to 78% of the original property value. You don't have to ask. Borrower-requested cancellation is available at 80% LTV based on original value, and can be pulled earlier at 80% of current value if the home has appreciated (this one requires a new appraisal). Either way, unlike FHA MIP on a 3.5%-down loan, conventional PMI does not stay for life. It's temporary.

07 Do I need 20% down to get a conventional loan?

No: this is one of the biggest myths in the industry. First-time buyers can go conventional at 3% down through HomeReady (Fannie Mae) or Home Possible (Freddie Mac). Most other buyers put 5% down. The 20% number matters only because that's the point where PMI isn't required, not because it's the minimum.

08 How is HomeReady / Home Possible different from a standard conventional loan?

Same underlying loan, structured with a couple of buyer-friendly tweaks: 3% minimum down, reduced PMI, expanded flexibility on income sources (boarder income, non-occupant co-borrowers), and modest homebuyer-education requirements. Income limits apply in most areas. Great fit for first-time buyers with strong credit but limited savings.

09 Conventional or FHA: how do I know?

Short version: FICO 700+ with 5% down usually goes conventional (lower payment, PMI drops off). FICO under 680 or credit still healing usually goes FHA (looser guidelines, higher DTI ceiling). Between 680 and 720 the two programs run close; I structure both and show you the payment side-by-side so you pick with real numbers. See the FHA page for that side of the coin.

10 Can I use a conventional loan to buy an investment property?

Yes: up to 10 financed properties per borrower under Fannie Mae guidelines. Down payments run 20% on a 1-unit investment, 25% on 2-4 unit investment. Rates price higher than a primary but lower than any non-QM investor product on the market. For pure rental-income qualifying without personal income, look at DSCR loans instead.

11 What are the conforming loan limits in New York?

The conforming baseline is $832,750 in most NY counties. The high-cost counties, Nassau, Suffolk, Westchester, Rockland, and Putnam, go up to $1,209,750. Loans above the limit are jumbo, which is its own program with its own guidelines.

12 What is FHA mortgage insurance, and does it ever come off?

FHA charges two insurance premiums: UFMIP (1.75% up-front, rolled into the loan) and MIP (a monthly amount). On loans originated after June 2013 with less than 10% down, MIP stays on for the life of the loan. You'd need to refinance out of FHA (usually into a conventional loan) to drop it.

With 10%+ down, MIP falls off after 11 years. On many files, the smart play is FHA to close, then refi to conventional 24 months later once credit and equity are stronger.

13 Can I really get an FHA loan with a 500 FICO?

Yes, with 10% down and compensating factors like strong reserves, stable employment, or manageable DTI. Not every lender goes below 580. We do. If you're in the 500-579 range, call me before you talk to anyone else. The setup on these files matters more than the score itself.

14 Can my parents give me the down payment?

Yes: 100% of your down payment and closing costs can be a gift from an eligible donor (parent, grandparent, sibling, spouse, in-law, or documented close friend). The paperwork is a one-page gift letter plus proof the funds came from the donor's account. I draft the letter for you.

15 How is FHA different from a conventional loan?

Conventional loans are underwritten to Fannie Mae / Freddie Mac guidelines. Stricter credit, lower DTI, PMI that eventually cancels. FHA is government-backed with looser credit, higher DTI ceilings, lower down payments, and insurance that (on 3.5%-down files) stays for the life of the loan. FHA is often the right loan on the way to a conventional refi.

16 Can I buy a duplex or 4-unit with an FHA loan?

Yes: 1-4 unit properties are eligible if you live in one of the units as your primary residence. This is one of the best ways for first-time buyers to become landlords: 3.5% down on a 2-4 unit, live in one, rent the others.

17 What is the FHA Streamline refi?

If you already have an FHA loan and rates drop, the Streamline lets you refinance with minimal paperwork, no appraisal in most cases, and no income re-verification. Reduces MIP if your existing loan is older than mid-2013. One of the fastest refis in the market.

18 Is FHA or conventional better for a first-time home buyer?

Neither is automatically better. FHA is the stronger option when your credit score is under roughly 680 or your debt-to-income ratio is tight, because its mortgage insurance is priced the same regardless of score. Conventional is stronger at 700+, since PMI is cheaper at high scores and cancels once you reach 20% equity. First-time buyer status itself does not favor either program.

19 Does FHA mortgage insurance ever go away?

On a loan with less than 10% down, FHA annual mortgage insurance remains for the life of the loan. With 10% or more down it drops after 11 years. The only way to remove it on a low-down-payment FHA loan is to refinance into a conventional loan, which is why many borrowers use FHA as an entry point and refinance later.

20 Can you get a conventional loan with 3% down?

Yes. Conventional programs including HomeReady and Home Possible allow 3% down for qualifying buyers, typically with income limits or first-time buyer requirements. Standard conventional financing starts at 5% down. Both are well below the 20% figure most buyers assume is required.

21 What credit score do you need for FHA vs conventional?

FHA allows a 580 score at 3.5% down and goes as low as 500 with 10% down. Conventional generally requires 620 as a floor. The practical difference is pricing: conventional rates and PMI improve significantly as scores climb past 700, while FHA costs stay flat regardless of score.

22 Why did the seller reject my FHA offer?

Some sellers worry about FHA minimum property standards, which require the appraiser to flag conditions like peeling paint, missing handrails or a roof near the end of its life before closing. On a house needing cosmetic work, that can mean repairs the seller has to complete. A strong, current pre-approval and a lender the listing agent can reach both help. From the Realtor side of the table I have sat with sellers picking between offers. FHA rarely gets passed over because of the buyer. It gets passed over because the listing agent is braced for appraisal repair conditions. A clean, verified pre-approval and a lender the agent can actually reach changes that conversation. I make that call myself.

23 Can I switch from FHA to conventional later?

Yes, by refinancing, and it is a common strategy. Once your credit score has improved or you have reached about 20% equity, refinancing to conventional removes the permanent FHA mortgage insurance. Whether it makes sense depends on where rates are at that point compared with your existing note.

24 Is FHA available for investment property?

No. FHA financing requires you to occupy the home as your primary residence. A limited exception exists for two-to-four unit properties where you live in one unit and rent the others, which is a legitimate and often overlooked strategy. For a non-owner-occupied purchase you would use conventional or a DSCR loan.

25 What is the VA funding fee, and can I roll it into the loan?

The funding fee is a one-time charge that keeps the VA loan program self-sustaining (it replaces mortgage insurance). It's 2.15% of the loan amount for first-time use, 3.3% for subsequent use. Yes: you can roll it directly into the loan so you owe zero at closing. If you have a VA-rated service-connected disability, the fee is waived entirely.

26 Do I have to be a first-time buyer to use a VA loan?

No: this is a common misconception. The VA loan has nothing to do with first-time status. It's an earned benefit tied to your service, usable at any point in life.

27 What is the VA IRRRL refinance?

The Interest Rate Reduction Refinance Loan is the VA's streamline refinance. If you already have a VA loan and rates drop, you can refi with minimal paperwork, no appraisal in most cases, no income re-verification, and a lower funding fee (0.5%). One of the fastest, cleanest refis in the market.

28 Are there loan limits on a VA loan?

If you have full entitlement, there is no cap. You can buy up to what your income supports. Partial entitlement (from a prior unpaid VA loan) is subject to the county conforming loan limit.

29 Can I buy a multi-family home with a VA loan?

Yes: 1-4 unit properties are eligible, as long as you occupy one of the units as your primary residence. The rental income from the other units can help you qualify.

30 Does my town qualify for a USDA loan?

Most of the Capital Region outside the city cores does. Altamont, Ravena, Voorheesville, Berne, Coeymans, most of rural Rensselaer, Schoharie, Greene, and northern/western Saratoga County are eligible. Bethlehem, Delmar, Clifton Park, and Colonie are generally not. Send me the address and I'll pull the USDA map on the spot.

31 Is USDA only for low-income buyers?

No: that's a common misconception. USDA has "moderate income" limits that are surprisingly generous. For a family of four in most upstate NY counties, the cap runs $110-125K of household income. Plenty of solidly middle-class families qualify.

32 USDA vs. FHA, which is cheaper?

USDA is almost always cheaper. FHA requires 3.5% down and charges 0.55% annual MIP. USDA is 0% down and 0.35% annual. If you're eligible for USDA, it beats FHA in nearly every scenario.

33 Can I roll closing costs into a USDA loan?

Yes, if the appraised value comes in higher than the purchase price, the difference can absorb closing costs. Seller concessions up to 6% are also allowed. Between the two, most USDA buyers walk into closing with $0 out of pocket.

34 Can I use a USDA loan for a fixer-upper?

USDA is more conservative than FHA on property condition. The home must be move-in ready per USDA appraisal standards (roof, systems, safety). If the appraiser flags any "subject to" health-and-safety repairs, they'll be required before closing and a 1004D completion inspection will verify the work. For heavier renovation, consider an FHA 203(k) or HomeStyle. See the renovation loans page.

35 Does everyone in my household have to be on the loan?

No, but every adult (18+) in the home has to document their income for USDA's household-income eligibility test, even non-borrowers. USDA runs two income checks: household income (everyone) against the 115% AMI cap, and qualifying income (just the borrowers on the note) for DTI. It's the single biggest gotcha on USDA files, so we handle it up front.

36 Can I refinance my USDA loan later?

Yes: the USDA Streamlined-Assist refinance is one of the cleanest refis in the market. No appraisal, no re-verification of income, no credit re-pull required in most cases. If rates drop, you can lower your payment fast.

37 What is the jumbo loan limit in New York?

Any loan above $832,750 on a one-unit home is a jumbo loan in most New York counties, including Albany, Rensselaer, Saratoga, Schenectady, Warren and Washington. In the ten high-cost counties (Nassau, Suffolk, Westchester, Rockland and Putnam) the line is $1,209,750. Two-, three-, and four-unit properties have their own, higher limits.

38 Do jumbo loans have higher rates than conforming?

Not always. For years jumbo priced below conforming on strong files, and today it's typically within about a quarter point either direction depending on credit, LTV and reserves. The rate isn't the reason to avoid a jumbo, if the loan amount is over the limit, jumbo is simply the right tool.

39 Do I really need 20% down for a jumbo loan?

No. That's the most persistent myth in the category. 10% down is common, and select programs go to 5% for borrowers with excellent credit and reserves. More down improves pricing, but it isn't a requirement.

40 Is there PMI on a jumbo loan?

Usually not. Most jumbo programs carry no monthly mortgage insurance even below 20% down. The risk is built into the rate instead. That can make a 10%-down jumbo cheaper monthly than a 10%-down conventional with PMI.

41 Can I get a jumbo loan if I'm self-employed?

Absolutely. Beyond conventional, there are bank-statement programs that qualify you on deposits instead of tax returns. Built for the business owner whose accountant did a very good job. If a lender tells you your returns disqualify you, what they mean is their program does. See bank statement loans and Loan Programs.

42 How long does a jumbo loan take to close?

Typically 30 to 45 days. The extra steps, deeper reserve documentation, sometimes a second appraisal, manual underwriting, add days only if paperwork trickles in. Front-load the documents and jumbo closes on a normal timeline.

43 What does "non-warrantable" mean, and can I still buy?

Non-warrantable means Fannie Mae and Freddie Mac won't buy a loan in that building, usually because of low owner-occupancy, thin reserves, pending litigation, too much commercial space, or one entity owning too many units. You can absolutely still buy. It moves to a portfolio or non-QM program, typically with 20-25% down and a modestly higher rate.

44 Can I use an FHA loan on a condo?

Yes, if the project is on HUD's FHA-approved list, or the unit qualifies under single-unit approval. Most Capital Region projects are not on the list, so check before you write an offer rather than after.

45 Are USDA loans harder or slower than a regular mortgage?

They add a step, not a headache. USDA files go through a state agency review in addition to normal underwriting, which can add time to the back end of the process. Income limits also apply and are set by county and household size, often higher than people expect. Plan the closing date with that extra step in mind and it is a straightforward loan.

46 Who should not use an FHA loan?

No loan officer wants to tell you their program is wrong for you. I'd rather you hear it now than find out at the closing table. If you're in one of these buckets, FHA is probably the expensive answer, and I'll point you at the cheaper one. You have 5% or more down and a 700+ score. At that credit and down payment, conventional PMI is cheaper than FHA's MIP, and it cancels at 20% equity instead of riding the loan for 30 years. Taking FHA here can cost you tens of thousands over the life of the loan for no benefit. Look at conventional instead -> You're a Veteran or active-duty service member. VA beats FHA on nearly every line: zero down, no monthly mortgage insurance at all, and typically a better rate. If you have entitlement, FHA is almost never the right call. VA loans -> You're buying an investment property or second home. FHA is primary-residence only, and you have to occupy within 60 days. There's no version of this that works for a rental or a lake house. Don't let anyone tell you otherwise. DSCR for investors -> Second home loans -> You're buying a fixer that won't pass an FHA appraisal. FHA appraisers flag health and safety items. Peeling paint, missing handrails, a roof with under two years left, no working heat. A true fixer will fail. That's a renovation

loan, not an FHA purchase. Renovation loans -> You're above the county loan limit. FHA caps out at the county limit. $541,287 floor in most of upstate NY. If your purchase needs more loan than that, FHA simply can't get there regardless of how strong your file is. Jumbo loans -> You plan to stay in the home 20+ years and never refinance. Life-of-loan MIP is the catch. If you're truly never refinancing and you can qualify conventional, the math favors conventional badly. FHA is best as a bridge. Get in now, refi out in two or three years.

47 What income can I use to qualify for an FHA loan?

This is where most pre-approvals go wrong. A buyer assumes income counts when it doesn't, or worse, doesn't mention income that would have qualified them. FHA is more generous than most people expect. Counts toward qualifying: W-2 wages: 30 days of paystubs, two years of W-2s. Job gaps are explainable. Self-employment: two years of returns, averaged. One year possible on a strong file. Overtime, bonus, commission: two-year average if the history supports it. Part-time and second jobs: two-year history, even across different employers. Rental income from the units you're buying, on a 2-4 family you occupy, projected market rent from the other units helps you qualify. This is FHA's best-kept secret. Child support, alimony, Social Security, disability, pension. Documented and continuing at least three years. Non-taxable income gets grossed up 15-25%. Boarder income: two years of documented history from someone already living with you. Doesn't count (or counts against you): Cash income with no paper trail, if it isn't on a return or a deposit record, it doesn't exist to an underwriter. A brand-new side business: under two years with no prior related experience, generally unusable. A job offer you haven't started, sometimes usable with a non-contingent offer letter and a close date near your start date. Call me before you assume either way. One-time windfalls: a bonus that won't repeat, an inheritance, a settlement. Great for down payment, useless as income. Unemployment income, unless it's seasonal and shows a two-year pattern. Income you're about to lose, if you're leaving the job, the underwriter will find out at the verbal verification of employment two days before closing. If your income is mostly self-employed, 1099, or asset-based, FHA may not be the sharpest tool. Look at bank statement loans or the portfolio programs.

48 Why do FHA loans get denied?

I've picked up a lot of files that died somewhere else. These are the six reasons FHA deals actually fall apart. Almost every one is fixable if it's caught early instead of ten days before closing. The property fails the FHA appraisal. Peeling exterior paint on a pre-1978 home, a missing stair handrail, an inoperable furnace, standing water in the basement, a roof with less than two years of life. The appraiser calls it out and the loan is unfundable until it's cured. What I do: I flag likely condition problems from the listing photos before you write the offer, and I write repair language into the contract so the seller cures it rather than you. If the house needs work, we switch the file to a renovation loan instead of losing the deal. The condo isn't on the FHA-approved list. FHA only lends on approved projects. Buyers get all the way to underwriting before someone checks, and then the answer is no. The building's approval lapsed, or it never had one. What I do: I check the HUD approval list the day you identify the unit, not the week before closing. If it isn't approved, we look at single-unit approval, or move you to conventional, which has its own condo review but different rules. Undocumented deposits in your bank account. Any large deposit that isn't payroll has to be

sourced. Venmo from a friend, cash from a side job, a gift that landed without a letter. Underwriting will either paper it or subtract it from your assets. What I do: We go through 60 days of statements at pre-approval and source everything up front. Gifts get a proper letter and donor trail before the money moves. Then I tell you to stop moving money until you close. Collections, judgments, or unpaid federal debt. FHA is forgiving on scores but firm on certain items: delinquent federal debt (student loans, taxes, an SBA note) will block you through CAIVRS, and large collection balances can trigger a payment calculation that breaks your DTI. What I do: I run the check early so we see CAIVRS before you're under contract. Federal delinquencies get into a documented repayment plan. Collections get a strategy, sometimes paying them is the wrong move, and I'll tell you when. New debt taken on mid-process. A car, a furniture package, a new credit card for the move. FHA re-pulls credit before closing. A $450 car payment can take a comfortable DTI to a declined one in a single afternoon. What I do: You get the list of what not to do the day you're pre-approved, and I build the file with DTI cushion where I can. If something already happened, we restructure, sometimes a co-borrower or a slightly smaller loan saves it. Income the last lender counted wrong. Commission averaged over the wrong period, a self-employment year that wasn't added back correctly, rental income from the subject 2-4 family left out entirely. The file looks unqualified when it isn't. What I do: This is the most common reason a file I take over gets approved. I rebuild the income calculation from the source documents. If the first lender missed a legitimate add-back, the deal that was dead comes back to life.

49 When is a conventional loan the wrong choice?

Conventional is the default loan in America, which means it gets recommended when it shouldn't be. If you're in one of these buckets, a different program will cost you less or get you approved when conventional won't. Your credit is under 620. Conventional has a hard floor. Below 620 the automated underwriting system won't approve the file at all, no matter how strong the rest of it looks. FHA goes to 580 at 3.5% down and to 500 with 10% down. FHA loans -> Credit game plan -> You need down payment assistance. Conventional works with 3% down, but it doesn't come with a grant attached. If you need help with the down payment itself, you want the program that pairs a loan with assistance money. SONYMA + DPAL -> You're self-employed and write off most of your income. Conventional qualifies you on net income after deductions. If your returns show $40K but your business actually nets $150K, conventional will size you a loan based on the $40K. A bank statement loan uses deposits instead. Bank statement loans -> Compare the two -> Your DTI is over roughly 50%. Conventional caps DTI tighter than the government programs. Heavy student loans, a car, and a credit card can put you over the line on conventional while FHA still approves the same file. FHA loans -> You're buying an investment property and the DTI won't work. Conventional counts your personal debts against the rental. Past two or three properties, most investors run out of DTI. DSCR ignores your personal income entirely and qualifies on the property's rent. DSCR loans -> The condo isn't warrantable. Conventional requires the project to pass a full Fannie Mae review: reserves, owner-occupancy ratio, litigation, insurance. Plenty of Capital Region buildings fail it. That's a portfolio loan, not a conventional one.

50 What income counts on a conventional loan?

Conventional income rules are the strictest of the mainstream programs, and they're where most pre-approvals go wrong. Here's what an underwriter will actually credit you for. Counts toward qualifying: W-2 wages: 30 days of paystubs and two years of W-2s. Gaps are explainable with a letter. Self-employment income: Two years of returns averaged, using net income after deductions. One year is possible on a very strong file with five-plus years in the same business. Bonus, overtime, and commission: Two-year average when the history supports it. A declining trend gets used at the lower number. Rental income: Existing leases plus Schedule E history, or projected market rent on the property you're buying with a 25% vacancy haircut. Retirement, pension, Social Security, disability: Documented and continuing. Non-taxable income is grossed up roughly 15-25%. Alimony and child support: Must show a three-year continuance from the order and a documented receipt history. RSUs and restricted stock: Usable on some files with a vesting schedule and a two-year history of grants actually vesting. Doesn't count (or counts against you): Unsourced cash: Anything not on a return or a deposit record does not exist to an underwriter. A business under two years old, Without prior related experience in the same field, generally unusable on conventional. One-time income: A bonus that won't repeat, an inheritance, a legal settlement. Excellent for down payment, worthless as qualifying income. Unrealized gains: Crypto or stock appreciation you haven't sold. Liquidate and season it and it becomes assets, not income. Declining self-employment income, If year two is materially below year one, the underwriter uses the lower year, not the average. Boarder or roommate income: Conventional generally won't count it outside of the HomeReady program's specific rules. If your income is real but your tax returns don't show it, stop trying to force conventional. Look at bank statement loans, asset depletion, or the full portfolio lineup.

51 Why do conventional loans get denied?

Conventional files die in predictable places. Every one of these is either preventable at pre-approval or survivable if it's caught before the clear-to-close. DTI creeps over the limit on the final run. The file was approved at 48% and came back at 51% after the underwriter recalculated a student loan payment or added an HOA fee nobody had disclosed. The automated approval flips to a refer. What I do: I underwrite to the number the system will actually calculate, not the number on your credit report, including IBR student loans at the right payment and the real HOA. I build in cushion so a $90 surprise doesn't kill the deal. The appraisal comes in below the contract price. Conventional lends on the lower of price or value. A low appraisal means more cash from you, a price reduction from the seller, or a dead deal. What I do: I get comps in front of the appraiser with the order and I know which local appraisers handle which towns. When one does come in low, I know the reconsideration-of-value process and when it's actually worth filing. The condo project fails Fannie Mae review. Pending litigation, owner-occupancy under the threshold, reserves under 10% of the budget, or a special assessment in progress. The borrower is fine; the building isn't. What I do: I order the condo questionnaire early instead of at underwriting. If the project fails, we pivot to a portfolio loan on the same timeline rather than restarting from zero. New debt shows up on the pre-closing credit re-pull. A financed couch, a new car, a credit card opened for moving expenses. Conventional re-checks credit days before closing and recalculates DTI with the new payment. What I do: You get the do-not-do list at pre-approval, and I re-pull early enough that if something

happened we still have room to restructure instead of finding out at the table. Large deposits that can't be sourced. Any non-payroll deposit has to be papered. An un-lettered gift, a Venmo transfer, cash from a side job. Underwriting either documents it or subtracts it from your available funds. What I do: We review 60 days of statements at pre-approval and source everything before it matters. Gifts get a proper letter and a donor trail before the money ever moves. Self-employment income calculated wrong. Depreciation, depletion, business-use-of-home, and a one-time expense are all legitimate add-backs. A rushed loan officer runs the bottom line off the 1040 and declines a borrower who actually qualifies. What I do: This is the single most common reason a file someone else killed gets approved with me. I rebuild the income from the returns and the K-1s line by line and add back everything the guidelines allow.

52 Is there ever a reason not to use my VA loan?

VA offers real advantages for the people who qualify, and I'll rarely talk you out of it. But there are real scenarios where it isn't the right tool, and a few where it flat out can't be used. You don't have entitlement. VA eligibility comes from service, not income. If you don't have a Certificate of Eligibility, or your entitlement is tied up in a VA loan you still hold, there's nothing to work with until that's resolved. Conventional loans -> FHA loans -> You're buying an investment property or a second home. VA is owner-occupied only. You can use it on a 2-4 unit you live in, and you can keep a former VA-financed home as a rental in some cases, but you can't buy a rental or a lake house with it. DSCR loans -> Second home loans -> You have 20% down and want the lowest possible payment. With 20% down, conventional has no mortgage insurance and no funding fee. VA's funding fee runs 2.15% on a first use. Roughly $6,450 on a $300K loan. If you're not exempt and you have real money down, run both. Compare conventional -> The property won't pass VA Minimum Property Requirements. VA appraisers enforce MPRs: working heat, safe water and septic, no peeling paint on older homes, a roof with remaining life, no exposed wiring. A true fixer will not pass: that's a renovation loan. Renovation loans -> The condo isn't on the VA-approved list. Like FHA, VA lends only on approved projects. Many Capital Region buildings aren't on it. If the unit you want is in an unapproved project, VA is off the table unless the project pursues approval. Condo financing -> You're separating from service in the next 12 months. If your ETS date is inside a year and you don't have documented reenlistment or a signed civilian offer, the underwriter can't count the income you're using to qualify. This is timing, not a permanent no.

53 What military income counts toward a VA loan?

Military income is where most civilian loan officers get it wrong. They miss the allowances, they gross up incorrectly, or they don't know that VA disability needs no continuance proof. Here's the real list. Counts toward qualifying: Base pay: LES plus two years of history. Straightforward. BAH and BAS, Fully usable and non-taxable, which means they get grossed up, often adding several hundred dollars of qualifying income a month that a careless lender leaves on the table. VA disability compensation, Non-taxable, grossed up, and no three-year continuance requirement, it's treated as permanent. Also the basis for a full funding-fee exemption. Drill and reserve pay: Two-year history for Guard and Reserve members, documented on the LES and points statement. Special and incentive pay: Flight pay, hazard pay, sea pay, and similar when the history shows it continuing. Military retirement and pension: Documented and grossed up where non-taxable.

Spouse income, W-2, self-employment, or rental, all usable under standard rules if the spouse is on the loan. Rental income from a 2-4 unit you'll occupy. Projected market rent from the other units helps you qualify, and VA has no loan limit with full entitlement. Doesn't count (or counts against you): Unsourced cash, No paper trail, no income. A business under two years old, Same rule as every other program, two years, or prior related experience. Income ending with an unconfirmed ETS, If you're separating and haven't documented what comes next, that income can't be used. One-time bonuses: A reenlistment bonus that won't repeat is a down payment source, not qualifying income. Rental income from a home you're vacating without a lease. VA wants a signed lease and, on many files, reserves. A verbal arrangement won't hold. VA also uses a residual income test on top of DTI. A regional minimum of monthly income left over after all obligations. It's why VA files with a 55% DTI sometimes approve when conventional wouldn't touch them.

54 Why do VA loans get denied?

VA loans are hard to kill on the borrower side and easy to kill on the property side. Here's where they actually fall apart. The property fails Minimum Property Requirements. Peeling exterior paint on a pre-1978 home, no functioning heat source in a living space, a failing septic, a well without a passing potability test, a roof at end of life. The appraiser writes it up and the loan can't fund until it's cured. What I do: I read the listing photos before you write and tell you what an MPR appraiser will flag. Repair language goes into the contract so the seller cures it. On a true fixer we switch the structure instead of losing the house. Entitlement isn't available or restored. A prior VA loan still outstanding, a short sale that hasn't been cleared, or a COE that reflects partial entitlement. The file gets built on an assumption that turns out to be wrong. What I do: I pull the COE the day we start, not the week before closing. If entitlement is partially used, I size the loan to what's actually available or start the restoration process early. Residual income falls short. VA's residual test is regional and household-size based. A file can pass DTI and still fail residual, which is a decline most borrowers have never heard of. What I do: I calculate residual at pre-approval, before you're emotionally attached to a house. If it's tight, we address it, debt payoff, a smaller loan, or a co-borrower, while there's still time. The funding fee or exemption is applied wrong. A borrower with a disability rating gets charged the fee, or a second-use fee gets quoted at first-use pricing and the cash-to-close changes late. What I do: I verify exemption status off the COE and the award letter up front. If you're exempt and were already charged on a prior loan, there's a refund process and I'll walk you through it. The condo project isn't VA-approved. Buyers get deep into the process before anyone checks the approval list. Then the answer is no, and it's late. What I do: I check the VA-approved list the same day you identify the unit. If it isn't approved, we look at whether the project will pursue it or move to a program that can close. NY-specific inspection items. Upstate New York means wells, septic systems, oil tanks, and wood stoves. Each has VA requirements, and each is a reason a file sits while paperwork gets chased. What I do: I know which items the VA appraiser will require in this market and order them in the right sequence, so we're not waiting on a water test the week we're supposed to close.

55 Who does a USDA loan not work for?

Zero down with no monthly mortgage insurance the way FHA charges it makes USDA an extraordinary deal, when you fit. The eligibility boxes are hard boundaries, not guidelines, and they're worth knowing before you fall in love with a house. The property is outside the eligible area. USDA is defined by the property address, not by how rural it feels. Much of the Capital Region qualifies, but Albany, most of Colonie, and the built-up parts of Saratoga Springs do not. One street can be the line. Check your town -> FHA loans -> Your household income is over the limit. USDA caps income by county and household size, and it counts the income of every adult in the household, including people who aren't on the loan. A working adult child or a live-in parent can push you over. SONYMA income limits -> Conventional 3% down -> You're buying an investment property or second home. Owner-occupied primary residences only, with no exceptions. USDA also won't finance a property with income-producing outbuildings or working farm acreage. DSCR loans -> Second home loans -> You need to close fast. USDA files go to the state office for a commitment after we clear underwriting. That queue is usually manageable, but it is not under my control and it has stretched during federal funding disruptions. FHA loans -> You have significant assets. USDA is designed for moderate-income buyers. Large liquid reserves can trigger a requirement to put money down or disqualify you outright. The program tests whether you could get a conventional loan instead. Conventional loans -> The house needs real work. USDA appraisals hold the property to condition standards, and the standard guaranteed loan isn't built for rehab. A house needing a roof and a furnace isn't a USDA purchase.

56 How does USDA count my income, and my household's?

USDA runs two separate income calculations, and confusing them is the number one reason a buyer thinks they qualify when they don't. One decides whether you're eligible at all; the other decides how much house you can buy. Household income, tests your eligibility: Every adult in the household counts, Including people not on the loan. A 19-year-old working part time, a parent living with you, a roommate. Their income goes into the eligibility number. Gross income before deductions: Wages, self-employment, Social Security, pension, disability, child support, alimony, and regular cash contributions. Projected forward 12 months: USDA looks at what the household will earn, not just what it did earn. Certain deductions help you: Dependents, documented childcare, disability expenses, and elderly-household allowances come off the top and can bring an over-limit household back under. Repayment income, tests your loan amount: Only the borrowers' stable income counts, The household number that decided eligibility is not the number you qualify on. Non-borrower income disappears here. Two-year history required, W-2, self-employment averaged over two years, bonus and commission with history, the same standards as conventional. Non-taxable income is grossed up. Social Security, disability, and similar get the standard uplift, which helps your DTI. New or unstable income doesn't count. A business under two years, a job you haven't started, income ending soon. DTI targets are real: USDA's automated system will approve higher ratios with strong credit and reserves, but a weak file gets held near the 29/41 benchmarks. This split is why I always run your actual address and your full household on day one. It takes ten minutes and it prevents the worst conversation in this business.

57 Why do USDA loans get denied?

USDA denials are usually eligibility problems discovered late, not credit problems. All six of these are findable on day one. The address turns out to be ineligible. The buyer checked a map, or a Realtor said the area qualified, and it doesn't. USDA also redraws eligible-area boundaries periodically, so a property that qualified three years ago may not today. What I do: I verify the exact address against the current USDA map before you write an offer, not the town, the address. If it fails, I tell you that afternoon and we restructure to something that works. Household income comes in over the limit. A non-borrower adult's income shows up in verification, or overtime the buyer didn't mention pushes the household past the cap. The file is dead on eligibility, not on credit. What I do: I ask about everyone living in the home at the first conversation and calculate the full household number including allowable deductions. Sometimes a childcare or dependent deduction brings you back under. The property has disqualifying features. Too much acreage relative to the home's value, income-producing outbuildings, a second dwelling on the parcel, or a working farm operation. USDA won't guarantee it. What I do: I look at the parcel and the outbuildings before the appraisal is ordered. If the land-to-value ratio is a problem, we know early and can look at a different program on the same house. Well, septic, or condition items. USDA requires a potable water test and a functioning septic, and the appraisal holds the home to condition standards. Rural upstate housing stock generates these findings constantly. What I do: I order the water and septic work in the right order at the start of the file, not after the appraisal. I know which local vendors turn these around quickly. The state commitment queue delays past the closing date. Even a clean file needs USDA's guarantee commitment. If the queue is long, or a federal funding lapse pauses it, your closing date moves and your rate lock is at risk. What I do: I set the contract timeline to account for the commitment step from the beginning, and I lock with enough runway. When a lapse happens, I know the workaround options and communicate before the seller gets nervous. Credit or DTI on a refer. USDA's automated system can kick a file to manual underwriting, where the ratio benchmarks tighten and compensating factors matter enormously. Files that got a casual approval elsewhere die here. What I do: On a manual file I build the compensating-factor case, reserves, payment shock, employment stability, rental history, rather than submitting and hoping.

58 When should I avoid a jumbo loan?

Jumbo pricing has gotten competitive, but jumbo underwriting is the strictest in the business. If you're in one of these buckets, forcing a jumbo is the expensive way to do it. Your loan fits under the conforming limit. If you can stay at or below the county conforming limit, even by putting a little more down or making a slightly smaller offer, conventional underwriting is easier and often cheaper. Don't go jumbo by accident. Conventional loans -> You have thin reserves. Jumbo lenders want real post-closing reserves, commonly six to twelve months of the full payment and sometimes more. Strong income with an empty savings account is a jumbo decline. Asset depletion -> Portfolio programs -> Your credit is under about 700. Jumbo is a credit-tier product. Below 700 the pricing gets punitive and below 680 most jumbo investors are out entirely, regardless of down payment. Credit game plan -> Portfolio programs -> You're self-employed with aggressive write-offs. Jumbo wants full documentation and often two years of returns plus a P&L. If your returns don't show the income, jumbo is the wrong door. A bank statement loan at a higher rate will actually close. Bank statement loans -> You're buying an investment property. Most jumbo investors require owner

occupancy or price non-owner-occupied so aggressively that DSCR beats it. And DSCR won't count your personal DTI at all. DSCR loans -> The property is unusual. Large acreage, a mixed-use parcel, a non-warrantable condo, a log home, or anything with thin comparable sales. Jumbo appraisal standards are unforgiving on properties that don't comp cleanly.

59 What income and assets does a jumbo loan accept?

Jumbo is full-documentation lending at its most thorough. Expect every number you state to be verified against a source document, and expect the underwriter to ask about the trend, not just the total. Counts toward qualifying: W-2 wages: Two years of W-2s, 30 days of paystubs, and a verbal verification of employment days before closing. Self-employment income: Two years of personal and business returns, K-1s, and frequently a year-to-date P&L and balance sheet. One-year programs exist but narrow the investor list. Bonus, commission, and RSUs: Two-year average with documentation. RSU income needs a vesting schedule and a history of grants actually vesting. Common on jumbo files and often a large piece of qualifying income. Rental income: Leases plus Schedule E. Jumbo underwriters scrutinize vacancy and expenses more closely than conventional does. Retirement, pension, and annuity income. Documented with a continuance of at least three years. Asset depletion as income: Many jumbo investors let a large liquid portfolio be converted into a monthly income stream. This is the tool that closes asset-rich, income-light jumbo files. Doesn't count (or counts against you): Thin or unverifiable income: Jumbo does not do "trust me." Every dollar gets a source document. Declining income: Two years down in a row and the underwriter uses the lower year or declines. Jumbo cares about trend more than any other program. A new business: Under two years is a very hard sell at jumbo loan sizes. Unrealized gains: Crypto and unsold equity are not income. Sold, settled, and seasoned, they become reserves, which jumbo does value highly. Gift funds as reserves: Many jumbo investors restrict how much of the down payment can be gifted and won't let gift money satisfy the reserve requirement. If your wealth is in assets rather than taxable income, asset depletion is usually the cleanest path to a large loan, and it's a program most banks won't mention to you.

60 Why do jumbo loans get denied?

Jumbo files don't usually die on one big problem. They die on accumulation: a tight reserve number, a soft appraisal, and a trend question all landing on the same file. Reserves fall short of the investor requirement. The borrower documents the down payment and closing costs and forgets the reserve requirement behind it. At jumbo payment sizes, twelve months of reserves is real money. What I do: I size the reserve requirement into the plan before you write an offer, and I know which investors require six months versus twelve. Sometimes a retirement account counted at its allowable percentage solves it. The appraisal doesn't support the price. High-end properties in this market often have few true comparables. A soft appraisal at jumbo loan sizes creates a cash gap that's hard to bridge. What I do: I get a comp package to the appraiser with the order, and on unique properties I know when to go straight to an investor that permits two appraisals rather than fighting one bad report. Income trend or a declining year. Two years of returns with year two lower, a commission year that dropped, a business that had a soft quarter. Jumbo underwriting reads that as risk and either uses the low year or declines. What I do: I frame the trend with documentation, a one-time expense, a lost-and-replaced contract, a strong year-to-date P&L, so the underwriter sees

the real picture instead of two numbers. A non-warrantable condo or unusual property type. The building has litigation, a high investor ratio, or commercial space above the threshold. Jumbo investors are pickier here than conventional. What I do: I get the condo questionnaire and budget early, and I keep portfolio investors in reserve who will lend on projects Fannie won't touch. Complex asset documentation. Trust accounts, business funds used for a down payment, foreign accounts, or recent large transfers. Each one needs a specific paper trail and each one delays a file that's already tight on time. What I do: We map every dollar of the down payment at pre-approval, where it sits now, where it needs to be, and what document proves it. Business funds get the letter they need before the money moves. Too many investors said no in sequence. A borrower shops jumbo, gets declined twice, and now has three credit pulls and a stale file with no strategy behind it. What I do: I know which jumbo investor fits which story before we submit. One well-matched submission beats three hopeful ones, and it protects your credit while we do it.

61 Who is SONYMA not a good fit for?

SONYMA is the best down-payment-assistance program in New York State, and it's the reason a lot of my buyers got into a house at all. It also comes with real strings. Here's when it's the wrong fit. Your income is over the county limit. SONYMA sets household income limits by county and household size. Go over by a dollar and you're out: there's no exception process. Check the income limits -> Conventional 3% down -> The purchase price is over the SONYMA limit. There are purchase-price caps by county and property type alongside the income limits. In the hotter parts of Saratoga County this is the line buyers hit first. FHA loans -> You've owned a home in the last three years. Most SONYMA programs require first-time-buyer status, defined as no ownership interest in a primary residence for three years. Some target-area and Veteran exceptions exist: worth asking. Conventional loans -> VA loans -> You might sell or refinance within a few years. SONYMA assistance carries a recapture period. Sell or refinance early and you may owe some of it back. If your horizon is short, the assistance may not be worth the strings. Compare programs -> You need to close in three weeks. SONYMA files route through the agency in addition to normal underwriting. It's reliable, but it is not the program for a compressed closing or a bidding war where speed wins. FHA loans -> You have plenty of down payment already. If you have 10-20% down, SONYMA's assistance isn't worth the income caps, price caps, and recapture terms. Take the conventional loan and the cleaner process.

62 How does SONYMA calculate my income?

SONYMA has two income questions and people constantly confuse them: the household income that determines whether you're eligible, and the qualifying income that determines your loan size. Household income, tests eligibility: All borrowers' gross income, Wages, self-employment, overtime, bonus, commission, and all other regular income before deductions. Benefit and support income: Social Security, disability, pension, child support, and alimony count toward the household figure. Projected forward: SONYMA looks at expected income for the coming year, not just last year's W-2. Household size matters: Limits rise with household size, so a larger family gets more room under the same county cap. County by county: The limit in Albany County differs from Saratoga, Warren, and Washington. The property's county governs. Qualifying income, tests loan size: Two-year history standard, Qualifying income follows normal underwriting. W-2 history, self-employment

averaged over two years, bonus and commission with documented history. Non-taxable income grossed up: Social Security and disability get the standard uplift when calculating DTI. Rental income from a 2-4 unit. SONYMA allows owner-occupied 2-4 family purchases on some programs, and rent from the other units can help you qualify. New or unstable income excluded. A business under two years, a job not yet started, income about to end. DTI limits still apply: The assistance helps with cash to close. It does not raise your debt-to-income ceiling. I run both numbers at the first conversation. Your county limit against your household, and your qualifying income against a target payment. Ten minutes, and you know whether SONYMA is real for you.

63 Why do SONYMA loans get denied?

SONYMA denials are eligibility failures found late. Every single one is checkable on day one. Household income lands over the county limit. Overtime the buyer didn't mention, a raise mid-process, or a co-borrower's income that pushes the household past the cap. The file is ineligible regardless of how strong it is. What I do: I calculate the full household figure against the current county limit before we start, and I flag it immediately if you're near the line. A mid-process raise is something we plan around, not discover. The purchase price exceeds the cap. The buyer wins a bidding war at a price above the SONYMA limit for that county and property type, and the assistance evaporates with it. What I do: I give you the price ceiling in writing before you shop. When you're bidding, you know exactly where SONYMA stops, and what the backup structure looks like if you go above it. First-time-buyer status fails. An ownership interest within three years, sometimes a name on a deed the buyer forgot about, or an inherited interest in a family property. What I do: I ask the ownership question specifically and in detail up front, including inherited and co-signed interests, rather than assuming. The homebuyer education requirement wasn't completed. SONYMA requires an approved homebuyer education course. Files sit at the closing table waiting on a certificate that takes a weekend to earn. What I do: You get the course link the week we start. It's a small requirement and there's no reason for it to be the thing holding up your closing. Property or condition issues. SONYMA has property standards and approved-project requirements alongside the underlying FHA or conventional structure. A condition finding stops the file at two levels instead of one. What I do: I know which findings SONYMA will require cured versus which the base program tolerates, and I get repair language into the contract accordingly. Timing and agency review. The buyer or seller assumed a 21-day close. SONYMA adds an agency step, and a compressed contract date creates unnecessary pressure and lock-extension costs. What I do: I set the contract timeline realistically at the offer stage so the seller's expectations match the program. That's a conversation with the listing agent, and I'll have it.

64 Which SONYMA program is wrong for my situation?

The three SONYMA programs solve different problems, and picking the wrong one is the most common mistake on these files. Here's when each is the wrong choice. Achieving the Dream, when your income is above the lower cap. Achieving the Dream carries the lowest rate and the tightest income limits. If your household income clears that cap, this program isn't available and the Low Interest Rate Program is where you land. Check the income limits -> Low Interest Rate Program, when you have real money down. LIR trades a modestly higher rate for more room on income. With 10-20% down and strong credit, a plain conventional loan avoids the income caps, price caps, and

recapture terms altogether. Conventional loans -> RemodelNY, when the work is cosmetic. RemodelNY adds a renovation component with contractor approval and draw inspections. For paint and carpet it's far more process than the project warrants. SONYMA overview -> Renovation loans -> RemodelNY, when the renovation is extensive. RemodelNY has renovation limits. A gut rehab or a structural project exceeds them and belongs on a full renovation loan. Renovation loans -> Any SONYMA program, when you've owned in the last three years. First-time-buyer status governs most SONYMA products, with limited target-area and Veteran exceptions. Prior ownership generally closes the door. Conventional loans -> VA loans -> Any SONYMA program, when you need to close in three weeks. All SONYMA products add an agency review step. In a bidding war where speed is the deciding factor, a fast FHA or conventional approval may win you the house.

65 Why do SONYMA program files get denied?

SONYMA program denials are almost always eligibility problems found late, or the wrong program selected at the start. The wrong program was selected for the income level. A file built on Achieving the Dream when household income exceeds that program's tighter cap. It has to be restructured to LIR, which changes the rate and the disclosures. What I do: I run your household income against both program caps before we choose, so the program is right the first time and your disclosures don't have to be redone. Household income came in over the cap. Overtime that wasn't disclosed, a mid-process raise, or a co-borrower's income pushing the household past the county limit. What I do: I calculate the full household figure against the current limit up front and flag it immediately if you're near the line. The purchase price exceeded the program limit. The buyer wins at a price above the SONYMA cap for that county and property type, and the program, including the assistance, disappears. What I do: You get your price ceiling in writing before you shop, plus the backup structure if you decide to bid above it. RemodelNY scope or contractor problems. An unapprovable contractor, bids that don't match the scope, or a renovation budget over the program limit. What I do: I give you the contractor and scope requirements before bids are collected, and I check the budget against the program limit before we submit. Homebuyer education wasn't completed. The required course certificate is missing at the closing table. A small requirement holding up a whole file. What I do: The course link goes out the week we start. There's no reason for this to ever be the holdup. First-time-buyer status failed. An ownership interest within three years, sometimes one the buyer forgot. An inherited share or a name on a relative's deed. What I do: I ask about ownership specifically and in detail, including inherited and co-signed interests, before we build the file on first-time-buyer status.

Call or text me. I answer my own phone, and I'll tell you straight whether it works and what it costs, before anyone pulls your credit.

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