A GUIDE FOR RURAL & SUBURBAN BUYERS

$0

USDA LOANS: ZERO DOWN, JUST OUTSIDE THE CITY

Rural living, zero down.

Where USDA loans work in the Capital Region, how the income limits are figured, what the guarantee fee costs, and how USDA compares to FHA and conventional.



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WANT A LITTLE MORE ROOM? YOU MAY NOT NEED A DOWN PAYMENT.

Most people think "rural" means farmland. But USDA's map covers a lot of **small towns and suburbs** just outside Albany, Schenectady, Troy and Saratoga. Places with good schools, a yard and an easy commute.

If the home is in an eligible area and your household income fits, a USDA loan lets you buy with **zero down** and mortgage insurance that costs less than FHA's.

I've been helping families into homes since 1993, first as a Realtor and now as a mortgage lender. Read this, then send me an address you like. I'll check whether it qualifies in about a minute.

Brian

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WHAT A USDA LOAN IS

A zero-down mortgage backed by USDA Rural Development.

The **USDA Section 502 Guaranteed** loan is made by approved lenders and guaranteed by the U.S. Department of Agriculture's Rural Development program. Its goal is to help moderate-income families buy homes outside major cities.

$0 DOWN

100% financing for eligible buyers. No down payment required.

1% + 0.35%

A 1% upfront guarantee fee and a 0.35% annual fee. Lower than FHA's.

TWO TESTS

The **home's location** and your **household income** both have to qualify.

NOT JUST FOR FARMS

It's for single-family homes you'll live in. Working farms and income-producing land don't qualify.

NOT JUST FOR FIRST-TIMERS

You don't have to be a first-time buyer, but you generally can't own another adequate home nearby.

GOOD TO KNOW: USDA loans are 30-year fixed-rate mortgages. Closing costs can sometimes be included in the loan if the home appraises high enough.

WHO USDA LOANS FIT

Built for moderate-income families who want a little more space.

USUALLY A GOOD FIT

- You want to buy with little or no money down
- You're looking in a small town or suburb
- Your household income is moderate
- You'll live in the home full-time
- You have steady income and fair credit
- You don't own another home nearby

KNOW GOING IN

- The home must be in a **USDA-eligible area**
- **Everyone** in the household counts toward the income limit
- Single-family primary homes only
- The annual fee lasts the **life of the loan**
- No 2–4 units or investment properties
- Approval can take a little longer

REAL TALK: If your household income is just over the limit, FHA or a 3% down conventional loan may be close in cost. I'll compare them for you.

WHERE USDA WORKS

The map is bigger than most people think.

USDA publishes an **eligibility map**. Cities and dense suburbs generally aren't eligible, but many towns just outside them are. The line can run street by street, so it's always worth checking a specific address.

USUALLY NOT ELIGIBLE	OFTEN ELIGIBLE
The cities of Albany, Schenectady, Troy and Saratoga Springs, and their denser surrounding suburbs.	Many smaller towns and outlying parts of Albany, Rensselaer, Saratoga, Schenectady, Columbia, Greene, Schoharie, Warren and Washington counties.

SEND ME THE ADDRESS

Before you fall in love with a house, send me the address. I'll check the USDA map and let you know right away. Your agent can help you search eligible areas, too.

GOOD TO KNOW: USDA updates its map from time to time. An area that qualifies today may not later, and the reverse. I'll check the current map on any property.

HOUSEHOLD INCOME LIMITS

USDA counts everyone who lives with you.

USDA sets income limits by **county** and **household size**, generally at about **115% of the area's median income**. Unlike most loans, it counts the income of **every adult in the household**, even people who aren't on the loan.

WHAT COUNTS

- Your income and your co-borrower's
- Income of other adults living in the home
- Wages, self-employment, pensions and benefits

WHAT CAN BE DEDUCTED

- An allowance for each child under 18
- Certain childcare costs
- Allowances for elderly or disabled household members

TWO DIFFERENT INCOME NUMBERS

USDA looks at **household income** to see if you're under the limit, and **borrower income** to see if you can afford the payment. You can be under the household limit and still need enough borrower income to qualify.

GOOD TO KNOW: Limits are updated each year and vary across the Capital Region. Tell me your county and household size, and I'll give you the exact number.

WHAT IT COSTS: AN EXAMPLE

Zero down, step by step.

Here's how a USDA loan might look on a $280,000 home with no down payment. Your price, rate, taxes and insurance will be different.

Purchase price	**$280,000**
Down payment	**$0**
Base loan amount	**$280,000**
Upfront guarantee fee (1%), added to loan	**+$2,800**
Total loan amount	**$282,800**
ANNUAL FEE (0.35% ÷ 12), FIRST YEAR	**ABOUT $82**

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

SHRINKING FEE

The annual fee is based on your balance, so it gets a little smaller each year.

CLOSING COSTS

Sellers can help, and costs may be financed if the home appraises above the price.

FEES CAN CHANGE

USDA reviews its fees each federal fiscal year. The rate when you close is locked for your loan.

CREDIT & QUALIFYING

Steady income and on-time payments matter most.

640 AND UP	Usually eligible for USDA's automated approval, which is faster and needs less paperwork.
BELOW 640	May still be possible with a manual review and stronger compensating factors. Lender minimums apply.
NO CREDIT SCORE	Some files can use rent, utility and insurance payment history. Ask me.

DEBT-TO-INCOME

USDA's guideline is about **29%** for housing and **41%** for total debt. Strong files can go higher.

STEADY INCOME

Usually two years of consistent work history, in the same field or with explained changes.

GOOD TO KNOW: After a bankruptcy or foreclosure, USDA generally has waiting periods of several years. Ask me what applies to you.

THE PROPERTY

A modest, safe home you'll live in.

USDA loans are for **single-family homes** that will be your primary residence. The home has to be in an eligible area and meet basic standards for safety and condition.

USUALLY OK

- Single-family homes and townhomes
- Approved condos
- New construction from an approved builder
- New manufactured homes on a permanent foundation
- Homes with a well and septic

USUALLY NOT

- 2–4 unit properties
- Working farms or income-producing land
- Vacation homes or rentals
- Homes needing major repairs

WELL AND SEPTIC

Many USDA-eligible homes in our area have private wells and septic systems. Expect a water test, and sometimes a septic inspection, as part of the process. Plan for them early.

COMMON MISTAKES THAT DELAY APPROVAL

Most of these are easy to fix ahead of time.

1 NOT CHECKING THE ADDRESS
Fall in love with an ineligible house, and you'll need a different loan.

2 FORGETTING HOUSEHOLD INCOME
A working adult child or roommate counts toward the limit.

3 SKIPPING THE WATER TEST
Well water results can take time. Order the test early.

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

5 A SHORT CLOSING DATE
USDA approvals can take extra time. Allow for it in your contract.

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

7 CHANGING JOBS MID-LOAN
Talk to me before you switch employers.

8 MAJOR REPAIRS NEEDED
Homes with serious condition issues may not qualify as-is.

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.

USDA VS. FHA VS. CONVENTIONAL

Three low-down-payment options, compared.

	USDA	FHA	CONVENTIONAL
MINIMUM DOWN	0%	3.5%	3%
UPFRONT FEE	1%	1.75%	None
ANNUAL INSURANCE	0.35%, life of loan	0.55% for most, often life of loan	Varies by score; removable at 20% equity
LOCATION	Eligible areas only	Anywhere	Anywhere
INCOME LIMIT	Yes, household	No	Only on some 3% programs
PROPERTY TYPES	Single-family primary	1–4 units, primary	Primary, second home, investment

REAL TALK: If you qualify for USDA, it's often the lowest-cost way to buy with little cash. If you don't, FHA and conventional are great options. I'll show you all three for any home 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 for the last 2 years
- [ ] Income documents for other adults in the household
- [ ] Bank statements, last 2 months, all pages
- [ ] Childcare cost records, if deducting them
- [ ] Government-issued photo ID
- [ ] Social Security number for each borrower
- [ ] Current lease and landlord contact
- [ ] Address of the home you're considering

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



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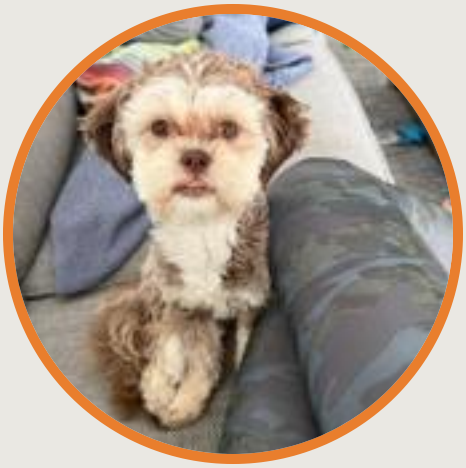
BOOK 15 MINUTES

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. USDA Section 502 Guaranteed loans require the property to be in a USDA-eligible area and total household income to be within USDA limits, which vary by county and household size. Guarantee fees shown are USDA Rural Development rates current as of October 2026 and are reviewed each federal fiscal year. Lender credit score and other requirements may apply. Eligibility maps and income limits are subject to change. Examples are illustrations only and are not a rate quote or Loan Estimate. Brian Marchand and New American Funding are not affiliated with or acting on behalf of the U.S. Department of Agriculture or any government agency. © 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

Zero down and a little more room outside the city? This is the one I'm most excited about. Yards. Big ones.

Send Dad the address before you fall in love with a house. He'll check the USDA map in about a minute. I'll check the fence.

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Tips, updates and plenty of Penny.

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