VABASSO MORTGAGE

USDA Loan Guide

Zero-down rural housing financing
Eligibility, income limits, and fees
Vabasso Mortgage

Edition 1.0 · Last reviewed July 2026

VABASSO MORTGAGE

USDA Loan Guide

How zero-down USDA Guaranteed Rural Housing financing actually works: which properties and addresses qualify, how household income limits are calculated, what the guarantee fees cost, and how the program compares with FHA, VA, and conventional low-down-payment loans.

Version 1.0 · Published 2026-08-02 · Last reviewed 2026-08-02
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Read online: https://vabasso.com/resources/guides/usda-loan-guide

In short

A USDA loan is a mortgage guaranteed by the U.S. Department of Agriculture under the Guaranteed Rural Housing program and originated through approved lenders. It allows one hundred percent financing — no down payment — on an owner-occupied primary residence located inside a USDA-eligible area, for households whose adjusted annual income falls within the published limit for that county. In exchange, the borrower pays an upfront guarantee fee that is normally financed into the loan and a small annual fee collected monthly for the life of the loan.

Key takeaways

- USDA is the only widely available zero-down program that does not require military service. The trade is that both the property and the household must qualify, not just the borrower.
- Eligibility is address-specific, not county-wide. Two homes a mile apart can land on opposite sides of an eligibility boundary, so the map should be checked before an offer is written.
- Income limits apply to the entire household, including adult members who are not on the loan. The calculation uses projected annual income before allowable deductions, not the qualifying income used for the debt ratio.
- The guarantee fees are materially cheaper than FHA mortgage insurance on most files: a one-time upfront fee financed into the loan plus a small annual fee collected monthly.
- Because the loan can exceed the purchase price up to appraised value, a home that appraises above contract price can absorb the guarantee fee and sometimes closing costs without cash from the buyer.
- The property must meet condition standards and be a modest, non-income-producing residence. Working farms, second homes, and rental properties are not eligible.
- USDA files run through both the lender and a USDA commitment step, so the closing calendar should allow additional days beyond a comparable conventional file.

Who this guide is for

- First-time buyers with strong credit but limited savings for a down payment
- Moderate-income households buying in small towns and outlying suburban areas

- Buyers who would otherwise use FHA but want lower monthly mortgage insurance
- Families relocating to rural counties for work, schools, or land
- Repeat buyers who do not currently own an adequate primary residence
- Buyers in Florida's inland and panhandle communities outside designated urban cores
- Sellers and agents who need to understand what a USDA offer means for their timeline
- Existing USDA homeowners considering a streamlined refinance

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What is a USDA loan?

A USDA loan is a conventional-term mortgage made by an ordinary approved lender and backed by a guarantee from the U.S. Department of Agriculture. The formal name is the Single Family Housing Guaranteed Loan Program, and it exists to support homeownership in communities the Department classifies as rural. The guarantee protects the lender against loss, which is why the lender can extend one hundred percent financing at competitive rates to a borrower with no down payment.

It is important to separate the guaranteed program from the Direct 502 program. Direct loans are made by USDA itself to very low and low income households, often with payment subsidy, and are applied for through a USDA Rural Development office. The guaranteed program — the subject of this guide — is applied for through a mortgage lender exactly like an FHA or conventional loan, and it serves a broader moderate-income range.

Structurally the loan is a thirty-year fixed mortgage. There is no adjustable-rate USDA product in general circulation, no balloon, and no prepayment penalty. What distinguishes it is the eligibility architecture: three separate tests must pass — the property must sit in an eligible area, the household must fall within the income limit, and the borrower must qualify on credit and repayment ability.

The word rural misleads more buyers than any other feature of the program. Eligible areas include a substantial share of small cities, unincorporated communities, and the outer ring of many metropolitan areas. Homes on ordinary suburban streets with sidewalks and city water are financed with USDA loans every week.

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Property eligibility: how the map works

USDA publishes an address-level eligibility map. An address is either inside an eligible area or it is not; there is no partial credit and no exception process for a property just outside the boundary. This is the first thing to check on any prospective purchase, before an inspection is scheduled or an offer is written.

Boundaries follow census-derived population data rather than county or municipal lines, which is why they often cut through neighborhoods in ways that appear arbitrary from the street. Two houses on the same road can fall on opposite sides. Verify the specific address, not the town.

Maps are revised periodically as population data is updated. When a revision is announced, areas losing eligibility usually retain it for a transition window, and files with a complete application before the change date are typically grandfathered under the prior boundary. If a market is scheduled to lose eligibility, timing matters enormously and should be discussed early.

Beyond location, the property itself must be a single-family primary residence of modest size and design for the area. It cannot have income-producing land or facilities — a working barn, commercial greenhouse, or operating agricultural business disqualifies the property even in an eligible location. In-ground pools are permitted under current guidelines. Acreage is allowed but the land value should be reasonable relative to total value and the site should not be subdividable into a separate marketable parcel.

> Eligibility should be verified in writing at the address level before an offer is submitted. A verbal assumption that a town qualifies is the single most common cause of a dead USDA contract.

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Which property types qualify

Condominium eligibility is the most frequently misunderstood entry in this table. USDA will accept a project already approved by FHA, VA, Fannie Mae, or Freddie Mac, which quietly opens more inventory than buyers expect — but the approval must exist before closing, and pursuing a new approval mid-contract is rarely practical.

Manufactured housing is technically permitted under narrow conditions but is declined by many lenders as an overlay. Confirm lender appetite before committing to a manufactured home purchase with USDA financing.

USDA property type eligibility at a glance

Property type	Eligible	Notes
Single-family detached	Yes	The core of the program
Townhome / PUD	Yes	Standard requirements apply
Condominium	Conditionally	Project must carry approval from USDA, FHA, VA, or the GSEs
Modular (permanent foundation)	Yes	Treated as site-built when permanently affixed
Manufactured home	Conditionally	New units on permanent foundations only, with strict conditions
New construction	Yes	Requires plans, permits, and required inspections or warranty
Two- to four-unit property	No	Owner-occupied single-unit only
Second home or vacation home	No	Primary residence only
Investment or rental property	No	Occupancy is required and enforced

Property type	Eligible	Notes
Working farm or income-producing land	No	Income-producing facilities disqualify the site

04

Household income limits

The income test is where most otherwise-strong USDA files fail, and it works differently from the income calculation used for the debt ratio. USDA measures adjusted annual household income: the projected gross income of every adult member of the household for the coming twelve months, whether or not that person is a borrower on the loan, less certain allowable deductions.

That definition captures income a conventional underwriter would ignore. A working adult child living in the home, a parent contributing a pension, or a non-borrowing spouse's salary all count toward the household total. Income that is not stable and continuous is generally excluded, and full-time student earnings above a modest threshold receive partial treatment, but the default assumption should be that adult household income counts.

The limit itself is published per county — and in some cases per metropolitan area — and scales by household size, with a step up for households of five or more. Limits are revised periodically and always reflect the area of the property, not where the buyer currently lives.

Several deductions reduce the calculated figure before it is measured against the limit. These commonly include an allowance per dependent child, documented childcare expenses that enable employment, certain disability-related expenses, and for elderly or disabled households a further allowance and qualifying medical expenses. A household that is a few thousand dollars over the raw limit is frequently under it after deductions, so the calculation should be run properly before the file is abandoned.

> Never dismiss a USDA scenario on a raw gross income number. The adjusted calculation, with deductions applied, is materially lower and routinely brings households back inside the limit.

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Two income tests, one file

The practical consequence is counterintuitive. A household can have too much income to qualify for the program while simultaneously having too little qualifying income to support the payment, because the two calculations count different people and different dollars. Both tests must pass independently.

Household income eligibility versus repayment income

	Adjusted household income	Repayment income
Purpose	Determines program eligibility	Determines the debt-to-income ratio
Whose income counts	All adult household members	Borrowers on the loan only
Non-borrowing spouse	Counted	Not counted (debts may still count in some states)
Adult child working part time	Counted, with student exceptions	Not counted
Deductions allowed	Yes — dependents, childcare, medical, disability	No
Bonus or overtime treatment	Projected forward if continuing	Requires documented history to use
Measured against	County limit by household size	Program debt ratio thresholds

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How zero down payment actually works

USDA permits a base loan amount equal to one hundred percent of the appraised value. That single detail — appraised value rather than purchase price — is what makes the program genuinely no-cash in a way that FHA's 3.5% and conventional's 3% are not.

When a home appraises above the contract price, the difference can be used. The upfront guarantee fee is added on top of the base loan, and in a favorable appraisal the buyer can finance eligible closing costs up to the appraised value as well. A $300,000 contract that appraises at $310,000 can, in the right structure, carry the guarantee fee and a portion of closing costs without the buyer wiring additional funds.

When the appraisal comes in at contract price, the guarantee fee can still be financed above value — it is the one charge permitted to exceed one hundred percent — but closing costs must then come from another source: seller concessions, a lender credit, gift funds, or the buyer's own money.

There is no reserve requirement on most automated approvals, and there is no minimum borrower contribution. Documented reserves remain a useful compensating factor on marginal files and are required on some manual underwrites.

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Guarantee fees: the cost of the guarantee

USDA does not use private mortgage insurance. It charges two guarantee fees that fund the program: an upfront fee calculated as a percentage of the loan amount and financed into the loan, and an annual fee calculated on the average scheduled balance and collected in twelve monthly installments alongside the payment.

The annual fee is the number that matters month to month, and it is the program's strongest financial argument. It is substantially lower than FHA's annual mortgage insurance premium at comparable loan sizes, and unlike conventional private mortgage insurance it does not vary by credit score. A borrower with a 660 score pays the same annual fee as a borrower with a 780.

Both fees persist for the life of the loan; there is no automatic cancellation at a given equity level. In practice borrowers who build equity refinance into a conventional loan without mortgage insurance once the value supports it, which converts a life-of-loan fee into a temporary one.

Monthly cost comparison on a $280,000 purchase (illustrative, current fee structures)

Program	Down payment	Upfront fee	Monthly MI or annual fee	Cash required
USDA	$0	1.00% financed	≈ 0.35% annually	Closing costs only
FHA	$9,800 (3.5%)	1.75% financed	≈ 0.55% annually, often life of loan	Down payment + costs
Conventional 3%	$8,400	None	Varies by score, ≈ 0.4% – 1.1%	Down payment + costs
VA (if eligible)	$0	Funding fee financed	None	Closing costs only

> Fee percentages are set by USDA and revised periodically. Confirm the current upfront and annual figures with your advisor before relying on any comparison.

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Credit, ratios, and underwriting

USDA publishes no formal minimum credit score for the guaranteed program. In practice most lenders set an overlay in the low-to-mid 600s, and the automated underwriting system that USDA operates gives materially more flexibility to files at 640 and above. Below that threshold a file usually moves to manual underwriting.

An automated approval is the objective. It generally relaxes documentation, waives the reserve requirement, and permits debt ratios above the traditional benchmarks when other strengths are present. Files that receive an automated approval close on ordinary timelines with ordinary conditions.

Manual underwriting is available and is genuinely usable, but it imposes structure: ratio ceilings near twenty-nine percent housing and forty-one percent total debt unless documented compensating factors support an exception, verified reserves, and a clean recent credit history.

Compensating factors that carry weight include a long stable job history, a new payment close to current rent, meaningful cash reserves, and minimal payment shock.

Credit events follow ordinary government-loan waiting periods, measured from discharge or completion rather than from the filing date. Recent collections and charge-offs are evaluated as a pattern rather than mechanically, and medical collections are usually excluded from the analysis.

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Property condition and the appraisal

USDA requires the home to be decent, safe, and sanitary, and the appraiser assesses condition as well as value. The standard sits close to FHA's: the roof must have remaining useful life, mechanical systems must function, the structure must be sound, there can be no exposed wiring or active leaks, chipping paint on pre-1978 homes must be addressed, and the property must have safe access and adequate drainage.

Water and septic systems receive attention on rural properties. A private well typically requires a water quality test meeting local or state standards, and a septic system must be functioning with adequate capacity. These tests take time and should be ordered as soon as the inspection period opens rather than in the final week.

Required repairs must generally be completed before closing. Escrow holdbacks for weather-delayed exterior work are possible in limited circumstances but should not be assumed. On a distressed or as-is listing, the seller's willingness to complete repairs is often the deciding factor in whether a USDA offer is viable at all.

The appraisal itself is ordered by the lender and belongs to the lender's process, and the buyer receives a copy. It is not a home inspection. A separate independent inspection remains strongly advisable, especially on older rural housing stock.

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Paying closing costs with no down payment

Zero down does not mean zero cash. Closing costs — origination charges, title work, recording, prepaid taxes and insurance, and the escrow account — still exist and commonly run two to five percent of the purchase price depending on the market and the tax and insurance escrows required.

There are four practical ways to cover them. Seller concessions are the most common: USDA permits sellers to contribute up to six percent of the sales price toward the buyer's costs, a generous allowance that in many transactions covers the entire figure. A lender credit in exchange for a slightly higher rate is the second, and is worth modeling when the buyer plans to refinance within a few years. Gift funds from family are fully permitted with a standard gift letter and are not restricted the way a down payment gift would be. Finally, an appraisal above contract price allows eligible costs to be financed into the loan.

The tactically strongest structure is usually a seller concession negotiated at the offer stage. It costs the seller the same as an equivalent price reduction but delivers far more value to a buyer who has no cash constraint on price and a real cash constraint at the closing table.

Sources that can cover USDA closing costs

- ☐ Seller concessions up to six percent of the sales price
- ☐ Lender credit priced into the interest rate
- ☐ Documented gift funds from an eligible donor
- ☐ Financed costs when the appraised value exceeds the contract price
- ☐ Approved down payment or closing cost assistance programs
- ☐ The buyer's own verified funds

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The USDA timeline and the commitment step

A USDA file follows the same arc as any other mortgage with one addition. After the lender underwrites and approves the loan, the file is submitted to USDA Rural Development for a conditional commitment. Only after that commitment is issued can the loan close.

In normal conditions the commitment step adds a few business days. During periods of high volume, at the end of a fiscal year, or during a lapse in program funding authority, it can take substantially longer. The correct response is a contract timeline with realistic contingency, not an optimistic one — forty-five days is a safer target than thirty on a USDA purchase.

Everything the lender controls should be finished early so the file is not waiting on documentation when it reaches USDA. Ordering the appraisal promptly, clearing conditions in batches rather than one at a time, and completing well and septic testing early are the three actions that most reliably protect the closing date.

Typical USDA purchase timeline

Stage	Typical duration	What controls it
Pre-approval	1 – 3 days	Document readiness and income calculation
Address and income eligibility check	Same day	Map verification and household income review

Stage	Typical duration	What controls it
Contract to appraisal ordered	1 – 3 days	Lender process and inspection contingency
Appraisal completed	7 – 14 days	Appraiser availability in rural markets
Well and septic testing	5 – 15 days	Vendor scheduling, applies to rural properties
Lender underwriting approval	5 – 10 days	Documentation completeness
USDA conditional commitment	2 – 10 business days	Rural Development office volume
Closing	3 – 5 days after commitment	Title, funding, and scheduling

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USDA versus FHA, VA, and conventional

For a buyer who qualifies on all three USDA tests and is not VA-eligible, USDA is usually the strongest option available: no down payment and lower monthly mortgage insurance than FHA at the same loan size.

The comparison flips when the buyer expects to build equity quickly or has cash for a larger down payment. Conventional financing cancels mortgage insurance at eighty percent loan-to-value, which over a ten-year horizon can outweigh USDA's lower monthly fee. Buyers who are VA-eligible should almost always use VA — zero down with no monthly mortgage insurance at all beats every alternative.

The honest answer is that the right program is determined by the specific numbers on a specific file, not by a rule of thumb. Running all eligible programs side by side at the pre-approval stage takes very little time and frequently changes the decision.

Program comparison for a low-down-payment purchase

	USDA	FHA	VA	Conventional 3%
Down payment	0%	3.5%	0%	3%
Location restriction	Eligible areas only	None	None	None
Income limit	Yes, by county and household size	None	None	Only on some 3% products
Service requirement	None	None	Yes	None
Upfront fee	≈ 1.00% financed	1.75% financed	Funding fee, varies	None
Monthly mortgage insurance	≈ 0.35% annually	≈ 0.55% annually	None	Varies by credit score

	USDA	FHA	VA	Conventional 3%
Cancels with equity	No	Usually no	N/A	Yes at 80% LTV
Occupancy	Primary only	Primary only	Primary only	Any
Property types	1 unit	1 – 4 units	1 – 4 units	1 – 4 units
Seller concessions	Up to 6%	Up to 6%	Up to 4% plus costs	3% at low down payment

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Refinancing an existing USDA loan

Existing USDA borrowers have refinance paths within the program. The streamlined-assist option is the most borrower-friendly: it requires no new appraisal, no new credit review in most cases, and no property re-inspection, provided the borrower has made timely payments over the required recent period and the refinance produces a meaningful payment reduction. It is designed for rate relief and nothing else — no cash out, no term extension games.

A standard USDA-to-USDA streamline requires a credit review and sometimes an appraisal but permits slightly more flexibility. Both options require the property to remain owner-occupied and the loan to be current.

USDA offers no cash-out refinance. A borrower who needs equity must refinance into a conventional or other product, which is also the natural move once value supports removing the annual fee entirely. Note that refinancing out of USDA and later back into it requires the property and household to re-qualify under the rules in effect at that time.

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USDA lending in Florida

Florida has substantially more USDA-eligible territory than most buyers assume. Large stretches of the interior — the agricultural counties of the central peninsula, the northern tier, and the panhandle away from the coastal resort corridor — sit inside eligible areas, along with the outer ring of several metropolitan markets.

The pattern along the Emerald Coast is instructive. The immediate beach corridor through Destin, Santa Rosa Beach, and Panama City Beach is generally outside eligible areas and, in any case, carries prices well above what a USDA-limited household typically finances. Move inland toward DeFuniak Springs, Freeport, Chipley, Bonifay, and the communities north of the bay, and eligibility returns along with price points the program serves well.

Insurance is the defining Florida variable and it does not appear on any USDA guideline. Homeowners premiums in this state can add several hundred dollars a month to a payment, and because that premium is escrowed it flows directly into the debt-to-income calculation. A binding insurance quote should be obtained during the inspection period, not in the final week — a payment built on an optimistic insurance estimate can fail underwriting late.

Two other Florida specifics matter. Flood zone determination affects both insurance cost and, in some cases, eligibility of the improvements. And on inland properties, private wells and septic systems are common enough that the testing timeline should be built into the contract from the beginning rather than discovered mid-process.

> Vabasso Mortgage is headquartered on Florida's Emerald Coast and works USDA files across the state's eligible inland and panhandle markets.

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Common mistakes and how to avoid them

What derails USDA files

- ☐ Writing an offer before verifying address-level eligibility on the USDA map
- ☐ Calculating income on the borrowers only and ignoring other adult household members
- ☐ Abandoning the scenario on a raw income figure without applying allowable deductions
- ☐ Assuming zero down means zero cash and arriving at closing without funds for costs
- ☐ Failing to negotiate a seller concession at the offer stage, when it is free to ask
- ☐ Setting a thirty-day contract that leaves no room for the USDA commitment step
- ☐ Ordering well and septic testing late in the inspection period
- ☐ Estimating Florida homeowners insurance rather than obtaining a binding quote
- ☐ Pursuing a condominium without confirming existing project approval
- ☐ Buying a property with income-producing outbuildings or subdividable acreage
- ☐ Opening new credit or changing jobs between approval and closing
- ☐ Assuming a market will retain eligibility through a scheduled map revision

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Document checklist

Borrower and household documentation

- ☐ Government-issued photo identification for each borrower
- ☐ Most recent thirty days of pay statements for every employed borrower
- ☐ W-2 forms for the most recent two years
- ☐ Federal tax returns where self-employment, rental, or variable income exists

- ☐ Two months of statements for every asset account, all pages
- ☐ Documentation of income for all non-borrowing adult household members
- ☐ Award letters for Social Security, pension, disability, or other fixed income
- ☐ Childcare expense documentation where a deduction will be claimed
- ☐ Medical expense documentation for elderly or disabled household deductions
- ☐ Landlord contact or twelve months of cancelled rent checks where rent history is used
- ☐ Written explanation and documentation for any recent credit event
- ☐ Signed gift letter and donor documentation where gift funds will be used

Property documentation

- ☐ Fully executed purchase contract with all addenda
- ☐ USDA eligibility confirmation for the property address
- ☐ Binding homeowners insurance quote, including wind and flood where applicable
- ☐ Well water quality test results where a private well serves the property
- ☐ Septic inspection or certification where a septic system serves the property
- ☐ Condominium project approval evidence where applicable
- ☐ Termite or wood-destroying organism report where required by state or contract
- ☐ Documentation of any completed repairs required by the appraisal

> USDA Guaranteed Rural Housing program requirements — including property eligibility boundaries, household income limits, guarantee fee percentages, credit and reserve expectations, repair and property condition standards, and refinance eligibility — are set by the U.S. Department of Agriculture and are periodically revised. Individual approved lenders may also apply stricter overlays. This guide is educational and is not a loan approval, a commitment to lend, a Loan Estimate, or legal or tax advice. Current eligibility maps, income limits, and fee schedules should be confirmed with your licensed mortgage advisor before you write an offer.

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Next steps

Start with the two tests that cost nothing and eliminate most uncertainty: check the property address — or the target area — against the USDA eligibility map, and run the adjusted household income calculation with deductions applied. Those two answers determine whether the program is even on the table.

If both pass, get a full pre-approval that models USDA alongside FHA and conventional at the same purchase price. Seeing the three payments and the three cash-to-close figures side by side is the fastest way to know which program actually fits, and it gives your agent a credible letter to write offers with.

Then build the contract around the program: a realistic closing window, a seller concession request, and early scheduling for appraisal and any well or septic testing. USDA files close reliably when the calendar respects the commitment step and unreliably when it does not.

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Frequently asked questions

Is a USDA loan only for farms?

No. USDA loans finance ordinary residential homes in eligible areas. In fact, working farms and income-producing agricultural facilities make a property ineligible.

Do I really need zero down payment?

Yes. USDA permits one hundred percent financing of appraised value. Closing costs still apply and must come from seller concessions, a lender credit, gift funds, financed costs on a high appraisal, or your own funds.

How do I check whether a property is eligible?

USDA publishes an address-level eligibility map. Eligibility is determined by the specific address, not by the town or county, so check the exact property before writing an offer.

Are the eligibility maps ever updated?

Yes, periodically, based on updated population data. Areas losing eligibility usually retain it through a transition window, and files with a complete application before the change date are typically grandfathered.

What are the income limits?

Limits are published per county and scale with household size, with a step up at five or more members. They are set against the location of the property, not where you currently live.

Whose income counts toward the limit?

All adult household members, including people who will not be on the loan. This is different from the qualifying income used for the debt ratio, which counts borrowers only.

Are there deductions that lower my calculated income?

Yes. Common deductions include an allowance per dependent child, documented childcare enabling employment, certain disability expenses, and additional allowances and medical expenses for elderly or disabled households.

I'm slightly over the income limit — is that automatically a no?

Not necessarily. The limit applies to adjusted income after deductions, which is often several thousand dollars below gross. Have the full calculation run before concluding you are ineligible.

Do I have to be a first-time buyer?

No. Any qualified borrower may use USDA, provided you do not currently own an adequate primary residence that you intend to keep.

Can I use USDA for a second home or rental?

No. The program is limited to an owner-occupied primary residence and occupancy is required.

What credit score do I need?

USDA sets no formal minimum, but most lenders apply an overlay in the low-to-mid 600s, and 640 is the practical threshold for an automated approval. Below that, manual underwriting is available with stricter ratios and reserves.

What debt-to-income ratio is allowed?

Automated approvals routinely permit ratios above the traditional benchmarks. Manual underwrites are generally held near twenty-nine percent housing and forty-one percent total unless documented compensating factors support an exception.

Is mortgage insurance required?

USDA does not use private mortgage insurance. It charges an upfront guarantee fee financed into the loan and a small annual fee collected monthly.

How much are the guarantee fees?

Currently the upfront fee is approximately one percent of the loan amount and the annual fee approximately 0.35 percent of the average scheduled balance. USDA revises these periodically, so confirm current figures.

Does the annual fee ever go away?

Not automatically — it remains for the life of the loan. Borrowers who build equity generally refinance into conventional financing without mortgage insurance once value supports it.

Is USDA cheaper than FHA?

On most files, yes, on a monthly basis: the annual guarantee fee is meaningfully lower than FHA's annual mortgage insurance premium, and the upfront fee is smaller as well.

Should I use USDA or VA if I'm eligible for both?

Generally VA. It offers zero down with no monthly mortgage insurance at all, no income limit, and no location restriction.

Can I finance my closing costs?

Yes when the appraised value exceeds the contract price — eligible costs can be financed up to appraised value. The upfront guarantee fee may be financed above value regardless.

How much can the seller contribute?

Up to six percent of the sales price toward the buyer's closing costs and prepaid items. This is one of the most useful provisions in the program and should be negotiated at the offer stage.

Can I use gift funds?

Yes. Gift funds from an eligible donor with a standard gift letter may be used for closing costs and prepaid items.

What is the maximum loan amount?

USDA sets no fixed loan limit for the guaranteed program. The practical ceiling is what your repayment income and the county income limit will support.

Are condominiums eligible?

Yes, when the project already carries approval from USDA, FHA, VA, Fannie Mae, or Freddie Mac. Obtaining a new approval mid-contract is rarely practical.

Can I buy a manufactured home?

Only new units on permanent foundations under narrow conditions, and many lenders decline them as an overlay. Confirm lender appetite before writing the offer.

Are there property condition requirements?

Yes. The home must be decent, safe, and sanitary. The appraiser assesses roof life, mechanical systems, structural soundness, safe access, and chipping paint on pre-1978 homes.

Do I need a well or septic test?

On rural properties served by a private well, a water quality test is typically required, and a septic system must be verified functional. Order these early — vendor scheduling is the usual delay.

How long does a USDA loan take to close?

Plan for forty-five days. The lender's process mirrors any other mortgage, but the file must also receive a conditional commitment from USDA Rural Development before it can close.

What is the USDA conditional commitment?

The approval issued by Rural Development after the lender underwrites the file. It usually adds a few business days and can take longer during high volume or funding-authority lapses.

Can I refinance a USDA loan?

Yes. Streamlined-assist and streamline refinances exist within the program for payment reduction, and you may also refinance into conventional financing to remove the annual fee.

Is there a USDA cash-out refinance?

No. Accessing equity requires refinancing into a conventional or other product.

Which Florida areas are USDA-eligible?

Much of the state's interior, the northern tier, and inland panhandle communities such as DeFuniak Springs, Freeport, Chipley, and Bonifay. The immediate coastal resort corridor generally is not.

Tools, related pages, and next steps

A stronger plan begins before the application. Understand the loan, prepare the funds, estimate the payment, and take the next step with greater clarity.

Calculators

→ Mortgage Payment Calculator vabasso.com/calculators/mortgage-payment
→ Affordability Calculator vabasso.com/calculators/affordability
→ Closing Costs Calculator vabasso.com/calculators/closing-costs
→ Rent Vs Buy Calculator vabasso.com/calculators/rent-vs-buy

Loan programs

→ Usda Loans vabasso.com/loan-programs/usda
→ Fha Loans vabasso.com/loan-programs/fha
→ Va Loans vabasso.com/loan-programs/va
→ Conventional Loans vabasso.com/loan-programs/conventional
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→ Mortgage Readiness Assessment vabasso.com/pre-qualify

Sources

Program rules referenced in this guide are maintained by the applicable agency, investor, and lender. Confirm current requirements with your licensed mortgage advisor and official program guidance before making decisions. Editorial review dated 2026-08-02.

Disclosure

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