FREE GUIDE · JESSICA SCHWARTZ

The Zero-Down USDA Loan Guide

What buyers don't always hear about buying a home with $0 down

PREPARED BY

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You don't need 20% down. You don't even need a small down payment. If you're eyeing a home outside the city center, there's a good chance the USDA loan program can get you into it with zero money down — and this guide walks you through exactly how it works, who qualifies, and the details most buyers never hear about until it's almost too late to use them.

What Is a USDA Loan, Really?

A USDA loan is a government-backed mortgage designed to help buyers purchase homes in eligible rural and suburban areas — and "rural" covers a lot more ground than most people assume. Many pockets just outside major metro areas still qualify. The two biggest draws:

- **100% financing.** No down payment required — the loan can cover the full purchase price.
- **Lower ongoing costs than FHA.** Instead of monthly mortgage insurance, USDA loans use a guarantee fee structure that's typically cheaper over time.

This program comes from the USDA's Rural Development division, and it's aimed at helping low-to-moderate income households buy safe, modest homes as their primary residence — not vacation homes or investment properties.

Who Actually Qualifies

1. Property Location

The home has to sit in a USDA-eligible area. This is based on population, not how "country" the area feels — many areas just outside big cities still qualify. The only way to know for sure is to check the address against the USDA eligibility map, which I'm happy to do for you before you fall in love with a listing.

2. Household Income

Your total household income (not just the borrower's income) generally can't exceed 115% of the area median income. This limit shifts by county and household size, so a family of 5 in one county may qualify at a higher income than a single buyer in another.

3. Credit & Debt-to-Income

There's no official minimum credit score set by USDA itself, but most lenders look for a mid-600s score or higher to streamline approval. Debt-to-income guidelines are also more flexible than many buyers expect, especially with strong compensating factors.

4. Primary Residence Only

The home must be where you actually plan to live — no investment properties, no second homes.

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The Fee Structure (Instead of PMI)

USDA loans don't use private mortgage insurance. Instead, there's a guarantee fee with two parts:

Fee	Amount	How It's Paid
Upfront Guarantee Fee	1% of the loan amount	Usually rolled into the loan balance
Annual Fee	0.35% of the remaining balance	Divided into monthly installments

Example: on a $250,000 loan, the upfront fee comes to about $2,500 (financed into the loan), and the first year's annual fee works out to roughly $72 a month, gradually shrinking as the balance goes down.

This fee structure is set by USDA each federal fiscal year, so the exact percentages can shift — but as of this guide, they remain at 1% upfront and 0.35% annually.

What Buyers Don't Always Hear

- **Sellers can help with closing costs.** USDA guidelines allow seller concessions, which can mean less cash out of your pocket even in a zero-down deal.
- **The guarantee fee never disappears at 20% equity.** Unlike PMI, it's part of the loan for its full life — unless you refinance later.
- **You can be a repeat buyer.** USDA loans aren't just for first-timers. If you currently own a home that isn't "decent, safe, and sanitary," you may still qualify.
- **Manufactured and new construction homes can qualify**, not just older resale homes — as long as they meet USDA's property standards.
- **Pre-qualification is just the start.** It's based on self-reported info with no credit pull — full approval requires documentation, so get pre-approved early if you're serious about a timeline.

Your Next Steps

1. Check the property eligibility

Before you tour a single home, confirm the areas you're considering actually qualify. This takes minutes and saves a lot of heartbreak later.

2. Get a real income read

Household income limits vary by county and family size — don't assume you're over the limit without running the actual numbers.

3. Get pre-approved

A true pre-approval (with documentation, not just a quick estimate) tells you your real budget and makes your offer stronger.

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4. Shop with confidence

Once you know your eligible areas and your approved budget, you can shop knowing the financing piece is already handled.

CURIOUS IF YOU QUALIFY? Call or text the word **"RURAL"** to (772) 297-1400 and I'll check whether your target area and household qualify — no pressure, just clarity.

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