

The Ultimate USDA Home Loan Guide

Your Path to Financial Growth,

Presented by Amy DeBusk



Phone Number
(916) 705-2557



Our Website
www.amydebuskhomeloans.com

MORTGAGE MADE EASY ACADEMY



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Welcome to the USDA Loan Program

The USDA loan is one of the most powerful and affordable loan options available for eligible rural and suburban homebuyers. Backed by the U.S. Department of Agriculture, this program is designed to help low- to moderate-income families purchase a home **with no down payment required.**

At Amy DeBusk Home Loans, we're here to simplify the process and help you access every benefit you're entitled to under this incredible program.

What Is a USDA Loan?

A VA loan is a mortgage backed by the U.S. Department of Veterans Affairs that helps eligible Veterans, active-duty service members, and some surviving spouses purchase or refinance a home.



Loan Type	Issued By	Backed/Funded By	Best For
Guaranteed Loan	Approved lenders (like us!)	USDA	Most borrowers
Direct Loan	USDA itself	USDA	Low-income households

USDA Loan Benefits

USDA loans are designed to make buying a home more affordable for eligible borrowers in rural and suburban areas. If you qualify, here are some of the key advantages:



- No down payment required (100% financing)
- Competitive interest rates that help lower your monthly payment
- Flexible credit guidelines to make qualifying easier
- Low monthly mortgage insurance, often more affordable than FHA loans

Who Qualifies for a USDA Loan?

USDA loans are designed to help low- to moderate-income families buy a home in rural and select suburban areas. While the program is generous in offering 100% financing, it also comes with stricter guidelines than some other loan types.

Basic Eligibility Requirements:

- Must be a **U.S. citizen** or legal permanent resident
- Must purchase a home in a **USDA-eligible rural or suburban area**
- Must **live in the home as your primary residence**
- Must have **stable and adequate income** to afford monthly payments

Location Requirements

To qualify for a USDA loan, the home must be located in a USDA-approved area. These are typically:

- Rural towns
- Smaller communities
- Some outlying suburban neighborhoods

Check your property eligibility here: <https://eligibility.sc.egov.usda.gov>

Income Limits

USDA loans have income limits based on household size and location. Generally:

Criteria	Details
Income Cap	Must be at or below 115% of the Area Median Income (AMI)
Household Income	Includes income from all adult household members, even if not on the loan
Typical Range for Family of Four	Between \$103,500 and \$117,000, depending on the county
Eligible Deductions	May deduct for dependents, childcare costs, and medical expenses

Example: In many areas, the limit for a family of four is between \$103,500 and \$117,000, but it varies by county. Always check your local limits—income thresholds vary by location and household size.

Credit & Debt Requirements

USDA loans are **stricter** than FHA or Conventional loans when it comes to verifying your financial profile.

Requirement	Standard Guideline
Minimum Credit Score	Most lenders require a FICO score of 640
	Some may allow lower scores with strong compensating factors
Front-End DTI (Housing)	Recommended to be 29% or lower
Back-End DTI (Total)	Recommended to be 41% or lower, including all monthly debts

Lenders may allow higher ratios with strong credit, savings, or stable employment.

Is There PMI on a USDA Loan?

Good news—USDA loans do not require private mortgage insurance (PMI) like conventional loans do. Instead, they include two reduced fees that help keep the program running while still saving you money:

- **Upfront Guarantee Fee:** 1% of the total loan amount (can be rolled into your loan)
- **Annual Fee:** 0.35% of the remaining loan balance, paid monthly as part of your mortgage payment

These fees are much more affordable than conventional or FHA mortgage insurance.

Property Eligibility & Features

To qualify for a USDA loan, the home must meet specific requirements related to location, condition, and use. The property must:

- Be located in a USDA-eligible rural or suburban area
- Be modest in size, design, and price—no luxury estates
- Serve as your primary residence
- Be safe, livable, and structurally sound according to HUD standards

Can the Home Have a Swimming Pool?

Yes! Homes with swimming pools can qualify for USDA loans—as long as:

- The pool does not make the home “luxurious” beyond local norms
- The appraiser does not assign value to the pool
- The home still meets the USDA’s modest and affordable property standards

Steps to Get a USDA Loan

Getting a USDA loan is easier when you have the right team guiding you. Here's how we help you make it happen:

1. **Confirm your income and property eligibility** (we'll help you verify both)
2. **Get pre-approved** through Amy DeBusk Home Loans
3. **Find a USDA-eligible home** with your real estate agent
4. **Submit your loan application**
5. **Complete underwriting and USDA approval**
6. **Close and move into your new home**

USDA Loan: Lesser-Known Insights You Should Know

While USDA loans offer amazing benefits, there are a few lesser-known rules and requirements that can catch borrowers off guard. Understanding these details upfront can save time, stress, and even your loan approval.

Bankruptcy & Foreclosure Waiting Periods: You typically must wait 3 years after a foreclosure or Chapter 7 bankruptcy. After a Chapter 13 bankruptcy, you may be eligible after 12 months of on-time payments with court approval.

All Household Income Counts: USDA considers income from everyone living in the home, even if they aren't on the loan. This can affect income eligibility—though deductions are available for dependents, childcare, and medical expenses.

Property Must Meet Strict Standards: The home must be safe, livable, and structurally sound. It must have legal access via a maintained road, and any unpermitted work or code violations may need to be fixed before closing.

No Income-Producing Properties: USDA loans can't be used for farms or commercial properties. Outbuildings like barns or workshops are allowed—but only if used for personal, not business, purposes.

Pools Are Allowed, But: In-ground or above-ground pools are acceptable if they don't make the home appear luxurious. The appraiser must assign no market value to the pool for the home to qualify.

USDA Refinancing Allowed—Even if Area No Longer Qualifies: You can refinance your current USDA loan—even if your home is now outside a USDA-eligible area—through the USDA Streamlined Refinance program.

These rules often fly under the radar, but we stay on top of every detail to make sure your USDA loan process goes smoothly from start to finish.

Why Work with Amy DeBusk Home Loans?

We're not just experts in home loans — we're experts in making the USDA loan process easy and successful. What we offer:

1. Personalized pre-approval and income analysis
2. Local and rural market expertise
3. USDA property and income eligibility review
4. Help negotiating **seller-paid closing costs**
5. Step-by-step support from application to move-in

Contact Amy DeBusk Home Loans

We understand the unique guidelines of USDA loans, know how to maximize your benefits, and are committed to helping you save money throughout the process. From pre-approval to closing, we'll be by your side to make homeownership simple and stress-free.

Let us serve you as you've served us.

📞 Call/Text: (916) 705-2557

✉️ Email: adebusk@loandepot.com

🔗 Website: amydebuskhomeloans.com

👤 Reddit: [r/MortgageMadeEasy](https://www.reddit.com/r/MortgageMadeEasy)

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