Claude Loan

2026 STATE GUIDE

Conventional Loans in Arizona: The Numbers

Conforming limit, down payment and monthly cost on the state median at 3%, 5%, 10% and 20% down, the month PMI ends, and the Arizona rules that touch the loan.

A conventional loan in Arizona follows Fannie Mae and Freddie Mac's national rules; the state supplies the prices, the taxes and the closing customs. This guide works the numbers on the state median and lists the Arizona rules that touch the loan.

Arizona at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$430,000
Property tax (effective)	about 0.56% — roughly $2,408 a year on the median
Closing practice	Escrow closing state
Transfer / recording taxes	Arizona imposes no real estate transfer tax — only a flat affidavit of property value fee of a few dollars — so the government share of closing costs is negligible.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in Arizona in 2026. With 20% down you can buy up to about $1,040,938 and stay conforming; with 5% down, up to about $876,579. On the $430,000 median, a 20% down loan of $344,000 is inside the limit. Check your county on FHFA's lookup (fhfa.gov); two- to four-unit homes have higher limits.

What it costs on the Arizona median

Illustrative 6.5% 30-year fixed rate, principal and interest; mortgage insurance at typical market rates by down payment (credit score moves it); property tax at the state's approximate 0.56% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$12,900	$417,100	$2,636	$313	$201	**$3,150**
5%	$21,500	$408,500	$2,582	$255	$201	**$3,038**
10%	$43,000	$387,000	$2,446	$161	$201	**$2,808**
20%	$86,000	$344,000	$2,174	—	$201	**$2,375**

When PMI ends

Under the federal Homeowners Protection Act you may request cancellation at 80% of the original value; the servicer must cancel at 78% and, if you are current, at the loan's midpoint. On scheduled payments alone at

6.5%:

Down payment	Monthly PMI (est.)	80% reached (request)	78% reached (automatic)	PMI paid by then (est.)
3%	$313	about 11 years and 1 months	about 12 years	$41,629
5%	$255	about 10 years and 4 months	about 11 years and 3 months	$31,620
10%	$161	about 7 years and 11 months	about 9 years and 1 months	$15,295

> **Shorten the clock.** Extra principal payments, or a cancellation request based on a new appraisal after enough seasoning (Fannie Mae and Freddie Mac typically allow 75% LTV after two years or 80% after five on current value), end PMI sooner than the schedule.

Closing in Arizona

Arizona purchases close through licensed escrow agents — usually the escrow department of a title company — regulated by the Department of Insurance and Financial Institutions; attorneys are rarely involved. It is a dry-funding state: the parties sign, the escrow agent records the deed of trust with the county recorder, and funds are disbursed after recording confirmation. Escrow fees are customarily split between buyer and seller, and the buyer pays the lender's title policy.

Arizona has no mortgage recording tax and no intangible tax on the note, and since Proposition 100 in 2008 the Arizona Constitution forbids any real estate transfer tax. The county recorder charges a flat per-document recording fee for the deed of trust, and an affidavit of property value accompanies the deed. Borrowers pay nothing to the state to record a loan. Arizona closings use escrow companies rather than attorneys; total closing costs typically run 2% to 3% of the price, and sellers customarily pay for the owner's title policy in much of the state.

Arizona rules that touch a conventional loan

Prepayment. Arizona has no statute that prohibits prepayment penalties on residential first mortgages outright; they are enforceable if the note discloses them, and the mortgage banker and broker statutes in A.R.S. Title 6, chapter 9 regulate disclosure and licensee conduct rather than capping the penalty itself. Federal qualified-mortgage limits apply to most loans. Confirm the terms of any penalty with the Department of Insurance and Financial Institutions.

Spouses and title. Arizona is a community property state, and A.R.S. § 25-214(C) requires both spouses to join in any acquisition, disposition or encumbrance of community real property, so a non-borrowing spouse must sign the deed of trust (or a disclaimer deed confirming the home is the borrower's sole and separate property). On FHA and VA loans the non-purchasing spouse's debts are counted in the debt-to-income ratio because of community liability. Couples may hold title as community property with right of survivorship under A.R.S. § 33-431.

Homestead. Arizona's homestead exemption (A.R.S. § 33-1101) was raised from $150,000 to $250,000 in 2022, and Proposition 209, approved by voters that November, lifted it to $400,000 with annual inflation adjustments thereafter. A 2022 amendment also lets recorded judgment liens attach to equity above the exemption, which changes refinancing in a way many owners do not expect. The exemption never defeats a consensual mortgage, property taxes or HOA assessments. On the tax side there is no dollar homestead exemption, but owner-occupied homes are Class 3 property with limited property value growth capped at 5% a year and a state-paid homeowner rebate on school taxes.

Your Arizona checklist

- [ ] Pull a tri-merge credit report; conventional pricing steps at 680, 700, 720, 740 and 760 — know your middle score before you shop.
- [ ] Decide the down payment with the table above: the monthly total, not the cash down, is what the lender qualifies you on.
- [ ] Confirm the conforming limit for your county on FHFA's site; structure the loan to stay under it if you can.
- [ ] Get three Loan Estimates on the same day at the same rate and zero points; compare Section A fees line by line.
- [ ] Ask whether the automated underwriting returned an appraisal waiver — it saves money and time.
- [ ] Calendar the month your balance reaches 80% of the purchase price and send the PMI cancellation request in writing.
- [ ] Read the Arizona closing customs above and budget the recording and transfer taxes.
- [ ] After closing, file the homestead exemption with your county if the state has one.

The method, in five steps

1. Find your county's conforming loan limit on FHFA's site; above it, you are shopping jumbo rules.
2. Know your middle credit score from a tri-merge pull — pricing steps at 680, 700, 720, 740 and 760.
3. Compute your back-end DTI with the full housing payment (taxes, insurance, PMI, HOA), not just principal and interest.
4. Compare three Loan Estimates at the same rate and zero points; compare Section A fees line by line.
5. If you put less than 20% down, calendar the month your balance reaches 80% of the original value — that is when you can request PMI cancellation.

Keep reading on Claude Loan

- Conventional loan requirements: credit, down payment, DTI, reserves, property — https://claude-loan.com/guides/conventional-loan-requirements/

- Conventional vs FHA vs VA vs USDA: the four loan types compared — https://claude-loan.com/guides/conventional-vs-fha-vs-va-vs-usda/
- Conforming loan limits: how the FHFA number works and what happens above it — https://claude-loan.com/guides/conforming-loan-limits/
- 30-year vs 15-year mortgage: the real trade-off, with the numbers — https://claude-loan.com/guides/30-year-vs-15-year-mortgage/
- ARM vs fixed-rate mortgage: when an adjustable rate makes sense — https://claude-loan.com/guides/arm-vs-fixed-rate/
- Jumbo loans: requirements, rates and how they differ from conforming — https://claude-loan.com/guides/jumbo-loans/

Sources

- Fannie Mae — Selling Guide — https://selling-guide.fanniemae.com/
- Freddie Mac — Seller/Servicer Guide — https://guide.freddiemac.com/
- FHFA — Conforming loan limits — https://www.fhfa.gov/data/conforming-loan-limit-cll-values