Claude Loan

2026 STATE GUIDE

Conventional Loans in California: 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 California rules that touch the loan.

A conventional loan in California 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 California rules that touch the loan.

California at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$790,000
Property tax (effective)	about 0.71% — roughly $5,609 a year on the median
Closing practice	Escrow closing state
Transfer / recording taxes	California counties charge a documentary transfer tax of $1.10 per $1,000 (0.11%); charter cities such as Los Angeles, San Francisco, Oakland and San Jose add city transfer taxes that can exceed 1% and rise sharply on high-value sales. Who pays is negotiated and varies by region.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in California 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 $790,000 median, a 20% down loan of $632,000 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 California 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 0.71% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$23,700	$766,300	$4,844	$575	$467	**$5,886**
5%	$39,500	$750,500	$4,744	$469	$467	**$5,680**
10%	$79,000	$711,000	$4,494	$296	$467	**$5,257**
20%	$158,000	$632,000	$3,995	—	$467	**$4,462**

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%	$575	about 11 years and 1 months	about 12 years	$76,475
5%	$469	about 10 years and 4 months	about 11 years and 3 months	$58,156
10%	$296	about 7 years and 11 months	about 9 years and 1 months	$28,120

> **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 California

California uses neutral escrow rather than a roundtable closing: independent escrow companies licensed by the DFPI under the Escrow Law (Financial Code § 17000 et seq.) or title-company escrow departments hold documents and money, and buyer and seller sign separately. No attorney is involved in a typical residential transaction. Funding is dry — the escrow holder records the deed of trust with the county recorder and disburses only after recording is confirmed. Custom differs by region: escrow fees are split in Southern California and usually paid by the buyer in the north.

California has no mortgage recording tax and no intangible tax on the note. The documentary transfer tax ($1.10 per $1,000 at the county level, with additional city taxes in Los Angeles, San Francisco, Oakland, San Jose and other charter cities) applies to the deed, not the loan. Recording a deed of trust costs the county fee plus the $75-per-document Building Homes and Jobs Act fee (capped at $225 per transaction), from which owner-occupied purchase documents are exempt. Closing costs are driven by price: 1% to 2% is typical for the government and title portion in most counties, but Los Angeles and Bay Area city taxes, plus high escrow and title fees, can push total buyer costs toward 2% to 3% before prepaids.

California rules that touch a conventional loan

Prepayment. Civil Code § 2954.9 lets the owner of a one- to four-unit owner-occupied home prepay at any time, and permits a prepayment charge only during the first five years of the loan, capped at six months' interest on the amount prepaid that exceeds 20% of the original principal in any twelve-month period. Broker-arranged loans face similar limits under Business and Professions Code § 10242.6, and the state's coveredloan law bans penalties after 36 months on high-cost loans. Most California notes today contain no penalty at all.

Spouses and title. California is a community property state; Family Code § 1102 requires both spouses to join in any instrument that encumbers community real property, so a non-borrowing spouse either signs the deed of trust or executes an interspousal transfer deed to establish separate property. Title may be held as community property with right of survivorship (Civil Code § 682.1). On FHA and VA loans, a non-borrowing spouse's debts are included in the debt-to-income calculation because of community liability for debts incurred during marriage.

Homestead. California's homestead exemption (Code of Civil Procedure § 704.730, rewritten by AB 1885 in 2021) equals the county's median single-family sale price for the prior year, with a floor of $300,000 and a ceiling of $600,000, both indexed to inflation each year since 2022 — so the protected amount differs by county and rises annually. The exemption is automatic for the dwelling you live in; a recorded declared homestead adds protection on a voluntary sale. It never defeats a deed of trust, tax liens or HOA assessments. For property tax, Proposition 13 caps assessed value growth at 2% a year until a change in ownership, and the homeowners' exemption removes $7,000 of assessed value (Revenue and Taxation Code § 218), worth roughly $70 a year.

Your California 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 California 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