2026 STATE GUIDE

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

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

Illinois at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$270,000
Property tax (effective)	about 2.08% — roughly $5,616 a year on the median
Closing practice	Mixed practice
Transfer / recording taxes	Illinois charges a state transfer tax of $0.50 per $500 (0.1%) and counties $0.25 per $500, generally paid by the seller; Chicago adds $5.25 per $500, of which the buyer customarily pays $3.75 per $500 (0.75%), and many suburbs levy their own.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in Illinois 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 $270,000 median, a 20% down loan of $216,000 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 Illinois 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 2.08% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$8,100	$261,900	$1,655	$196	$468	**$2,319**
5%	$13,500	$256,500	$1,621	$160	$468	**$2,249**
10%	$27,000	$243,000	$1,536	$101	$468	**$2,105**
20%	$54,000	$216,000	$1,365	—	$468	**$1,833**

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%	$196	about 11 years and 1 months	about 12 years	$26,068
5%	$160	about 10 years and 4 months	about 11 years and 3 months	$19,840
10%	$101	about 7 years and 11 months	about 9 years and 1 months	$9,595

> **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 Illinois

Illinois closings split by geography: in Chicago and the collar counties both buyer and seller customarily retain attorneys, contracts carry an attorney-review contingency, and the closing takes place at a title company that acts as settlement and escrow agent, while downstate title companies often close without lawyers. No statute requires an attorney, but lender counsel and the Chicago Title/Fidelity-style closing desks are the norm in Cook County. Funding is wet, with same-day recording at the county recorder.

Illinois has no mortgage recording tax and no intangible tax on the note. The Real Estate Transfer Tax ($0.50 per $500 state, $0.25 per $500 county, plus the City of Chicago's $3.75 per $500 buyer share and $1.50 per $500 seller share) attaches to the deed rather than the loan. Recording a mortgage costs the county's per-document fee plus the statewide Rental Housing Support Program surcharge. Outside Chicago, buyer closing costs run about 2% to 3%; in Chicago the buyer's transfer tax share and attorney fees push costs higher. Illinois uses attorneys at closing and property taxes are paid in arrears, producing large tax prorations.

Illinois rules that touch a conventional loan

Prepayment. The Illinois Interest Act (815 ILCS 205/4(2)(a)) makes it unlawful to provide for or collect a prepayment penalty on a residential real estate loan whose interest rate exceeds 8% per year, which in practice bans penalties on most Illinois loans when rates are above that level. The High Risk Home Loan Act separately prohibits prepayment penalties on high-risk home loans (815 ILCS 137/30), and federal qualified-mortgage limits govern the rest. Illinois borrowers rarely encounter a penalty clause.

Spouses and title. Illinois is a separate-property state with no dower, but the Conveyances Act (765 ILCS 5/27) provides that a mortgage does not waive the homestead unless the spouse signs a release of homestead, so a non-titled spouse signs the mortgage on the marital home to waive that right. Married couples may hold their homestead as tenants by the entirety (765 ILCS 1005/1c), which protects it from the separate creditors of one spouse. Survivorship between other co-owners must be written into the deed.

Homestead. The Illinois homestead exemption (735 ILCS 5/12-901) protects $15,000 of equity per owner — $30,000 for a couple — a figure that has not kept pace with home prices; it does not prevent foreclosure of a mortgage the owner signed, tax sales or association liens. The property-tax General Homestead Exemption (35 ILCS 200/15-175) removes $10,000 of equalized assessed value in Cook County and $6,000 to $8,000 elsewhere (the collar counties were raised in 2023), with additional senior, senior-freeze, veterans and home-improvement exemptions; Illinois has among the highest effective property tax rates in the nation, so these exemptions matter more here than in most states.

Your Illinois 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 Illinois 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