Claude Loan

2026 STATE GUIDE

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

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

Iowa at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$220,000
Property tax (effective)	about 1.49% — roughly $3,278 a year on the median
Closing practice	Attorney closing state
Transfer / recording taxes	Iowa's real estate transfer tax is $0.80 per $500 of the amount over $500 (about 0.16%), paid by the seller by custom and statute.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in Iowa 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 $220,000 median, a 20% down loan of $176,000 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 Iowa 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 1.49% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$6,600	$213,400	$1,349	$160	$273	**$1,782**
5%	$11,000	$209,000	$1,321	$131	$273	**$1,725**
10%	$22,000	$198,000	$1,251	$83	$273	**$1,607**
20%	$44,000	$176,000	$1,112	—	$273	**$1,385**

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%	$160	about 11 years and 1 months	about 12 years	$21,280
5%	$131	about 10 years and 4 months	about 11 years and 3 months	$16,244
10%	$83	about 7 years and 11 months	about 9 years and 1 months	$7,885

> **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 Iowa

Iowa is the only state that forbids private title insurance (Iowa Code 515.48), so a closing rests on an abstract of title examined by an Iowa attorney whose written title opinion supports a certificate from Iowa Title Guaranty, a state program run by the Iowa Finance Authority. Lenders, abstractors and closing agents may conduct the signing itself, but the attorney's opinion is the document the guaranty depends on. The guaranty certificate costs a modest flat fee rather than a premium scaled to the loan, which makes Iowa title costs unusually low.

Iowa does not tax the mortgage or the note; only per-page county recording fees apply to the lien. The real estate transfer tax (Iowa Code chapter 428A) is charged on the deed at $1.60 per $1,000 of consideration above the first $500 and is customarily paid by the seller. The borrower's main title-related cost is the Iowa Title Guaranty fee rather than a tax. Iowa buyer closing costs are low — about 2% of the price — helped by the absence of title insurance in the conventional sense: Iowa uses attorney title opinions and the state-run Iowa Title Guaranty, which is cheaper than private title insurance elsewhere.

Iowa rules that touch a conventional loan

Prepayment. Iowa Code 535.9 generally prohibits prepayment penalties on loans secured by a mortgage on residential real property occupied by the borrower, such as a one- or two-family home, so a penalty clause in a standard Iowa home loan is the exception rather than the rule. Commercial and investment loans fall outside the ban. Federal QM rules would in any case forbid a penalty on most owner-occupied loans.

Spouses and title. Iowa is not a community property state, and dower was replaced by an elective share, but the homestead joinder rule is strict: a mortgage of the homestead is invalid unless both spouses sign the same instrument or identical instruments (Iowa Code 561.13). Title companies and Iowa Title Guaranty therefore require the non-borrowing spouse's signature on the mortgage of any married owner's residence, even when that spouse is not on the deed or the note. Debts of the non-borrowing spouse stay out of FHA and VA ratios because no community-property rule applies.

Homestead. Iowa's homestead exemption is unlimited in dollar value but capped in area: one-half acre inside a city or 40 acres outside (Iowa Code 561.2 and 561.16). It does not shield the home from a purchase-money mortgage, property taxes, mechanic's liens or debts contracted before the homestead was acquired, and Iowa Code 561.22 requires every mortgage of a homestead to carry a boldface statement that the owner voluntarily gives up the protection for that debt. For property taxes, the homestead tax credit (Iowa Code chapter 425) applies to the first $4,850 of taxable value, and a separate homestead exemption for owners 65 and older was added in 2023 and has since been enlarged.

Your Iowa 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 Iowa 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

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