2026 STATE GUIDE

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

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

Kentucky at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$210,000
Property tax (effective)	about 0.83% — roughly $1,743 a year on the median
Closing practice	Mixed practice
Transfer / recording taxes	Kentucky's real estate transfer tax is $0.50 per $500 of value (0.1%), paid by the seller.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in Kentucky 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 $210,000 median, a 20% down loan of $168,000 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 Kentucky 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 0.83% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$6,300	$203,700	$1,288	$153	$145	**$1,586**
5%	$10,500	$199,500	$1,261	$125	$145	**$1,531**
10%	$21,000	$189,000	$1,195	$79	$145	**$1,419**
20%	$42,000	$168,000	$1,062	—	$145	**$1,207**

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%	$153	about 11 years and 1 months	about 12 years	$20,349
5%	$125	about 10 years and 4 months	about 11 years and 3 months	$15,500
10%	$79	about 7 years and 11 months	about 9 years and 1 months	$7,505

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 Kentucky

Kentucky closings are conducted either by attorneys or by title companies, depending on the region and the lender: the Kentucky Supreme Court held in 2003 that a lay closing is not the unauthorized practice of law, but attorneys still examine title and close a large share of loans in Louisville, Lexington and the rural counties. Whoever conducts the settlement, the title examination and the deed are commonly prepared by a lawyer, and Kentucky deeds must be prepared by an attorney to be recorded. Funding is wet and closing costs run roughly 2 percent to 3 percent for the buyer.

Kentucky imposes no tax on the mortgage or the note; the county clerk collects a flat recording fee per instrument, with a surcharge for additional pages. The real estate transfer tax of 50 cents per $500 of value (KRS 142.050) is paid by the seller on the deed. One formal wrinkle: a Kentucky mortgage must state its maturity date to be recorded (KRS 382.330), so a missing date will be bounced by the clerk. Kentucky buyer closing costs typically total 2% to 3% of the price; the transfer tax is on the seller, and closings are handled by attorneys or title agencies depending on the region.

Kentucky rules that touch a conventional loan

Prepayment. Kentucky prohibits prepayment penalties on high-cost home loans under KRS 360.100 and restricts them on other home loans made by lenders subject to that statute, so a penalty clause in a Kentucky owner-occupied loan should be checked against the statute’s limits rather than assumed valid. Business-purpose and commercial loans are outside those rules. The federal QM caps of 2 percent then 1 percent in the first three years apply where a penalty is still allowed.

Spouses and title. Kentucky is a separate-property state but one of the very few that still recognizes dower and curtesy (KRS 392.020), which gives a surviving spouse an interest in real estate the other spouse owned during the marriage. A non-titled spouse is therefore routinely asked to sign the mortgage to release that inchoate interest, and a title company will insist on it before insuring the lien. With no community-property regime, the spouse’s separate debts stay out of FHA and VA ratios.

Homestead. Kentucky's homestead exemption against creditors is only $5,000 of equity in a residence (KRS 427.060), among the lowest in the nation, so the exemption rarely matters outside bankruptcy planning. The property tax homestead exemption is reserved for owners 65 and older or totally disabled: it removes a fixed amount of assessed value, adjusted every two years and currently a little under $50,000, from the taxable value. Neither rule touches a purchase-money mortgage, a refinance signed by the owner, delinquent taxes or a mechanic's lien.

Your Kentucky 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 Kentucky 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

---