Claude Loan

2026 STATE GUIDE

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

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

Michigan at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$250,000
Property tax (effective)	about 1.38% — roughly $3,450 a year on the median
Closing practice	Title company closing state
Transfer / recording taxes	Michigan's state real estate transfer tax is $3.75 per $500 (0.75%) plus a county tax of $0.55 per $500 (0.11%), both customarily paid by the seller.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in Michigan 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 $250,000 median, a 20% down loan of $200,000 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 Michigan 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 1.38% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$7,500	$242,500	$1,533	$182	$288	**$2,003**
5%	$12,500	$237,500	$1,501	$148	$288	**$1,937**
10%	$25,000	$225,000	$1,422	$94	$288	**$1,804**
20%	$50,000	$200,000	$1,264	—	$288	**$1,552**

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%	$182	about 11 years and 1 months	about 12 years	$24,206
5%	$148	about 10 years and 4 months	about 11 years and 3 months	$18,352
10%	$94	about 7 years and 11 months	about 9 years and 1 months	$8,930

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 Michigan

Michigan closings are conducted by title companies, which search title, issue the policies, prepare the settlement statement and record the mortgage, with attorneys involved only when a party retains one. Lenders fund at signing, and buyers typically pay 2 percent to 3 percent of the price in closing costs while sellers customarily buy the owner's title policy. The title agent also collects the state and county transfer taxes from the seller at the table.

Michigan has no mortgage tax or intangible tax on the note; the register of deeds charges a flat $30 per document to record a mortgage or deed regardless of page count (MCL 600.2567, since 2016). On the deed, the state real estate transfer tax of $3.75 per $500 plus a county tax of 55 cents per $500 is paid by the seller. A refinancing borrower therefore owes only the $30 recording fee plus a discharge fee on the old lien. With the transfer taxes on the seller, Michigan buyer closing costs typically total 2% to 3% of the price; property taxes are billed in summer and winter, and Michigan's taxable-value cap resets on sale, so a new buyer's tax bill can jump above the seller's.

Michigan rules that touch a conventional loan

Prepayment. Michigan permits a prepayment penalty on a first-lien residential loan made by a non-depository lender only within the first three years and only up to 1 percent of the amount prepaid, under MCL 438.31c, and forbids any penalty after that. Loans governed by the Consumer Mortgage Protection Act may not carry a penalty when they meet its high-cost definition. Federal QM rules cut the permitted period and amount further for most owner-occupied loans.

Spouses and title. Michigan is a separate-property state, and since April 2017 dower has been abolished (Public Act 489 of 2016), so a wife who is not on title no longer signs to release a dower interest. Married couples typically hold as tenants by the entirety, which means both spouses must sign a mortgage of entireties property and a judgment against one spouse alone cannot reach it. No community-property rule applies, so FHA and VA ratios count only the borrower's debts.

Homestead. Michigan's ordinary creditor homestead exemption under MCL 600.6023 is an antique $3,500, but debtors in bankruptcy may instead use the state exemption in MCL 600.5451, which is adjusted every three years and currently sits in the mid-forty-thousands, with a higher figure for owners 65 and older or disabled. Neither stops a mortgage, a tax lien or a construction lien. For property taxes, the Principal Residence Exemption under MCL 211.7cc removes up to 18 mills of school operating tax from an owner-occupied home, and Proposal A caps annual growth in taxable value at the lesser of 5 percent or inflation until the property transfers and its value uncaps.

Your Michigan 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 Michigan 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