Claude Loan

2026 STATE GUIDE

Conventional Loans in New Jersey: 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 New Jersey rules that touch the loan.

A conventional loan in New Jersey 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 New Jersey rules that touch the loan.

New Jersey at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$540,000
Property tax (effective)	about 2.23% — roughly $12,042 a year on the median
Closing practice	Mixed practice
Transfer / recording taxes	New Jersey's realty transfer fee is graduated and paid by the seller, roughly 1% on a typical sale (reduced for seniors and low-income sellers); buyers pay a 1% "mansion tax" on purchases of $1 million or more.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in New Jersey 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 $540,000 median, a 20% down loan of $432,000 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 New Jersey 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 2.23% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$16,200	$523,800	$3,311	$393	$1,004	**$4,708**
5%	$27,000	$513,000	$3,243	$321	$1,004	**$4,568**
10%	$54,000	$486,000	$3,072	$203	$1,004	**$4,279**
20%	$108,000	$432,000	$2,731	—	$1,004	**$3,735**

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%	$393	about 11 years and 1 months	about 12 years	$52,269
5%	$321	about 10 years and 4 months	about 11 years and 3 months	$39,804
10%	$203	about 7 years and 11 months	about 9 years and 1 months	$19,285

> **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 New Jersey

Who closes depends on geography: in northern New Jersey each side usually has an attorney and the buyer's lawyer runs the closing, while in the southern counties title companies conduct most settlements without counsel. Every contract written by a real estate licensee carries a three-business-day attorney review clause, a product of the 1983 consent judgment in the New Jersey State Bar litigation, during which either lawyer can cancel. New Jersey is a wet-funding state, and attorney fees of roughly a thousand dollars or more per side are typical in the north.

New Jersey collects no tax on the mortgage itself; mortgages are recorded at the county clerk or register for per-page fees. The Realty Transfer Fee is a graduated charge on the deed paid by the seller, and a separate buyer-side fee applies to residences above $1 million, with rates that were restructured in 2025. Because the transfer fee rides on the deed, refinances and second mortgages escape it entirely. New Jersey buyers generally avoid the transfer fee but face attorney fees, title insurance and lender costs — about 2% to 3% of the price — plus large property tax escrows given the highest effective rate in the nation.

New Jersey rules that touch a conventional loan

Prepayment. N.J.S.A. 46:10B-2 gives the borrower on a mortgage loan secured by a one-to-six family residence the right to prepay at any time without penalty, and the statute applies regardless of the lender's charter. It is one of the oldest and clearest prepayment bans in the country, dating to 1972. A note that purports to impose a penalty on a New Jersey home loan is unenforceable to that extent, and the Department of Banking and Insurance treats charging one as a licensing violation.

Spouses and title. New Jersey is an equitable-distribution state, not a community property state, so a spouse who is not on the loan brings neither income nor debts into underwriting. Lenders still require the non-borrowing spouse to sign the mortgage when the home is held as tenants by the entirety, which is the default vesting for married couples and shields the property from one spouse's individual creditors. Civil union partners are treated the same as spouses under state law.

Homestead. New Jersey is one of the few states with no homestead exemption against creditors: a judgment creditor may levy on a home's equity, and the only shelter is the tenancy-by-the-entirety rule for married owners and the federal or limited state exemptions in bankruptcy. On the tax side there is likewise no classic homestead exemption; relief runs through the ANCHOR benefit, the Senior Freeze reimbursement that locks a qualifying senior's bill at a base year, the $250 veteran and senior deductions, and the Stay NJ credit for older homeowners phasing in from 2026. None of those programs affects a lender's lien.

Your New Jersey 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 New Jersey 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