Claude Loan

2026 STATE GUIDE

Conventional Loans in South Dakota: 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 South Dakota rules that touch the loan.

A conventional loan in South Dakota 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 South Dakota rules that touch the loan.

South Dakota at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$300,000
Property tax (effective)	about 1.14% — roughly $3,420 a year on the median
Closing practice	Title company closing state
Transfer / recording taxes	South Dakota's real estate transfer fee is $0.50 per $500 (0.1%), paid by the seller.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in South Dakota 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 $300,000 median, a 20% down loan of $240,000 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 South Dakota 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 1.14% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$9,000	$291,000	$1,839	$218	$285	**$2,342**
5%	$15,000	$285,000	$1,801	$178	$285	**$2,264**
10%	$30,000	$270,000	$1,707	$113	$285	**$2,105**
20%	$60,000	$240,000	$1,517	—	$285	**$1,802**

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%	$218	about 11 years and 1 months	about 12 years	$28,994
5%	$178	about 10 years and 4 months	about 11 years and 3 months	$22,072
10%	$113	about 7 years and 11 months	about 9 years and 1 months	$10,735

> **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 South Dakota

Closings in South Dakota are handled by title companies and their closing agents; no attorney is required, though many rural transactions still involve an abstract of title that a lawyer reviews before the title policy is issued. The state follows wet-funding practice, with the lender's money in the closing agent's account before documents are signed and disbursement the same day. Closing-agent fees are modest, typically a few hundred dollars split between buyer and seller.

South Dakota charges no mortgage registration tax and no intangible tax; recording a mortgage with the county register of deeds costs a per-page fee only. The real estate transfer fee of 50 cents for each $500 of value (Codified Laws § 43-4-21) is paid by the seller on the deed and is unaffected by how much is borrowed. South Dakota buyer closing costs typically total 2% to 3% of the price; title companies handle closings and there is no mortgage tax.

South Dakota rules that touch a conventional loan

Prepayment. South Dakota has no statute of its own banning or capping prepayment penalties on residential mortgages; the state deregulated interest rates in 1980 (Codified Laws § 54-3-1.1 lets the parties agree on any rate), and prepayment terms are likewise left to the contract, subject only to the federal qualified-mortgage limits. A borrower should therefore read the note, because silence in state law means the penalty, if any, is whatever the loan documents say.

Spouses and title. South Dakota is a separate-property state: a mortgage signed by one spouse alone binds only that spouse's interest, and the lender will ask a non-borrowing spouse to sign the mortgage when the property is the couple's home so the homestead rights described in Codified Laws chapter 43-31 are released. Married couples usually take title as joint tenants with right of survivorship. A spouse's personal debts do not enter the qualifying ratios unless that spouse is also on the loan.

Homestead. South Dakota's homestead (Codified Laws chapter 43-31) is unlimited in value but limited in size, one acre inside a town or 160 acres outside, and it is exempt from forced sale by general creditors; a separate rule in § 43-45-3 caps the protected proceeds after a voluntary sale at $60,000, or $170,000 for owners seventy or older and surviving spouses. Mortgages, property taxes and mechanics' liens are enforceable against the homestead. For taxes, an owner-occupied single-family dwelling is placed in a classification that carries a lower school levy, and low-income seniors and disabled owners may apply for an assessment freeze.

Your South Dakota 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 South Dakota 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