Claude Loan

2026 STATE GUIDE

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

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

Texas 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 1.68% — roughly $5,040 a year on the median
Closing practice	Title company closing state
Transfer / recording taxes	Texas has no real estate transfer tax and no mortgage tax; only recording fees apply.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in Texas 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 Texas 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 1.68% 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	$420	**$2,477**
5%	$15,000	$285,000	$1,801	$178	$420	**$2,399**
10%	$30,000	$270,000	$1,707	$113	$420	**$2,240**
20%	$60,000	$240,000	$1,517	—	$420	**$1,937**

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 Texas

Title companies conduct virtually every Texas closing, and the premium they charge is not negotiable because the Texas Department of Insurance promulgates statewide title insurance rates and forms. No attorney is required at the table, but Government Code § 83.001 reserves the drafting of deeds and deeds of trust to Texas-licensed attorneys, so title companies use lawyer-prepared documents. Funding is wet, with disbursement the day the deed of trust is accepted for recording.

Texas has neither a mortgage recording tax nor an intangible tax on the note, and since a 2015 constitutional amendment the state may not impose a real estate transfer tax either. Recording a deed of trust with the county clerk costs a per-page fee, usually well under a hundred dollars for a typical instrument. Texas closings run through title companies with state-regulated title premiums; buyer closing costs of about 2% to 3% are modest, but the property tax escrow — Texas has one of the highest effective rates in the country — is large.

Texas rules that touch a conventional loan

Prepayment. The Texas Constitution forbids any prepayment penalty on a home equity loan (Article XVI, § 50(a)(6)(G)), and Finance Code § 302.102 bars prepayment penalties on loans secured by the homestead that carry an interest rate above 12 percent. A standard purchase-money or rate-and-term loan below that rate may carry a penalty only within the federal qualified-mortgage limits, which in practice means almost none do.

Spouses and title. Texas is a community property state under the Family Code, so a home bought during marriage is presumed community property no matter whose name is on the loan, and Family Code § 5.001 requires both spouses to join in any sale or encumbrance of the homestead, which is why the non-borrowing spouse signs the deed of trust. On FHA and VA loans the non-purchasing spouse's debts are added to the debt-to-income ratio because they are community obligations. Couples wanting survivorship must sign a written community property survivorship agreement under the Estates Code.

Homestead. Article XVI, Section 50 of the Texas Constitution protects the homestead without any dollar limit, up to ten acres in a city or 100 acres (200 for a family) in the country, and only the liens the Constitution lists can be enforced against it: purchase money, property taxes, home improvement, owelty, home equity loans meeting the 50(a)(6) rules, reverse mortgages and refinances of those liens. The residence homestead exemption for school taxes (Tax Code § 11.13) was raised to $100,000 by voters in 2023 and the legislature moved to raise it again in 2025, so verify the current figure; appraised value for a homestead cannot rise more than 10 percent a year (Tax Code § 23.23), and owners 65 or older get an additional exemption and a school-tax ceiling.

Your Texas 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 Texas 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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