Claude Loan

2026 STATE GUIDE

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

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

Vermont at a glance

Conforming limit (2026, one unit)	$832,750 baseline — higher in any FHFA high-cost county
Median home price (approx.)	$400,000
Property tax (effective)	about 1.83% — roughly $7,320 a year on the median
Closing practice	Attorney closing state
Transfer / recording taxes	Vermont's property transfer tax is 1.25% of the price (0.5% on the first $100,000 of a principal residence, and a 1.45% combined rate including the clean water surcharge on the portion above), customarily paid by the buyer; VHFA and USDA financed purchases get a further exemption on the first portion.

Conforming or jumbo?

A one-unit loan above $832,750 is jumbo in Vermont 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 $400,000 median, a 20% down loan of $320,000 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 Vermont 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 1.83% effective rate. Add homeowners insurance and any HOA. Not an offer.

Down payment	Cash down	Loan	P&I	PMI (est.)	Tax	Monthly total
3%	$12,000	$388,000	$2,452	$291	$610	**$3,353**
5%	$20,000	$380,000	$2,402	$238	$610	**$3,250**
10%	$40,000	$360,000	$2,275	$150	$610	**$3,035**
20%	$80,000	$320,000	$2,023	—	$610	**$2,633**

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%	$291	about 11 years and 1 months	about 12 years	$38,703
5%	$238	about 10 years and 4 months	about 11 years and 3 months	$29,512
10%	$150	about 7 years and 11 months	about 9 years and 1 months	$14,250

> **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 Vermont

Vermont is an attorney-closing state in practice and by bar rule: a Vermont lawyer searches the title (commonly a forty-year search), issues a title opinion or a title policy through an attorney agent, prepares the deed and mortgage and conducts the closing. Funding is wet, and the attorney records in the town land records, since Vermont keeps real estate records by town rather than by county. Attorney fees for a residential closing are usually in the high hundreds to low thousands of dollars.

Vermont imposes no mortgage tax or intangible tax on the loan; recording the mortgage in the town clerk's land records costs a per-page fee under 32 V.S.A. § 1671. Vermont is unusual in that the property transfer tax on the deed (32 V.S.A. § 9602) is paid by the buyer, with a reduced rate on the first portion of a principal residence's price, so buyers should budget for it even though it is unrelated to the mortgage. Because the transfer tax falls on the buyer, Vermont closing costs are among the highest in New England — commonly 3% to 4% of the price including attorney, title and lender fees — though VHFA buyers get a partial transfer tax exemption.

Vermont rules that touch a conventional loan

Prepayment. Vermont's interest and lending statutes in Title 9, chapter 4 are generally read to bar prepayment penalties on loans secured by a residential mortgage, and the Department of Financial Regulation treats a penalty clause as a red flag for licensed lenders; banks chartered outside Vermont may claim federal preemption for some products. Borrowers should confirm with DFR if a note contains one, since the Vermont rule is older than the federal qualified-mortgage framework.

Spouses and title. Vermont applies common-law marital property principles: a home titled to one spouse is that spouse's property until a divorce court divides assets, and the other spouse has no automatic share during the marriage. Lenders nonetheless have a non-borrowing spouse sign the mortgage when the property is the family home so that the homestead rights in 27 V.S.A. chapter 3 are released. Tenancy by the entirety is common between spouses, and the qualifying debt-to-income ratio covers borrowers only.

Homestead. Vermont protects $125,000 of equity in a homestead from attachment and forced sale by general creditors under 27 V.S.A. § 101, without any filing; the protection does not run against a mortgage the owner granted, taxes, or a spouse's claims. The state's education property tax is the bigger story: every owner files an annual Homestead Declaration so the home is taxed at the homestead rate rather than the higher nonhomestead rate, and households below an income threshold receive a property tax credit that reduces the bill directly. Missing the declaration deadline costs real money.

Your Vermont 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 Vermont 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