LOAN PROGRAM GUIDE

Jumbo Loan Guide

When a loan becomes a jumbo loan in 2026, how jumbo guidelines differ from conforming loans, what lenders commonly look for, and how to prepare a strong file.

Reviewed November 18, 2026 against the sources listed at the end of this guide.

Who might consider a jumbo loan

A jumbo loan is a mortgage larger than the conforming loan limit for the property's county. For a one-unit home in 2026, that means a loan above:

Area	Conforming limit	Jumbo starts above
Los Angeles County and other high-cost counties at the ceiling	$1,249,125	$1,249,125
Most of the U.S. (baseline)	$832,750	$832,750

If you are buying or refinancing a higher-priced home in Pasadena, the San Gabriel Valley or the Westside, there is a good chance your loan will be a jumbo. They are also common for second homes in resort areas.

How it works

Fannie Mae and Freddie Mac don't buy loans above the limit, so there is no single jumbo rulebook. **Each lender writes its own guidelines** and prices loans for its own portfolio or investors. That has two effects:

1. Requirements vary more than with conforming loans. One lender may want 20% down where another accepts 10%.
2. Shopping matters more. The same borrower can get noticeably different terms from different jumbo lenders, which is why comparing many of them is a big part of what a broker does.

Most jumbo loans are still "qualified mortgages" that follow federal ability-to-repay rules, so you should expect full documentation of income, assets and debts.

What lenders commonly look for

These are common practices, not program requirements. Each lender sets its own numbers.

Factor	Common practice
Down payment	Often 10% to 20% or more; larger loans usually need more down
Credit	Higher scores than conforming loans, often 700 or above for the best terms
Reserves	Several months of payments left in savings or investments after closing, sometimes 12 months or more on larger loans

Factor	Common practice
Debt-to-income	Often lower maximums than conforming loans
Appraisal	A full appraisal; some lenders order a second appraisal on very large loans
Property type	Some lenders restrict condos, multi-unit homes or unusual properties

Loan options

- **Fixed rate:** 30-year and 15-year terms are common.
- **Adjustable rate (ARM):** A fixed rate for 5, 7 or 10 years, then it adjusts. Many jumbo borrowers choose ARMs if they expect to move or refinance.
- **Interest-only:** Some lenders offer an interest-only period, which lowers the early payment but does not reduce the balance during that time.
- **Two loans instead of one:** Sometimes a conforming first mortgage plus a second mortgage or HELOC costs less than a single jumbo. We can compare both.
- **Self-employed jumbo:** Non-QM lenders offer jumbo loans using bank statements or other alternative documentation.

Reserves

Reserves are often the deciding factor on a jumbo loan. Lenders count them in months of your new housing payment (principal, interest, taxes, insurance and any HOA dues). Retirement and investment accounts usually count, sometimes at a discount, because of taxes, penalties and market swings.

> **Hypothetical example.** The Chens are buying a $2,000,000 home with 20% down, so their loan is $1,600,000. Their estimated monthly housing payment is $11,000. A lender asking for 12 months of reserves would want to see $132,000 left after the down payment and closing costs. They have $90,000 in checking and $250,000 in a 401(k). If the lender counts 60% of the 401(k), that adds $150,000, for $240,000 in reserves, which is enough. The figures, including the reserve rule and the 60% factor, are illustrations only.

Equity compensation and complex income

Many jumbo borrowers are paid partly in bonuses or restricted stock units (RSUs). Lenders can often count this income if it has a track record and is likely to continue. Each jumbo lender has its own rules; some follow Fannie Mae's RSU guidelines and some are more or less flexible. Ask for our separate guide, Using RSU Income to Qualify, if this applies to you.

How to make your jumbo file stronger

- Keep large money moves simple and documented before you apply. Avoid unexplained deposits and transfers between many accounts.
- Gather complete statements: every page, even the blank ones.
- Hold off on new credit or big purchases until after closing.
- If you are selling another home, tell us early. Whether you sell first or buy first changes how lenders count your debts and reserves.

What to gather

- [ ] Pay stubs for the last 30 days and W-2s for the last two years
- [ ] Federal tax returns for the last two years, with all schedules
- [ ] Bonus and RSU history, vesting schedules and brokerage statements, if applicable
- [ ] Two to three months of statements for every bank, brokerage and retirement account
- [ ] Mortgage statements, tax bills, insurance and leases for any other properties you own
- [ ] Trust documents, if you will take title in a trust

Questions to ask

- How many jumbo lenders will you compare, and how do their requirements differ for me?
- How much will I need in reserves, and which of my accounts count?
- Would a conforming loan plus a second mortgage cost less than one jumbo loan?
- How does a fixed rate compare with a 7- or 10-year ARM for how long I plan to stay?
- Will this lender require a second appraisal?

Your next step

Tell us what you are trying to do and we will tell you, plainly, which options fit and what to gather. There is no cost to talk it through.

Start a free loan evaluation: journeymac.com/evaluation

Call: (626) 716-0585 **Email:** info@journeymac.com

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This guide is general education, not a loan offer, a rate quote or legal, tax or financial advice. Program rules change and lenders add their own requirements; confirm details for your situation before you act. Examples marked “hypothetical” are illustrations only.

Sources

Reviewed November 18, 2026. Program rules change; check the current version of each source.

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