

DISCLAIMER: the purchase and sale of real estate involves complex documentation and negotiation. Each transaction is unique and must be handled as such. The following information is intended only as a general guide to the process. Willey Law Firm, P.C. makes no warranties or representations that this guide completely addresses every real estate transaction, or, that it replaces the knowledge or experience of a licensed professional.

The Iowa Residential Real Estate Transaction

Several steps must be completed in a specific order when selling a home. These are as follows:

1. Residential Property Seller Disclosure Statement: This document is completed by the seller, and given to prospective buyers before a purchase agreement is entered in to. The disclosure serves as notice to prospective buyers of the seller's knowledge regarding the condition of various aspects of the house.
2. Residential Purchase Agreement: This agreement is the fundamental document to the home sale. The main items addressed by the agreement are:
 - i. The buyer's agreement to purchase the home.
 - ii. The purchase price.
 - iii. The possession and closing dates.
 - iv. The legal description of the property.
 - v. The buyer's desire to obtain any financing. If so, who from, the seller or other source.
3. Lead-Based Paint Disclosure: With this document the seller notifies the buyer of any lead based paint that the house may contain. This document is required if the house was built before 1978.
4. Termite Inspection Certificate from Authorized Inspector: Typically the Residential Purchase Agreement assigns either the seller or the buyer the task of having a termite inspection completed. The party who assumes this task should obtain a certificate from the inspector stating whether or not the house has evidence of any termites.
5. Release of Existing Mortgages or Liens on Home: In order to properly transfer real estate, a seller needs to have all existing mortgages on the property released. Consequently, after the purchase agreement is entered into, the seller should contact each lender holding a mortgage on the property to inform the lender of the sale and the purchase price. The lender should give you a "pay-off", amount for the mortgage as of the scheduled date for the closing. Also, if there has been a mechanics lien or other judgment attached to the home, these must be satisfied and released. This includes spousal and child support decrees. When the release of the mortgage or lien is secured, the release should then be recorded with the appropriate county recorder.
6. Abstract and Title Opinion: An abstract is a record of all of the publicly recorded documents, or reference thereto, concerning a parcel of real estate. The seller may possess the abstract, or it

may be kept by a local abstracting company. After the purchase agreement has been entered into, the seller should submit the abstract to a local abstracting company so that it may be updated through the present date. Once updated, the buyer's attorney will review the abstract and issue a Title Opinion Letter stating his or her conclusions regarding the title and ownership of the home, and any other restrictions on the home's ownership, such as mortgages, easements or restrictive covenants. The buyer's lender will require a showing of "Marketable Title" in the seller before any loan proceeds are approved.

7. The Closing: This is the meeting where seller and the buyer (or their agents) execute all necessary documents to finalize the sale. The documents listed in #8 – #12 below, will likely be executed at the closing.
8. Closing (Settlement) Statement: Depending on the type of loan the buyer secures, this may also be called a HUD Form. The Closing Statement details the various charges, fees, and exchanges of money surrounding the transaction. If a mortgage is being taken by the buyer, the lender will most likely play a role in completing the Closing Statement.
9. Declaration of Value: In this document the seller states the actual purchase price of the house and other terms of the sale.
10. Ground Water Hazard Statement: In this document the seller attests to his or her knowledge of anything affecting the ground water on the property.
11. Deed (typically a Warranty Deed): The deed is the actual conveyance of the property from the seller to the buyer. This document must contain the complete legal description of the property, and be signed by the seller's spouse, if any, regardless of whether the title to the property has the spouse's name on it. The deed must be notarized.
12. Mortgage Given by Buyer to Lender: If the buyer has secured a loan to pay for the house, then the lender will likely be present at the closing. If the buyer is married, the buyer's spouse will need to sign the mortgage, regardless of whether the buyer's spouse is also taking title to the property. The seller will not need to be a party to these documents.
13. Recording of Documents With County Recorder: After the closing, several documents need to be recorded with the Recorder for the county where the property is located. The recorder will charge a nominal fee for such recording. In addition to recording fees, and excluding a few exceptions, the State of Iowa mandates that a transfer tax of \$1.60 per thousand dollars of purchase price be paid to the state upon the transfer of any property. The documents which need to be recorded include:
 - i. New Mortgage on the property. Typically, the new lending institution will record this.
 - ii. Declaration of Value.
 - iii. Ground Water Hazard Statement.
 - iv. Deed.

14. Apply for Homestead Tax Credit: Certain residential properties may be eligible for the Homestead Tax Credit. This is a property tax credit based on the value of your house and some other factors. You are only eligible for the credit if you declare the house to be your “homestead” (i.e. where you live). Please check with the County Assessor in the county where the house is located to see if you qualify, and to apply for the credit.