



IOWA TITLE GUARANTY
A DIVISION OF IOWA FINANCE AUTHORITY

May 4, 2021

Iowa Title Guaranty Mixed-Use Property Policy Update and ***NEW*** Affidavit of No Agricultural or Commercial Use in Support of Form 900/901 Eligibility

ITG has updated the mixed-use property policy coverage threshold from \$250,000 to \$500,000. ITG defines **mixed-use property** as property with a residential dwelling that is also used for agricultural or commercial activity. In Iowa, many residential homes are situated on property that is also being used for agricultural purposes, falling within the definition of mixed-use property. Therefore, ITG frequently receives the following questions:

- *Does mixed-use property require residential or commercial coverage?*
- *Am I required to obtain an ALTA survey and pay commercial coverage premiums on my residential home because I also use the property for farming or another commercial purpose?*

ITG has developed a mixed-use policy to provide clear guidance in these circumstances.

Mixed-Use Property Policy

Coverage for mixed-use property in the amount of \$500,000 or less shall be issued as residential rather than commercial provided:

- (1) a residential dwelling (single family dwelling or multi-family no more than 4 units) is situated on the property AND
- (2) full abstracting is required.

The county assessor's tax classification is not a determining factor.

PLEASE BE ADVISED THAT WHILE ITG MAY PERMIT THE ISSUANCE OF RESIDENTIAL COVERAGE ON MIXED-USE PROPERTY, THE FORM 900 MAY NOT BE USED FOR MIXED-USE PROPERTY. FULL ABSTRACTING IS REQUIRED.

ITG STRONGLY URGES PARTICIPANTS AND LENDERS TO ASK THE FOLLOWING QUESTIONS PRIOR TO ORDERING THE TITLE SEARCH WITH THE PARTICIPATING ABTRACTOR TO ENSURE THAT THE APPROPRIATE TYPE OF TITLE SEARCH IS OBTAINED:

1. Is there evidence of farming, agriculture, or other commercial use on the "Land" [1]?
 - If yes, proceed to #2 below.
 - If no, issue residential coverage (provided all other residential requirements have been satisfied).
2. Does a residential dwelling (1-4 units) exist on the Land?
 - If yes, proceed to #3.
 - If no, refer transaction to the ITG Commercial Department.
3. Is the requested coverage amount \$500,000 or less?
 - If yes, proceed to #4.
 - If no, refer transaction to the ITG Commercial Department.
4. Was full abstracting updated for the entirety of the Land?
 - If yes, proceed with issuing residential coverage (provided all other residential requirements have been satisfied).
 - If no, instruct applicant to obtain full abstracting.

[1] "Land" means the land described in Schedule A, and affixed improvements that by law constitute real property.

ITG's Mixed-Use Property Policy can be found in the Residential Policy and Manuals section of the [ITG Resource web page](#).

Affidavit of No Agricultural or Commercial Use in Support of Form 900/901 Eligibility

If the property is not being used for any farming, agriculture or other commercial use, the transaction may be eligible for the use of the Form 900/901. In rural Iowa, many residential properties contain pre-existing agricultural or commercial outbuildings that appear to evidence mixed-use but are in fact no longer being used for an agricultural or commercial purpose.

ITG has created an Affidavit of No Agricultural or Commercial Use in Support of Form 900/901 Eligibility to be completed and signed by all titleholders to be eligible for the use of Form 900/901 in these circumstances.

The Affidavit of No Agricultural or Commercial Use in Support of Form 900/901 Eligibility can be found in the Residential Forms section of the [ITG Resource web page](#).

Please contact the [Iowa Title Guaranty team](#) with questions.