

## Iowa Tax Lien Investing – Just the Basics

By

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Iowa is a great state for tax lien investing specifically because of its high interest rate of 24%. That's 2% a month and a fraction of a month is counted as the whole month. It also has the best statutes in favor of the tax lien investor—you get a free and clear deed without going thru a judicial foreclosure or quiet title action if you follow the statutorily-set procedures.

### **The Auction**

The delinquent tax auction is held each year in June. Any liens that aren't sold then go to another sale in August. Most counties use a random selection method for their way of awarding liens. Basically, all the interested investors get into an auditorium and are assigned a number. If your number comes up on a tax lien and you want it, you get it. Otherwise, it goes to the next random investor.

### **Subsequent Taxes**

The original buyer of the tax lien has the first right to purchase any subsequent taxes. They can be purchased anytime as long as they are 15 days past the due date. Any subsequent taxes that are not paid by the original investor can be sold at auction to another investor.

### **Foreclosure**

Foreclosure can begin one year and nine months after the tax sale purchase. Foreclosure must be filed within three years of purchase or the lien expires worthless. In a following article, we will discuss the steps for foreclosure. You must follow these steps exactly, ensuring that every interested party is notified, in order to have a free and clear deed at the end of the process.

### **And, Finally**

Typically, the tax rates are fairly low in Iowa and the real estate market is stable. As long as you've done your due diligence correctly, you can make gains on the real estate quite easily, should you receive deed. But, most liens are likely to redeem and you can pocket that 24% annual return for yourself.