2026 ISBA Construction Law Seminar: Construction Case Law and Legislative Update

(5/29/26)

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Fredrikson & Byron Law Firm

Fredrikson & Byron is a full-service regional law firm with **over 400 attorneys and 10 offices**; with **50+ attorneys in our Iowa offices located in Des Moines, Ames, and Coralville**; with other offices located in Minnesota (Minneapolis, St. Paul, Mankato), North Dakota (Fargo, Bismarck), and Wisconsin (Madison); and with attorneys licensed in states throughout the country. Our work includes the following:

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- Litigation and Appeals
- Mergers & Acquisitions
- Oil & Gas
- Property Tax Appeals
- Private Equity
- Real Estate
- Tax Planning, Tax Disputes
- Trusts, Wills, and Estates

Presenter - Attorney Jodie McDougal

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Jodie McDougal is a construction attorney and shareholder at Fredrikson & Byron with 22 years of experience handling both litigation and transactional matters for her construction clients in Iowa, the Midwest, and beyond. Jodie advises clients within the commercial and residential construction industries, including general contractors, construction managers, architects and engineers, subcontractors, material suppliers, homebuilders, owners, and developers.

Jodie has been a member of the Iowa State Bar Association's Construction Law Section Council numerous years and twice has served as the Chair of the Construction Law Section Council.

As an active member of several construction and real estate associations, Jodie speaks regularly to industry groups and takes pride in helping to educate these industries. Jodie regularly publishes articles and blog posts on various construction and real estate topics. Jodie has spoken several times on construction and real estate matters at the Iowa State Capitol, educating lawmakers on proposed legislation, and has drafted several bills that have been enacted into law.

Jodie has been recognized as a "*Best Lawyer in America©*" in Construction Law in Iowa from 2016 to the present. Jodie was named "Lawyer of the Year" in Iowa for Construction Law, *Best Lawyers*, in 2026.

Presenter - Attorney Brandon Underwood

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Brandon Underwood is a shareholder at Fredrikson & Byron. Brandon represents owners, developers, and contractors on public and private construction projects to resolve disputes in mediation, arbitration and litigation. His experience includes mechanic's liens, bid protests, defects, delays, negligence, DBE compliance, and federal construction contracts. Brandon litigates disputes nationwide involving contracts, negligence, business torts, fraud, non-compete agreements, and mergers and acquisitions.

Before joining Fredrikson, Brandon was a law clerk to the Honorable Stephanie M. Rose of the U.S. District Court for the Southern District of Iowa and to the Honorable Justice Bruce B. Zager of the Iowa Supreme Court.

DISCLAIMER

Disclaimer: Due to limitations and the nature of this program, please understand that printed material and oral presentations or other data presented are not intended to be a definitive analysis of the subjects discussed. Users are cautioned the facts of a particular situation may dictate a different set of considerations and varying results. Materials contained within herein represent only a general review of the particular issue(s) and must *not* be considered as a substitute for advice from your attorney on your own independent situations.

2026 Legislative Update

Current as of May 25, 2026

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2026 Legislative Updates Relevant to Construction Industry - Jodie

- **National Electrical Code (HF 2800):** Preempts city and county electrical codes. Makes several amendments to the statewide electrical code that will be in effect until the next statewide code is adopted. ***Governor has now signed this bill.***
- **Radon Mitigation (HF 2297):** Requires the state building code be amended to require passive radon mitigation systems in all new 1 and 2-family homes. ***Governor has now signed this bill.***
- **Iowa Skilled Workforce Act (SF 2168):** Codifies 3:1 ratio for mechanical & plumbing apprentices to achieve parity w/ electrical app. ratios. Requires IWD to provide a written explanation & cure period prior to revoking/suspending appren. program. Allows disciplined plans to appeal directly to court and places burden of proof on IWD. ***Governor signed bill.***
- **SUDAS (HF 2667): 6/2/2026 Update: Governor VETOED Bill.**
  - Requires that the Board make-up of the Iowa statewide urban design and specifics (SUDAS) corporation—which is a group managed by the Institute for Transportation at Iowa State University and responsible for developing statewide urban design standards and specifics and publishing the SUDAS manuals—include one member from various associations, including HBA of IA, AGC of IA, Master Builders, Asphalt Assn. of IA, IA Real Estate Developers Assn., ABC of IA, IA Concrete Paving Assn., as well as League of Cities, IA State Assn. of Counties, etc.
  - Contains additional provisions RE: city street projects.

•**Final acceptance of public construction projects (SF 2365):** Requires public entities to send written notice of the final acceptance date of a public improvement to the principal contractor, the surety, and any claimant who has filed a Ch. 573 Claim. Notice must be sent within 14 calendar days of the final acceptance. Bill provides that the public entities shall not be liable for any claims or damages based on or arising out of the failure to comply with this section. ***Governor has now signed this bill.***

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2026 Case Law Update

May 2025 through May 20, 2026

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Kono v. D.R. Horton, Inc., No. 23-2092, 2026 WL 969015 (Iowa 2026) - Brandon

Legal Issue	*Scope of General Contractor's Duty on Subcontractor Employee Injuries* **Iowa Supreme Court*
Facts – Procedural History	• Residential Project • General/Prime Contractor: D.R. Horton-Iowa, LLC; Subcontractor: Royal Plumbing • Plaintiff Kono was an employee of Royal Plumbing. Injured in trench cave-in. • Trench was benched but not compliant with OSHA. Soil was wet and unstable. Supervisor disregarded Kono's concerns. Kono was buried for two minutes and extracted by co-workers. • D.R. Horton was not on-site during incident. Not informed until two months later after OSHA investigation finding fault only with Royal. • **Procedural History**: District court denied D.R. Horton's motions for summary judgment and directed verdict based on lack of duty; Jury awarded Kono $20,544,413.50 in compensatory and punitive damages. D.R. Horton appealed. Iowa Supreme Court accepted.
Appellate Holdings:	• **Supreme Court: Reverses District Court, Grants Judgment Notwithstanding Verdict, Vacates Jury Award.** • Reaffirmed that a general contractor does not owe a duty of care to employees of independent contractors unless an exception applies. • Subcontractor has specialized knowledge of scope and is in best position to reduce risk and prevent injury to its employees. • Exception for a GC retaining control did not apply. Control must be more than general authority to supervise. Must be control over day-to-day. • Exception for peculiar risk did not apply. Residential trenching not inherently dangerous and can be done safely. Common work. • Court did not reach question of whether D.R. Horton-Iowa, LLC's parent company D.R. Horton, Inc. was a proper party to the case and whether the district court erred in treated the two as a single entity.
Take aways:	• The Court clearly reiterated that GCs generally have no duty to subcontractors' employees. • Exceptions are narrowly construed. Control must be detailed as opposed to general to meet the exception. The bar for the peculiar risk exception is similarly high, applying only to innately high-risk work that cannot be safely performed under any circumstances. • The law is designed to incentivize subcontractors (who are more familiar and directly involved in the work) to oversee safety.

C&S Lease Serv., LLC v. Northern Nat. Gas Co., No. 25-0878 (Iowa Ct. App. 2026) - Jodie

Legal Issue	*Chapter 572 – Commercial Sub-Subcontractor Notice* **Iowa Court of Appeals*
Facts – Procedural History	• Project: Liquified NG Facility; Owner: NNG; General Contractor: K & K, Inc.; Subcontractor: Wy-Con, LLC; Sub-Subcontractor: C&S Lease Service • NNG contracted with K & K as GC. K & K subcontracted with Wy-Con. Unbeknownst to NNG and K & K, Wy-Con further subbed out to C&S. • Wy-Con signed all docs in its name. No mention of C&S in invoices. Wy-Con accepted payment; allegedly never paid to C&S; and skipped town. • C&S filed a mechanic's lien for $1.7M. NNG argued no sub-subcontractor notice under 572.33(2)(a) or certification under 572.33(2)(b). • C&S cited (1) blank, forwarded email re training documents from WyCon to K & K, containing C&S's email signature block with its name, address, and phone and (2) Wycon's provided COI naming C&S as insured. C&S argued this satisfied the statute and that no add'l reqs. are in the statute. • **Statute at Issue**: Section 572.33. See next slide. • **Procedural History**: District court granted summary judgment in favor of NNG. C&S appealed. Routed to Iowa Court of Appeals.
Appellate Holdings:	• **Iowa Court of Appeals: Affirmed grant of summary judgment.** • The district court did not add requirements to the statute in finding that the communication had to be intelligible as notice. • "The reference to 'a one-time notice' found in . . . 572.33(2)(a) reflects the expectation of an individual, discrete, and intentional communicative act." • "[T]he legislature did not intend for statutory notice to be satisfied by information buried within incidental correspondence. . . . [The statute] requires a purposeful communication conveyed in a manner to alert the general contractor of the sub-subcontractor's pre-lien notice." • "We concur with the district court that contact information appearing only in signature block of an unrelated forwarded e-mail concerning training documents, without any indication of C&S's role on the project as a sub-subcontractor, did not constitute the 'one-time notice' required by section 572.33, even if the information tracked the statute's text." • Finding otherwise "would undermine the protection the legislature intended to afford" and "permit notice to be retroactively pieced together from incidental correspondence and impair a general contractor's ability to meaningfully monitor and manage lien exposure, rather than the clear, deliberate, and purposeful communication the statute contemplates."
Take aways:	• Notice statutes are only satisfied by deliberate, clear communication, not incidental correspondence. • Notice statutes play an important role in promoting sound construction financing and management. • Sub-subcontractors must act to preserve their mechanic's lien rights or be left only with contract and equitable remedies.

C&S Lease Serv., LLC v. Northern Nat. Gas Co., **No. 25-0878 (Iowa Ct. App. 2026)**

572.33. Requirement of notification for commercial construction

(1) The notification requirements in this section apply only to commercial construction.

(2) A person furnishing labor or materials to a subcontractor shall not be entitled to a lien under this chapter unless the person furnishing labor or materials does all of the following:

- ***(a)*** ***Notifies the general contractor*** or owner-builder ***in writing with a one-time notice containing the name, mailing address, and telephone number of the person furnishing the labor or materials, and the name of the subcontractor to whom the labor or materials were furnished, within thirty days of first furnishing labor or materials*** for which a lien claim may be made. Additional labor or materials furnished by the same person to the same subcontractor for use in the same construction project shall be covered by this notice.

- ***(b)*** ***Supports the lien claim with a certified statement that the general contractor*** or owner-builder ***was notified in writing*** with a one-time notice containing the name, mailing address, and telephone number of the person furnishing the labor or materials, and the name of the subcontractor to whom the labor or materials were furnished, within thirty days after the labor or materials were first furnished, pursuant to paragraph "a".

(3) Notwithstanding other provisions of this chapter, a general contractor or owner-builder shall not be prohibited from requesting information from a subcontractor or a person furnishing labor or materials to a subcontractor regarding payments made or payments to be made to a person furnishing labor or materials to a subcontractor.

In re Davenport Hotel Building Collapse, No. 24-0727 (Iowa 2025) - Brandon

Legal Issue	*Chapter 572 – Governmental Immunity and Building Inspections* *Iowa Supreme Court*
Facts – Procedural History	• Partial collapse of apartment building in May 2023 in Davenport, Iowa. See photo on next slide. • Three people killed, many suffered substantial bodily injury in collapse. • Many lawsuits resulted, including against the City of Davenport and two municipal officials for common law negligence and nuisance. All consolidated in one proceeding. • City Defendants filed Motion to Dismiss asserting qualified immunity under Iowa Municipal Tort Claims Act, argued failed to plead a plausible violation of clearly established law (Section 670.4A(3)). Also argued public duty doctrine barred liability (governmental entity cannot be held liable for plaintiff's injury that results from governmental entity's breach of a duty owed to public at large and not plaintiff individually). • District court denied motion, found the Act applied, petition satisfied the Act's heightened pleading requirements, public duty doctrine did not bar suit. • City and Officials filed automatic appeal on qualified immunity under statute (Section 670.4A(4)). Moved for interlocutory appeal on public duty doctrine, but a single justice denied. • **Statute at Issue**: Iowa Code 670.4A. See slide after photo.
Appellate Holdings:	• **Iowa Supreme Court: Affirmed denial of motion to dismiss but reversed on reasoning, finding Section 670.4A did not apply.** • Public duty doctrine not reviewed given denial of interlocutory appeal. • Protections under 670.4A(1)(a) intertwined with heighted pleading standard under 670.4A(3); if substantive immunity does not apply, neither does heightened pleading standard. *See 1000 Friends of Iowa v. Polk County Board of Supervisors*, 19 N.W.3d 290, 296 (Iowa 2025). • "[S]ection 670.4A applies only where the plaintiff has asserted a state constitutional tort claim or statutory claim and not where the plaintiff has asserted only a state common law claim." *Doe v. W. Dubuque Cmty. Sch. Dist.*, 20 N.W.3d 798, 806 (Iowa 2025). Based on term of art / imported language in statute from 42 U.S.C. 1983. • "The statute did not, we concluded, radically alter (and effectively abrogate) most common law negligence claims against government actors." • Claims here are based on common law, not state constitutional tort or violation of specific statutory right. 670.4A does not apply.
Take aways:	• Scope of statutory qualified immunity is limited. Public duty doctrine application on these facts yet to be determined.

In re Davenport Hotel Building Collapse, No. 24-0727 (Iowa 2025)

In re Davenport Hotel Building Collapse, No. 24-0727 (Iowa 2025)

670.4A Qualified Immunity

1. Notwithstanding any other provision of law, an employee or officer subject to a claim brought under this chapter shall not be liable for monetary damages if any of the following apply:

  a. The right, privilege, or immunity secured by law was not clearly established at the time of the alleged deprivation, or at the time of the alleged deprivation the state of the law was not sufficiently clear that every reasonable employee would have understood that the conduct alleged constituted a violation of law.

  b. A court of competent jurisdiction has issued a final decision on the merits holding, without reversal, vacatur, or preemption, that the specific conduct alleged to be unlawful was consistent with the law.

2. A municipality shall not be liable for any claim brought under this chapter where the employee or officer was determined to be protected by qualified immunity under subsection 1.

3. A plaintiff who brings a claim under this chapter alleging a violation of the law must state with particularity the circumstances constituting the violation and that the law was clearly established at the time of the alleged violation. Failure to plead a plausible violation or failure to plead that the law was clearly established at the time of the alleged violation shall result in dismissal with prejudice.

4. Any decision by the district court denying qualified immunity shall be immediately appealable.

5. This section shall apply in addition to any other statutory or common law immunity. 2021 Acts, ch 183, §14, 16

Perfection Prop. Restoration, Inc. v. Marshall County, 2025 WL 3516800 (SD Iowa 2025) - Jodie

Legal Issue	***Government Contract Approval*** ****Southern District of Iowa***
Facts – Procedural History	• July 19, 2018: Tornado struck Marshalltown, damaged courthouse. Pictures on next slide. • Perfection (disaster remediation contractor) was on-site in less than 24 hours. County Auditor, Benson, signed Work Authorization. Work included storm repairs, necessary code updates, and owner-directed/discretionary improvements not to be paid by the County's insurer. • No public bidding occurred, as County believed work met the emergency repair exception to public bidding. • BOS never formally authorized Benson to sign, but was involved in precon and con phases & approved 34 pay apps to Perfection totaling $31.4M • By January 2021, remaining work was interior items, many of which were owner-directed improvements. County asked Perfection to sign an AIA contract. Perfection insisted Insurance Work Authorization was operative. Perfection stopped work, County finished with another contractor. • **Procedural History**: Perfection filed suit for breach of contract & equitable remedies. County moved for summary judgment on contract claims.
Holdings:	• **SD Iowa: Summary judgment granted on contract claims.** • Party contracting with a local government must adhere to all statutory requirements. Formal approval is necessary to enforce contract. • Board never passed formal motion, resolution, amendment, ordinance, etc. to accept Insurance Work Authorization. *See* Iowa Code 331.302(1) ("[Board] shall exercise a power or perform a duty only by the passage of a motion, a resolution, an amendment, or an ordinance."). • Immaterial that Board had copy of form, approved payments for work, and monitored work for nearly three years. • County Auditor did not have any independent authority to enter contract. *See* Iowa Code 331.502 (listing 38 duties of a county auditor). • Any alternative finding would allow a county auditor to circumvent competitive bidding requirements under Iowa Code 331.341. • Work was a "public improvement" (Iowa Code 26.2(3)) even though paid primarily with insurance funds, became public funds once received. • "Emergency work" exception to public improvement scope did not apply, ended long ago. ("Holding otherwise would allow a small contract approved by a local elected official to mushroom into a multimillion-dollar project[.]"). Formal approved still required anyway.
Take aways:	• Formal approval by government entity strictly required. ("Nothing about this is unfair.") ("Perfect had the opportunity ever month to place the Insurance Work Authorization in front of the . . . Board and receive formal approval. [It] failed to do so[.]"). • Equitable and emergency circumstances are no excuse for compliance.

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Perfection Prop. Restoration, Inc. v. Marshall County, 2025 WL 3516800 (SD Iowa 2025)

Gardner v. Des Moines Stucco, LLC, 2025 WL 2796466 (Iowa Ct. App. 2025) - Brandon

Legal Issue	*Mitigation of Damages and Loss of Warranty Damages* *Iowa Court of Appeals
Facts – Procedural History	• Residential Project. Owner: Gardner; Contractor: Des Moines Stucco (DMS) • May 2019, Gardner hired DSM to install stucco exterior on "dream home" in Cresco ("Mediterranean-style home with a vineyard out back."). • Base coat and finish coat. $64,784 total across three payments. DSM installed base coat. Gardner made two payments. • Breakdown. Dist. Ct.: ("Gardner was constantly unsatisfied with little things . . . and that she would yell and swear at him, lumping him in with other contractors that she was unhappy with. Valentine testified that he felt belittled and that he has never been treated so poorly by any customer.") • DSM demanded 90% payment prior to applying finish coat, Gardner refused, DSM abandoned the project. • November 2019, Gardner sued for specific performance, breach of contract, warranty claims, equitable claims. • Gardner hired replacement contractor in March 2021 (16 months after filing suit) at cost of $52,400, completed in June 2021. • One-day bench trial in November 2023, court found breach but awarded just $18,861.33 due to failure to mitigate damages and lack of evidence on value of warranty. • **Procedural History**: Gardner appealed.
Appellate Holdings:	• **Iowa Court of Appeals: Affirmed.** • Gardner failed to mitigate damages. Repair contractor testified they had to apply extra coat. DMS testified extra coat was necessary because base coat left exposed to elements, developed efflorescence. • No evidence base coat was insufficient. District court found DMS's testimony credible that base coat deteriorated overtime. • No evidence Gardner was unable to or attempted and failed to hire repair contractor earlier. DMS showed many other contractors available. • Unreasonable for Gardner to wait for DMS to comply with her demand to perform. "[N]o authority from Iowa or any jurisdiction hold[s] that a claim for specific performance c[an] satisfy the duty to mitigate." Even so, parties made intentions to terminate relationship clear. • While warranty was worth something, Gardner provided no evidence on value, just figure she selected without any basis.
Take aways:	• Mitigation of damages is critical. • Attempting to renegotiate a contract with a difficult client in the middle of the work is less than advisable.

Bridge Gap Engineering v. American Pfeiffer Corp. – 28 N.W.3d 610 (Table), 2025 WL 2800060 (Iowa Ct. App. 2025) - Jodie

Legal Issue	*Contract Interpretation and Damages* *Iowa Court of Appeals*
Facts – Procedural History	• Bridge Gap contracted with Continental Cement Co. to install new high-efficiency separator for $6.77M • Bridge Gap then sent purchase order to American Pfeiffer d/b/a Christian Pfeiffer to buy separator for $765K • Purchase order included performance guarantees • After installed, Bridge Gap alleged that separator failed to perform correctly • Bridge Gap on its own behalf and as assignee of Continental sued Pfeiffer for $7M for breach of contract, negligent misrepresentation, and fraud • Bridge Gap moved for summary judgment; Pfeiffer failed to file resistance • Dist. Ct. awarded $6.6M in damages • Pfeiffer filed motion to reconsider, alleging that liquidated damages provision in exhibit to purchase order applied to limit Bridge Gap's recovery • Dist. Ct. denied motion, but COA reversed and remanded for the court to consider the provision • Dist. Ct. concluded that LD provision limits Bridge Gap's recovery and awarded $114K in damages • Bridge Gap argued T&Cs in purchase order negated LD provision, the provision did not apply, and the damage calculation was incorrect • **Procedural History**: Dist. Ct. limits damages; Bridge Gap appeals; COA affirms
Appellate Holdings:	• **COA: Affirms Dist. Ct.** • More specific LD provision controls over general T&Cs language • Provision did not apply to fraud claim because finding in favor of Bridge Gap on fraud claim does not mean Dist. Ct. found willful misconduct, and Dist. Ct. found in favor of Bridge Gap on breach of contract claim only • Damages calculation was correct: LD provision capped damages at 15% of contract price, and only contract involved in purchase order was contract between Pfeiffer and Bridge Gap
Take aways:	• Courts will apply the incorporation by reference doctrine strictly • When a contract contains both general and specific provisions on a particular issue, the specific provisions are controlling.

CMT Highway, LLC v. Logan Contractors Supply, Inc. – ___ N.W.3d ___, 2026 WL 1108827 (Iowa 2026) - Brandon

Legal Issue	*Chapter 554's Option to Cover and Mitigation of Damages* *Iowa Supreme Court*
Facts – Procedural History	• CMT Highway, LLC and Logan Contractors Supply, Inc. worked together for five years on road-construction projects • Logan Contractors would buy good and materials from CMT to supply to GCs on projects • CMT missed delivery dates due to supply chain issues caused by COVID-19 • CMT sent Logan Contractors an ultimatum that prices on existing orders must be increased or the parties would stop working together • Logan Contractors informed CMT that Logan considered CMT to be in breach of its existing purchase orders • Logan solicited bids from three other manufacturers • Both parties sued for breach of contract • Bench trial ensued: Logan was liable to CMT for $965K; CMT was liable to Logan for $1.5M • Parties disagreed about whether a breaching seller's offer of the same goods at a higher price can be considered a "cover" under Iowa's Uniform Commercial Code • **Procedural History**: Dist. Ct. finds both parties liable; both parties appeal; COA affirms on CMT's liability, reverses on Logan's; CMT files app. for further review; Supreme Ct accepts
Appellate Holdings:	• **Supreme Court: Affirm in part and vacate in part Court of Appeals decision.** • Section 554.2711(1)(a)'s option to "cover" means an aggrieved buyer is not obligated to accept breaching seller's demand of same goods at a higher price • The IUCC does not displace the common law requirement that an aggrieved buyer still has a duty to act reasonably to mitigate its damages • Substantial evidence supported district court's finding that Logan Contractor's purchases of cover goods were reasonable
Take aways:	• If buyer chooses to "cover," buyer doesn't have to accept seller's demand for higher price even if demand is least costly alternative • Even though Logan was not seeking consequential damages, there may be circumstances where the buyer's duty to mitigate requires it to continue to do business with the seller and entertain a less favorable offer from the breaching seller to recover consequential damages

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Conlon Construction Co v. Tri-State Concrete Construction, Inc. – 2026 WL 221595 (Iowa Ct. App. 2026) - Jodie

Legal Issue	*Arbitration Provisions in Contracts* **Iowa Court of Appeals*
Facts – Procedural History	• Conlon sought to foreclose on two mechanic's liens totaling $1.6M • Three defendants filed counterclaims for breach of contract for Conlon's failure to pay under the subcontract • Conlon sought to compel arbitration and, alternatively, dismiss the counterclaims • Contract language included provision stating that "[A]ll parties necessary to resolve a matter agree to be parties to the same dispute resolution proceeding, if possible." • Contract language also stated that "[t]he Parties choose binding arbitration for any claim or dispute arising out of or relating to this Agreement." • Dist. Ct. denied motion to compel arbitration b/c Conlon chose to foreclose on liens in state court. "It must now live with that choice." • Conlon appeals • The parties dispute whether the district court erred in denying the motion to compel as to Tri-State • **Procedural History**: Dist. Ct. denies motion to dismiss and compel arbitration; Conlon appeals; COA affirms in part, reverses in part
Appellate Holdings:	• **COA: Affirms in part, reverses in part Dist. Ct.** • The language in the contract stating that the parties choose arbitration is binding and covers Tri-State's breach of contract claim. • District court erred in declining to enforce the arbitration clause • The contract did not fall into one of the statutory exceptions to Section 679A.1(2) to not enforce the arbitration provision
Take aways:	• Even when a party forecloses a mechanic's lien in state court, courts will enforce arbitration provisions

Other 2025-2026 Iowa Construction Law Cases

To be discussed as time allows

Genesis Equities, LLC v. Duffield – 29 N.W.3d 16 (Iowa Ct. App. 2025) - Brandon

Legal Issue	***Material Breaches and Notice-to-Cure Provision*** ****Iowa Court of Appeals***
Facts – Procedural History	• Project: Build state-of-the-art sand volleyball facility • GC and CM: Duffield • Subcontractor: Abode • Property owner: Genesis • Genesis leased the property to Duffield in a 16-year commercial lease • Duffield also contracted with Abode to build 19 sand courts • Abobe substantially complete its work and had billed invoices, but Duffield was unable to make scheduled payments • Duffield also failed to pay rent, requiring Genesis and Duffield to add lease addendum requiring here to vacate • Duffield doesn't vacate • Genesis sued for breach of lease; Abode brings counterclaim for breach of contract • Duffield counterclaimed for breach of lease, breach of contract, and fraud • Dist. Ct. agrees with Gensis and Abode; awards Genesis $52,788.74 and Abode $199,681.96 • Duffield appeals • **Procedural History**: Dist. Ct. finds against Duffield; Duffield appeals; COA affirms
Appellate Holdings:	• **COA: Affirms Dist. Ct.** • Duffield materially breached before Abode, as Abode performed the work and Duffield failed to pay • Genesis did not breach lease because Duffield never gave the required written notice and opportunity to cure • Duffield breached lease because she became insolvent, triggering lease provision about insolvency as event of default
Take aways:	• Courts enforce notice-and-cure provisions in contracts

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Van Otegham Dairy Partnership v. Spahn & Rose Lumber Co. – 24 N.W3d 464 (Iowa Ct. App. 2025) – Jodie

Legal Issue	***Express Warranties and Material Disclaimers*** ****Iowa Court of Appeals***
Facts – Procedural History	• Project: Construction of a dairy barn • VODP wanted barn that was corrosion-resistant • S&R sent proposal to VODP; VODP signed the proposal • 18 months after barn was completed, the roof started to leak • VODP sued for breach of express warranty, breach of implied warranty of fitness for a particular purpose, breach of implied warranty of workmanlike construction, and breach of contract • S&R moved for summary judgment based on statute of limitations for both claims for breach of implied warranties. • S&R moved again for summary judgment on express warranty and breach of contract claims. • SJ granted. VODP appealed. • VODP argued that the district court erred in finding boilerplate fine print disclaiming responsibility for material selections nullified S&R's express warranty to complete a workmanlike barn and to design and build a dairy barn of good quality
Appellate Holdings:	• **COA: Affirms in part, reverses in part Dist. Ct.** • Issues with barn were with design and construction flaws, not material flaws, so materials disclaimer does not apply • Boilerplate materials disclaimer did not negate express workmanship warranty • Genuine dispute existed on scope of express warranties claim; S&R held itself out as a design provider and VODP's claim is with the design and installation of barn
Take aways:	• Boilerplate materials disclaimer ("buyer responsible for materials") does not shield contractors from liability for design or installation error

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Dewayne Blaha v. Larry Strange – 2026 WL 521003 (Iowa Ct. App. 2026) - Brandon

Legal Issue	*Damages and Defective Workmanship* *Iowa Court of Appeals
Facts – Procedural History	• Project: Install new roof, siding, and gutters on Strange's house and an outbuilding • Agreed to pay Blaha $36K • Strange paid $15K upfront to Blaha and then paid $6K directly to subcontractor b/c he was worried Blaha would not pay its subcontractor. • During construction, a storm caused water damage when siding was removed and not replaced in time • Blaha sued for the unpaid balance; Strange counterclaimed for costs to repair defective work • Dist. Ct. found against Blaha and in favor of Strange • Awarded Strange $50K in damages • Blaha appeals • **Procedural History**: Dist. Ct. finds in favor of Strange; Blaha appeals; COA affirms in part and modifies in part
Appellate Holdings:	• **COA: Affirms and Modifies Dist. Ct. damages award** • Dist. Ct.'s credibility findings controlled for finding defective workmanship • Strange's partial payment to subcontractor did not constitute acceptance of Blaha's work • Damages figure for full amount to remedy defective work was supported by substantial evidence • But the figure needed to be reduced by the unpaid contract price to avoid a windfall to Strange • Reduce damages from $50K to $34K
Take aways:	• An owner's partial payment to subcontractor does not constitute acceptance of GC's defective work

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Payne Drywall, LLC v. Bi-State Contracting, Inc. – 24 N.W3d 636 (Table), 2025 WL 1704454 (Iowa Ct. App. 2025) - Jodie

Legal Issue	***Chapter 572 and Chapter 573*** ****Iowa Court of Appeals***
Facts – Procedural History	• Project: Public Project • Public Owner: Eastern IA Community College • GC: Bi-State • Sub: Payne Drywall • Bi-State subcontracted with Payne Drywall to perform drywall work • Payne completed work, and claimed $53,000 of unpaid invoices • Payne filed mechanic's lien on public project and then foreclosed on it • Bi-State moved for summary judgment that lien was invalid on a public project • Payne amended petition to assert claim under Chapter 573 and claim for common law fraud • Bi-State moved to dismiss for failure to comply with statute and timing requirements under Ch. 573 • Dist. Ct. granted Bi-State's motion to dismiss; as such, Payne's lien foreclosure action was dismissed. • Payne appealed • **Procedural History**: Dist. Ct. grants motion to dismiss; Payne appeals; COA affirms
Appellate Holdings:	• **COA: Affirms Dist. Ct.** • Filing mechanic's lien does not satisfy chapter 573's requirement of filing its claim with the authorized officer, board, or commission • Relation-back doctrine does not apply to pre-suit statutory filing requirements
Take aways:	• This should go without saying, but mechanic's liens are not available on public projects.

Legacy Baptist Church v. Brotherhood Mut. Ins. Co., 2025 WL 3516797 (S.D. Iowa 2025) - Brandon

Legal Issue	***Loss Calculations & Repairs*** ****Southern District of Iowa***
Facts – Procedural History	• April 7, 2020: Church in Davenport damaged by thunderstorm / hailstorm. Roof, siding, detached garage, HVAC all damaged. • Insurer inspected, valued loss at $50K. Church appealed. Policy required panel of three inspectors to review, award averaged $277K (replacement) and $252K (actual). • Disagreement re scope of repairs; (1) replace all siding or reuse siding from garage on main building; (2) whether to repair / replace HVAC. • Revised inspection, award averages $216K (replacement) and $189K (actual). Reuse garage siding. Award did not resolve whether to repair / replace HVAC, assigned cost for repair. Insurer agreed to pay a total of $204K. Church refused. • **Procedural History**: Church filed breach of contract, bad faith, and punitive damages claims against Insurer re siding and HVAC. Insurer moved for summary judgment.
Holdings:	• **SD Iowa: Summary judgment granted on siding claims, denied on HVAC claims.** • Revised award controlled, Church had not accepted prior awards either by delivering acceptance as required or indicating acceptance via email. • Decision to reuse siding from garage was not in violation of policy, award by inspectors determined extent of loss and repair. Thus, no breach of contract, bad faith, or punitive damages as to the siding. • Award did not resolve HVAC issue. Insurer failed to meaningfully resolve this issue. Genuine issue of material fact for jury if this constituted a breach of contract and/or bad faith and warranted punitive damages.
Take aways:	• Courts are inclined to punt in favor of contractual / extrajudicial remedies in resolving insurance disputes, including in construction cases. • Any acceptance of an award must be clearly communicated and in compliance with the contract to be effective. • Insured are not generally entitled to judicial review of contractual loss calculations and repairs. • Insurers have an obligation to timely assess damages and determine value and repair / replacement.

Questions / Comments?

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