

Bill Enhancing Residential Mechanic's Lien Rights Passes Both Chambers - Now on to Governor

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This content was published prior to the combination of Dentons Davis Brown. Learn more about Dentons Davis Brown.

With the passage of SF458, residential contractors will have their right to collect attorney's fees as part of their mechanic's liens restored, assuming Governor Reynolds signs the bill, which is expected within the next 30 days. The passage of this bill happened late Saturday and immediately prior to Iowa's 2020 legislative session conclusion.

Impact for Residential Contractors

Earlier this year, the Iowa Supreme Court decided in *Standard Water v. Jones* (covered previously) that, although the contractor in that particular case was entitled to recover attorney fees as part of its mechanic's lien, the homestead exemption statute generally prohibited a contractor from recovering its attorney fees in a mechanic's lien foreclosure action involving a homestead.

This bill, SF458, will supersede the Supreme Court decision, thereby allowing residential contractors to collect attorney's fees, interest, and costs, as well as principal, as part of their mechanic's liens.

Major Victory

This is a huge victory for residential contractors in Iowa and is the result of two years' worth of efforts by the HBA of Iowa and its Executive Director, Jay Iverson. As part of those efforts, HBA of Iowa asked construction attorney and subject matter expert, Jodie McDougal, to speak at the Capitol with lawmakers about this bill on multiple occasions.

Jodie also worked on this bill in her role as Vice-Chair of the ISBA Construction Law Section Council, and Chair of that Council's legislative affairs committee, including through her presentation on the bill to the ISBA Board of Governors earlier this year.

The specific language of the bill, which amends the homestead exemption statute under Chapter 561, is shown below:

Those ~~incurred~~ secured by a mechanic's lien under chapter 572, including principal, interest, attorney fees, and costs, or those otherwise incurred for work done or material furnished exclusively for the improvement of the homestead.

We will provide another update when Governor Reynolds signs the bill. The bill is expected to take effect on July 1, 2020.

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