

Governor Reynolds signs mechanic's lien bill

May 7, 2021

On Friday, April 30, Governor Reynolds signed into law HF 561 (formerly SSB1006), a bill pertaining to mechanic's lien. The bill goes into effect on January 1, 2022.

As discussed in a prior blog post, this bill was an affirmative legislative item from the Iowa State Bar Association's (ISBA) Construction Law Section. Attorney Jodie McDougal, Vice-Chair of the ISBA Construction Law Section Council, was the initial drafter and driving force behind the bill. In December, Jodie presented the bill to the ISBA Board of Governors for approval on the ISBA's legislative agenda. Also, in February, Jodie, as a subject matter expert, spoke at the Iowa State Capitol, along with ISBA representatives, to the Senate subcommittee considering the bill, which was eventually passed by both chambers.

This law makes two important changes to Iowa lien law (Iowa Code Chapter 572) to the benefit of all contractors, subcontractors, and other lien claimants.

Streamlines the filing of liens covering multiple counties

First, the bill amends Iowa Code § 572.8 to allow a mechanic's lien involving a realty covering multiple counties to be posted once on the centralized, digital MNLIR system and indexed on all applicable counties, eliminating the current practice of attorneys posting duplicative liens--one for each county. The exact language of the amendment is below, with the updated language underlined.

Section 1. Section 572.8, subsection 3, Code 2021, is amended to read as follows:

3. A lien perfected under this section shall be limited to the county or counties in which the building, land, or improvement to be charged with the lien is situated. The county or counties identified on the mechanics' notice and lien registry internet site at the time of posting the required notices pursuant to sections 572.13A and 572.13B shall be the only county or counties in which the building, land, or improvement may be charged with a mechanic's lien.

Expansion of recovery of attorney fees when a lien is bonded off

Second, the bill amends Iowa Code § 572.32 to provide statutory certainty on the recovery of attorney fees by prevailing claimants in mechanic's lien actions where the lien is discharged by a bond, as there is a disagreement among district courts in this regard. This amendment expressly allows for recovery of attorney fees by prevailing

contractors in all mechanic's lien actions, including where liens are discharged by bond. The exact language of the amendment is below, with the updated language underlined.

Sec. 2. Section 572.32, Code 2021, is amended to read as follows:

572.32 Attorney fees — remedies.

1. In a court action to enforce a mechanic's lien, or an action brought upon any bond given in lieu thereof, a prevailing plaintiff may be awarded reasonable attorney fees.

2. In a court action to challenge a mechanic's lien posted on a residential construction property, or any bond given in lieu thereof, if the person challenging the lien or defending against any action on the bond prevails, the court may award reasonable attorney fees and actual damages. . .

Contractors or other lien claimants with questions about their obligations to file notices on the MNLR should contact an experienced construction attorney.

Your Key Contacts



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