# ARCHITECTS’ AND ENGINEERS’ LIABILITY UNDER IOWA CONSTRUCTION LAW

*Roger W. Stone*

## TABLE OF CONTENTS

I. INTRODUCTION ........................................................................... 107

II. LIABILITY TO CONTRACTORS AND THIRD PARTIES... 107

III. ARCHITECTS’ AND ENGINEERS’ STANDARDS OF CARE .................................................................................................................. 110

IV. SOURCES OF STANDARDS.......................................................... 111

V. CONTRACT VERSUS TORT CLAIMS .......................................... 112

VI. THE ECONOMIC LOSS DOCTRINE ....................................... 114

VII. BREACH OF A DUTY VOLUNTARILY ASSUMED ............ 116

VIII. INTERFERENCE WITH CONTRACT ................................. 117

IX. ARCHITECTS’ AND ENGINEERS’ FAILURE TO TEST.... 117

X. LIABILITY FOR CHANGE OF DESIGN BY OTHERS........ 117

XI. MISREPRESENTATION CLAIMS............................................. 119

XII. BREACH OF FIDUCIARY DUTY......................................... 120

XIII. IMPLIED WARRANTIES ...................................................... 121

XIV. LIMITATION OF LIABILITY .............................................. 122

XV. STATUTORY OF IMMUNITY ON CLAIMS OF
A. THE DISCOVERY RULE .................................................. 127

B. TWO-YEAR STATUTE OF LIMITATIONS FOR PERSONAL INJURY CLAIMS ........................................ 130

C. FIVE-YEAR STATUTE OF LIMITATIONS FOR PROPERTY DAMAGE CLAIMS ..................................... 130

D. TEN-YEAR STATUTE FOR CLAIMS FOUND ON BREACH OF WRITTEN CONTRACT ............................ 131

E. STATUTE OF REPOSE ..................................................... 131

F. AGREEMENTS THAT IDENTIFY THE DATE ARE ENFORCEABLE......................................................... 132

G. REPAIR ESTOPPEL MAY TOLL THE STATUTE........ 133

XVII. INDEMNIFICATION.............................................................. 134

XVIII. CONCLUSION......................................................................... 135
I. INTRODUCTION

This Article discusses principles and cases applicable to architects’ and engineers’ professional responsibility to their clients and other persons. Recent decisions by the Iowa Supreme Court have generally measured architects’ and engineers’ responsibility by the terms of their contracts; those developments encourage more careful drafting of professional service contracts, make the outcome of disputed issues more predictable, and lessen the litigation expenses and involvement for architects and engineers. This Article will discuss those developments and the current principles of architects’ and engineers’ liability under Iowa law.

II. LIABILITY TO CONTRACTORS AND THIRD PARTIES

An architect or engineer can be liable for failure to exercise their duty of care to all persons lawfully on the premises they have designed or constructed. An architect or engineer may be liable to persons with whom they have no contract. Generally, if the architect’s or engineer’s contract creates a duty, the breach of that duty may result in liability to any injured person. An architect’s or engineer’s potential for liability extends beyond privity of contract.

The important question is whether the architect’s or engineer’s contract imposes a duty upon the professional to the injured person. When a contract imposes a duty upon a party, neglect of that duty is a tort. Whether a contract that employs a professional creates a duty owed to a noncontractual party is a matter of law to be decided by the court. An architect or engineer cannot, by contract, determine to whom it may be liable for breach of a duty created by that contract. However, architects or engineers can define and shape their duty with contractual language describing the duty. The holding that an engineer cannot by contract determine to whom it may be liable in Evans v. Howard R. Green Co. is difficult to reconcile with the language and result in Shepherd Components, Inc. v. Brice Petrides-Donohue & Associates, Inc. The engineer’s contract in Shepherd Components clearly expressed the scope of the work to be performed by the engineer and that the engineer owed no duty to an adjacent landowner for the contractor’s activities. The two cases may be reconciled by stating that both stand for the proposition that the engineer’s contract defines and limits the scope of duty to do certain work or actions, but the duty, once created, is owed to all persons lawfully on the premises. A more accurate statement, however, is that Shepherd Components permits engineers
to limit the scope of duty by contract; by defining contractual work, engineers may limit the persons to whom they owe a duty.\textsuperscript{14}

\textit{Shepherd Components} discussed an engineer’s responsibility for safety and site inspection.\textsuperscript{15} The “original plans and specifications did not detail any protective methods for [the contractor] to use in excavating the adjoining property.”\textsuperscript{16} The contractor engaged its own engineer, not a party to the lawsuit, to prepare shop drawings of a system to retain the earth along the excavation route adjacent to the neighbor’s building.\textsuperscript{17} The owner’s engineer approved the shop drawings prepared by the contractor’s engineer.\textsuperscript{18} The drawings required that sheet piling “be driven along the excavation route” and back filling be done as the sewer pipe was laid.\textsuperscript{19} The shop “drawings did not provide for excavation of the earth between the neighbor’s building and the sheeting.”\textsuperscript{20} During the excavation, the contractor “departed from the drawings by removing earth immediately adjacent to [the neighbor’s] building and below its footings.”\textsuperscript{21} The contractor stated that the additional earth “was removed to lessen the vibration caused by the hammer used to drive the sheeting.”\textsuperscript{22} When an employee noticed the neighbor’s building was cracked, work was halted.\textsuperscript{23} “When the sheeting was removed three months later, the entire damaged wall collapsed.”\textsuperscript{24} The neighbor and the contractor sued the project engineer, alleging negligence.\textsuperscript{25}

The contract between the city and the engineer defendant contained standard construction observation language.\textsuperscript{26} The contract specifically provided:

\begin{quote}
The ENGINEER shall: . . . Make periodic visits to the site of the construction to observe the progress and quality of the construction work and to determine, in general, if the results of the construction work are in accordance with the Drawings and the Specifications. On the basis of his on-site observation as an ENGINEER, he shall endeavor to guard the OWNER against apparent defects and deficiencies in the permanent work constructed by the Contractor but does not guarantee the performance of the Contractor. . . . The ENGINEER is not responsible for construction means, methods, techniques, sequences or procedures, time of performance, programs, or for any safety precautions in connection with the construction work. The ENGINEER is not responsible for the Contractor’s failure to execute the work in accordance with the Construction Contract.\textsuperscript{27}
\end{quote}
The contract also limited the engineer’s responsibility for construction review services as follows:

The ENGINEER has not been retained or compensated to provide design and construction review services relating to the Contractor’s safety precautions or to means, methods, techniques, sequences, or procedures required for the Contractor to perform his work but not relating to the final or completed structure; omitted services include but are not limited to shoring, scaffolding, underpinning, temporary retainment of excavations and any erection methods and temporary bracing.28

The contract also provided a disclaimer of the on-site review services as follows:

By means of the more extensive on-site observations of the work in progress, the ENGINEER will endeavor to provide further protection for the OWNER against defects and deficiencies in the Contractor’s work, but the furnishing of such services shall not include construction review of the Contractor’s construction means, methods, techniques, sequences or procedures, or of any safety precautions or programs in connection with the work, and the ENGINEER shall not be responsible for the Contractor’s failure to carry out the work in accordance with the Construction Contract.29

Both the engineer’s and contractor’s contracts placed the entire responsibility for avoiding damage to neighbor’s property on the contractor.30 Because the contractor had control of the work at the site and the engineer had no control of the work, the engineer did not owe a duty of care to others and could not be responsible for the contractor’s negligence.31

Shepherd Components stated that “[a] general rule applicable to the case was that an engineer does not, by reason of its duty to inspect the construction site, assume responsibility for the day to day construction methods utilized the contractor or the contractor’s negligence.”32 The contractor, not the engineer, was contractually required to supervise the construction activities and take appropriate precautions.33
The engineer’s ability to stop the work did not trigger responsibility for the contractor’s negligence. The engineer had no legal duty to interfere with the contractor’s judgment on which construction procedures to use; the requirement of visiting the site did not change this responsibility. The court held the engineer did not have contractual authority to stop unsafe construction methods which were under the sole control of the contractor, even though the engineer had authority to stop work that did not conform with the contract. The court concluded that the engineer owed the neighboring property owner no duty of care because the engineer had neither responsibility for, nor control over, the construction procedures that were employed adjacent to the neighbor’s building.

The more difficult case for the court would be a personal injury or death case against an architect or engineer whose contract had the Shepherd Components disclaimers but the architect’s or engineer’s conduct involved a failure to act upon observing known safety or Occupational Safety and Health Act (OSHA) violations. The court would have to address the issue whether exculpatory contract language permits an experienced professional, with an opportunity to avoid an injury or death, to ignore a safety violation and escape liability.

III. ARCHITECTS’ AND ENGINEERS’ STANDARDS OF CARE

The standard of care by which architects’ and engineers’ conduct is measured is that “degree of skill, care and learning ordinarily possessed and exercised by members of the profession in good standing in similar circumstances” at the time of the alleged negligence. An architect or engineer is “bound to exercise reasonable care to see that the work is done in a proper manner with proper materials.” An architect or engineer is required to exercise reasonable care in certifying completion of defective or incomplete work. The architect or engineer is required to “exercise reasonable care in the supervision and inspection of the work to protect the owner against payment of money to the contractor for work not performed or materials not delivered.” This duty of care arises before the completion of the work and applies to the engineer’s work during construction. Architects or engineers may be held liable for negligence in failing to exercise the ordinary skill of their profession, resulting in the erection of an unsafe structure. Architects or engineers may be held liable for negligence if they prepare plans and specifications and if carrying out the work under these plans and specifications causes damage.
Generally, a jury determines whether the professional has met the standard of care. Expert testimony may be needed to generate a jury question that the standard of care has not been met. However, the lack of care may be so obvious as to be within the comprehension of a lay person so that an expert is not needed. The existence of substantial defects may be sufficient to generate a jury question on whether a well-designed structure would have problems. A jury does not have to accept expert testimony. An “expert’s testimony provides no aid” to the court in its interpretation of an engineer’s duty under an unambiguous contract. Where the contract is unambiguous about the scope of the duty, expert testimony should not be used to deviate or change the scope of that duty. During a trial, an important issue is often the specific conduct of an architect or engineer that may have violated the general duty to use the average skill, care, and learning of similarly situated professionals. The trial judge hears the arguments of counsel about whether specific acts of an architect or engineer, if found to have occurred, may be deemed to be a violation of the architect’s or engineer’s duty to use reasonable care. The court determines the specific conduct of the professional that may have breached the general standard of conduct, and then the jury determines whether the conduct occurred. Often, the architect or engineer does not dispute that a certain act was performed, but there is a significant dispute whether that conduct may be identified in the jury instructions as negligent. If the jury finds that conduct to have occurred, then the architect or engineer will have violated the duty to use reasonable care. As a practical matter, certainty as to whether particular conduct will be included as a specification of negligence in a jury instruction is difficult to achieve until the judge actually makes that determination. For that reason, advising architects and engineers as to their risk and potential for liability in malpractice cases is, regrettably, an inexact estimate of what a judge is likely to do when drafting jury instructions.

IV. SOURCE OF STANDARDS

The contract between the architect or engineer and the client not only defines the duties to be performed, but also may be the source of an elevated standard of conduct. For example, the use of the phrase “highest standards in the engineering profession” created a jury question as to the scope of those standards. Additionally, ethical standards and practices may be admitted to establish the standard or benchmark of a professional’s conduct. Generally recognized design parameters may define the scope of the duty as well. For example, in Evans, the “Ten States Standards” of wastewater treatment design governed the scope of the engineer’s conduct.
In a claim of professional negligence, in order for the plaintiff to recover, the actions of the architects and engineers must be below the degree of skill, care and learning ordinarily possessed and exercised by members of that profession in good standing in similar circumstances. A prima facie case of professional malpractice requires proof establishing the applicable standard of care, the defendant's breach of the applicable standard of care and a causal relationship between the defendant's breach and the plaintiff's injuries. Plaintiff may prove the standard of care by the use of expert testimony or through evidence showing a lack of care so obvious so as to be within the comprehension of a lay person. Lay persons sitting as the trier of fact generally lack the knowledge to render a competent judgment as to negligence and proximate cause in complex matters requiring professional expertise. In those instances an expert witness is required to testify as to the standard of care.

In *Karnes*, plaintiff designated no expert witness to testify regarding the standard of care for engineers regarding a staircase collapse. The Iowa Court of Appeals upheld summary judgment in favor of the defendant engineer. Under the circumstances presented, *Karnes* held that the alleged negligence was not so obvious to make expert testimony unnecessary:

The issue at hand is the standard of care of a prudent architect or engineer and whether defendants conformed to that standard. That determination includes judging whether, when drafting designs and specifications, a prudent architect or engineer should anticipate the kind of notching that occurred in this case. We clearly need an expert to assist in that determination.

Iowa Code §668.11 is designed to require a plaintiff to have his or her proof prepared at an early stage in the litigation in order that the professional does not have to spend time, effort and expense in defending a frivolous action.

V. CONTRACT VERSUS TORT CLAIMS

A claim that a professional has failed to meet the required standard of care is essentially a negligence cause of action. In *Kemin Industries v. KPMG Peat Marwick, L.L.P.*, a plaintiff brought both contract and negligence claims against its accountants. In determining the claim asserted against the provider of information was a negligence claim, the court stated:
Almost all relationships involving professional services arise from an offer and acceptance that would constitute a simple contract. Nevertheless, a claim that a provider of professional services has failed to meet the standard of care that the law has placed on that party is essentially a negligence cause of action.  

Accordingly, a claim alleging plans and specifications prepared by an architect or engineer were defective and did not meet the appropriate standard of care is a negligence claim.

Because a claim for breach of professional services is a negligence claim, instead of a contract claim, the principles of comparative fault apply. In a contract claim, the principles of comparative fault do not apply, and the alleged breaching party attempts to defend the damages claim by showing that its conduct did not cause the damage, and that the damage was caused by other conduct. Iowa courts have yet to address other consequences that flow from the fact those claims sound in tort. For example, a claim that “sound[s] in tort whether or not involving a breach of contract” is not arbitrable under the Iowa Arbitration Act. Negligence claims for damaged property are subject to a five-year statute of limitations. Claims founded upon breach of a written contract are subject to a ten-year statute of limitations. Generally, economic losses are not recoverable in tort, while they may be in a breach of contract claim. Damages recoverable on tort claims may differ from damages recoverable for breach of contract.

The primary distinguishing characteristic between tort and contract claims is the type of injury. Tort claims seek recovery for personal injuries and property damage. In Kemin Industries, the court decided that an account receivable was property and described the account receivable as a “chose in action.” Because the claim in that case involved injury to the claimant’s chose in action, property damage was involved and principles of comparative fault applied. Kemin stated that “a specifically identified account receivable, which can be established in a specific amount under the evidence in the case, is a chose in action. We are satisfied that a chose in action is sufficiently recognized in our law as property . . . .” In contrast, where a party is “suing solely because he did not recover what he contracted to receive,” the claim is a contract claim, rather than a tort claim.
Although warranty claims are common in the construction industry, it is not always clear whether they are tort or contract claims. For instance, the Iowa Supreme Court has stated:

An action for breach of warranty is held to sound sometimes in tort and sometimes in contract. There is no intent to include in the coverage of the [Comparative Fault] Act actions that are fully contractual in their gravamen and in which the plaintiff is suing solely because he did not recover what he contracted to receive. The restriction of coverage to physical harms to person or property excludes these claims. Flom v. Stahly held comparative fault principles are not available to reduce a claimant’s recovery for breach of express warranty involving contract damages only.

Breach of warranty claims are expressly included within the definition of “fault” under the Iowa Comparative Fault Act and a claim for breach of warranty may sound in tort or in contract. Whether principles of comparative fault will govern a breach of warranty claim depends on the type of damages sought by the claimant and whether there is property damage or only loss of expectancy. Under Iowa law, an express or implied contract term requiring repair of real property may merely establish the duty element of a tort claim and comparative fault principles may be considered for purposes of reducing a claimant’s recovery. Because the express or implied contract term was breached and the resulting injury was a personal injury, the claim sounded in tort and comparative fault principles applied. The Iowa Supreme Court has held that negligence is not submissible where there was no personal injury or property damage, other than to the work itself, resulting from the tortious event. The distinguishing factor for determining whether principles of comparative fault are available is the type of injury or damage suffered by the claimant. Where the claimant sues merely for recovery of the benefit of its bargain or loss of expectancy, the claim is for breach of contract. Where the claimant sues for personal injury or property damage, other than to the work itself, the claim is in tort and principles of comparative fault apply.
VI. THE ECONOMIC LOSS DOCTRINE

Iowa state courts have not addressed the question of whether a negligence claim may be maintained for purely economic damages against an architect or engineer.\textsuperscript{97} Other states appear to be split on the issue of whether a party can recover economic damage against design professionals involved in plans and specifications or contract administration in the absence of a contract.\textsuperscript{98}

The Iowa Court of Appeals denied a homeowner’s claim against a brick sales company for negligence, breach of implied warranty, and strict liability after the bricks a contractor used to construct the house began to chip and crack.\textsuperscript{99} The court of appeals held the remedy was limited to contract for the expectancy loss and dismissed the homeowner’s claims.\textsuperscript{100} The homeowner did not argue the economic loss doctrine did not apply to consumer transactions.\textsuperscript{101}

A potentially complicating factor in Iowa is the distinction between property damage and expectancy loss. \textit{Kemin} held claims of professional negligence based on property damage would lie in tort but not in contract; principles of comparative fault should apply.\textsuperscript{102} The property at issue in \textit{Kemin} was an account receivable.\textsuperscript{103} Based on the \textit{Kemin} holding, a contractor could arguably sue the architect or engineer for negligence or interference with a contract to recover the outstanding account an owner owes the contractor.\textsuperscript{104} Such a claim would lie in tort for damage to the contractor’s property—the account receivable.\textsuperscript{105}

The future of the economic loss doctrine in claims against architects and engineers will be determined by the Iowa Supreme Court. Design professionals who seek to avoid contractors’ claims for economic damages will argue the allocation of liabilities among those who contract with an owner should be purely a matter of contract. Contractors will answer by arguing the privity of contract defense has been eliminated in personal injury and property damage cases, and it should not bar recovery when there are actual economic losses. Contractors will further argue that they assume and rely on design professionals to perform duties with the average skill, care, and learning of other similarly situated professionals. If these standards are not met or actual economic loss occurs, the contractor will suffer real consequences. On the other hand, the design professionals will argue their primary duty is to guard the owner against defective or nonconforming construction, and they should not be placed in a conflict of interest position with the owner when exercising their duties.
Design professionals may also argue that they should not be subject to disproportionate damages. For example, consequential damages a contractor suffers as a result of a delay may be far greater than contemplated by the architect or engineer when fees were initially set. The 1997 version AIA Document A201 contains a mutual waiver of consequential damages arising out of or relating to the contract.

The architect’s or engineer’s liability in tort for economic damages to a contractor may often involve intentional conduct. When contractors establish the elements of a claim of interference with a contract or other intentional tort, it would seem that their damages should not be limited to only personal injury or property damage, but should also include the recovery of economic loss. Similarly, when informational torts are involved, such as negligent misrepresentation or fraudulent misrepresentation, there would seem to be insufficient reasons for limiting the contractor’s recovery to personal injury or property damage. With respect to informational torts, often the only type of damage suffered is economic loss and the court may decide that it is appropriate to allow this recovery. The common law and jury trials are time tested methods of placing the economic loss where it seems most appropriate. On the other hand, the economic loss doctrine is an arbitrary rule that may prohibit recovery for actual consequences caused by a design professional’s negligence in those circumstances where it would be appropriate to require the professional to exercise reasonable care.

VII. BREACH OF A DUTY VOLUNTARILY ASSUMED

Iowa recognizes the breach of a duty voluntarily assumed as a tort. Claimants may allege that design professionals voluntarily assumed a duty either by undertaking responsibilities that were not included in a contract or by promising to do certain work on a project site. In Shepherd Components, the neighbor alleged that the city’s engineer “assumed a duty by instructing [the contractor’s] employees on how to perform the job,” but the “case was not presented to the jury on [that] theory;” therefore, the issue was not considered on appeal. Fisher v. Dallas County held a county engineer who voluntarily undertook to advise persons may subject himself to the standard “of skill, care, and learning ordinarily possessed by other members of the engineering profession.” Because Shepherd Components makes clear that the scope of the engineer’s duty to other persons may be carefully defined by contractual language, the tort of breach of a duty voluntarily assumed is likely to be used increasingly by claimants in cases of architects’ and engineers’ liability. Claimants will try to evade the
exculpatory language of architects’ and engineers’ contracts by alleging that
the architects or engineers voluntarily undertook duties that were not
required by their contract and that they are liable for breach of the duties in
tort.

VIII. INTERFERENCE WITH CONTRACT

Iowa courts have not yet had occasion to determine the scope of a
contractor’s claim against an architect or engineer for interference with a
construction contract. This issue may arise when an architect or engineer
provides advice to the owner concerning: (1) the qualifications and
performance of a contractor; (2) termination of a contractor; (3) whether
work is within the scope of a construction contract; (4) conformance with the
work to drawings and specifications; (5) whether progress payments should
be made; (6) the date of substantial completion; (7) assessment of liquidated
damages; or (8) calculation of working days. Generally, the architect or
engineer has partial immunity, which allows for candid and accurate
advice.113 This protection is often set forth in contracts.114 A contractor’s
claim of interference with a construction contract against the architect or
engineer may require proof that the “defendant was acting other than in
accord with his contractual obligations to his principal.”115 When a design
professional enforces literal compliance with contract specifications to
further personal goals or to injure the other party, the design professional is
liable for tortious interference.116

IX. ARCHITECTS’ AND ENGINEERS’ FAILURE TO TEST

In Roland A. Wilson & Associates v. Forty-O-Four Grand Corp.117 an architect’s failure to test windows and subsequent approval of payments
to the contractors made the architect liable to the owner for negligence.118
The contract required the architect to “see that the plans were carried out by
the contractor.”119 The court specifically held the architect was required to
exercise reasonable care to determine whether the contractor had done its
work before approving the certificates for payment.120

X. LIABILITY FOR CHANGE OF DESIGN BY OTHERS

When one engineering firm begins work on the project and is
replaced by another engineering firm, significant issues of liability and
causation are raised when a party is injured. This situation may arise when
an engineer is terminated and replaced by another or a project has been
abandoned for a period of time and a new engineer assumes responsibility
for the project. In these situations, the issue arises whether the first engineer may be held liable for injuries or damages that result during or because of the continuation of the work by another firm. The acts of the second or substitute engineering firm are often an intervening cause, preventing any negligence of the first engineering firm from being the proximate cause of the plaintiff’s injuries.121

Rieger v. Jacque122 held that a defendant’s allegedly negligent conduct is not a proximate cause of the plaintiff’s injuries because the second professional’s acts were an intervening cause.123 After receiving tax planning recommendations from an insurance agent, Rieger hired a lawyer to draft a trust.124 The resulting trust proved disastrous and Rieger sued the attorney as well as the insurance agent and his company.125 The Iowa Supreme Court ruled that, as a matter of law, the insurance agent’s tax advice was not a proximate cause of plaintiff’s damages because a lawyer was subsequently hired to act on the advice and draft the trust for the plaintiff.126 The court held the lawyer’s acts were unquestionably an intervening cause that excused the defendant insurance agent from liability when the lawyer did not rely on the material supplied by the insurance agent but instead relied on his own discussions with the plaintiff.127 Following the reasoning in Rieger, an engineer who is replaced by a subsequent engineer should not be liable if the second engineer does not use or rely on the first engineer’s work.

The court recently summarized the requirements for causation as follows:

[U]nder any definition of causation, this element has two components: (1) the defendant’s conduct must have in fact caused the plaintiff’s damages (generally a factual inquiry) and (2) the policy of the law must require the defendant to be legally responsible for the injury (generally a legal question).128

In Iowa, satisfaction of the elements of proximate cause require a showing that the conduct of a party is a substantial factor in producing damage and no other rule of law relieves the defendant of liability.129 Regarding proximate cause, the court in Kelly v. Sinclair Oil Corp.130 stated: “Proximate causation presents the question of whether the policy of the law will extend responsibility to those consequences which have in fact been produced by an actor’s conduct.”131
Intervening or superseding causes may break the chain of causation between a defendant’s conduct and a plaintiff’s damages. The Iowa Supreme Court has stated:

\[\text{We have held that a defendant’s conduct is not a legal cause of a plaintiff’s harm if it is superseded by later independent forces or conduct. The court must find that “the later-occurring event is such as to break the chain of causal events between the actor’s [conduct] and the plaintiff’s injury.”}\]

Unless facts are undisputed, the jury determines whether conduct was an intervening or superseding cause. Applying these causation principles, a second design professional’s conduct would likely break the chain of causation between the first design professional’s conduct and the plaintiff’s damages.

XI. MISREPRESENTATION CLAIMS

Under Iowa law, the duty to use reasonable care in supplying information only applies to persons engaged in the business or profession of supplying information to others. In many instances, architects and engineers are in the business or profession of supplying information to others, particularly when they are involved in gathering information for design parameters, applications for governmental approval of licenses, or furnishing information that is the basis for design choices. In such instances, the tort of negligent misrepresentation would still require the standard of the ordinary skill, care, and learning of members of the profession in similar circumstances.

Section 552 of the Restatement (Second) of Torts provides the analytical framework for the theory of negligent misrepresentation. The Restatement provides that negligently prepared plans or specifications give contractors a cause of action against architects or engineers for economic loss. “This tort [of negligent misrepresentation] does not depend on the existence of a contractual relationship.” A negligent misrepresentation theory may be based on either supplying false information on the plans or specifications or failing to exercise reasonable care in obtaining or communicating information. Plans and specifications are to be utilized by a limited number of users, such as contractors, who are well-known to the architect. These contractors rely on the plans of subcontractors and specifications in carrying out their contract with the owner. Negligent misrepresentation is distinguishable from the theory of negligence because
misrepresentation focuses on information provided by the maker, rather than solely on the duty of care owed by the maker.\textsuperscript{141}

In \textit{Mercy Hospital v. Hansen, Lind & Meyer},\textsuperscript{142} a statement of representation by an architect that re-caulking would solve the repair problem at a building was found to be a fraudulent misrepresentation.\textsuperscript{143} The tort of fraud applies in very limited circumstances because it requires proof by a preponderance of clear, satisfactory, and convincing evidence that a representation was: (1) false, (2) material, (3) and the defendant knew it was false, (4) the defendant intended to deceive, (5) the plaintiffs acted in reliance on the truth of the representation, and (6) the plaintiffs were justified in so acting.\textsuperscript{144}

\textbf{XII. BREACH OF FIDUCIARY DUTY}

Iowa law with respect the duties of engineers is clearly set out in \textit{Shepard Components},\textsuperscript{145} where the Iowa Supreme Court held:

We are guided by certain principles in considering Brice’s contentions. When a contract imposes a duty upon a party, the neglect of that duty is a tort founded on contract. \textit{Chrischilles v. Griswold}, 150 N.W.2d 94, 98 (Iowa 1967). A design engineer may be held liable for negligence in failing to exercise the ordinary skill of the profession in drafting plans and specifications or in supervising construction work. \textit{Evans v. Howard R. Green Co.}, 231 N.W.2d 907, 913 (Iowa 1975).\textsuperscript{146}

There is simply no reported Iowa case in which an engineer has been subjected to a ‘fiduciary duty’ to his client, rather than to the negligence standard of care set forth above.

“Some of the indicia of a fiduciary relationship include the acting of one person for another; the having and exercising of influence over one person by another; the inequality of the parties; and the dependence of one person on another.”\textsuperscript{147} In a federal case,\textsuperscript{148} Judge Bennett summarized Iowa law regarding the establishment of fiduciary relationships and noted that “a fiduciary duty does not arise when the record at best demonstrates an arm's-length business relationship between the plaintiff and the purported fiduciary.”

With respect to claims against design professionals, courts from other jurisdictions have concluded that no such fiduciary duty exists. For
example, an Indiana Court stated, “An architect does not owe a fiduciary
duty to its employer; rather, the architect's duties to its employer depend
upon the agreement it has entered into with that employer. An architect is
bound to perform with reasonable care the obligations for which it contracted
and is liable for failing to exercise professional skill and reasonable care in
preparing plans and specifications according to its contract.”

XIII. IMPLIED WARRANTIES

Although there are several implied warranties with respect to
construction, Iowa courts have yet to embrace the idea that a design
professional’s services are subject to an implied warranty. In a
construction contract, it is implied that the building will be erected “in a
reasonably good and workmanlike manner and that it will be reasonably fit
for the intended purpose.” There is an implied obligation in a construction
contract that builders will comply with local ordinances governing
buildings. Also, the Iowa Supreme Court has recognized an implied
warranty of the adequacy of plans and specifications as to whether a project
can be constructed at all.

In Midwest Dredging Co. v. McAninch Corp., the Iowa Supreme
Court recognized the claim for breach of an implied warranty in a claim
brought by a contractor against a city. The court expressly stated that the
basis for a contractor’s claim of breach of implied warranty against an owner
is the misrepresentation of material facts through concealment or false
statements. It specifically stated:

The rule provides that the government is not liable to a
contractor for breach of implied warranty unless it
misrepresents material facts through concealment or false
statement. In essence, this rule establishes that no implied
warranty will arise when the government, in good faith,
presents all of the information it has on subsurface conditions
to the contractor.

This discussion clarifies that the basis for the claim of breach of implied
warranty in Iowa is that the project plans and specifications are alleged to
misrepresent material facts. However, a claim that requires the contractor
to prove the city misrepresented a material fact would sound in tort rather
than in breach of contract.
When a contractor’s claim of breach of implied warranty against an owner or governmental entity involves the plans and specifications prepared by a professional, a claim for contribution or indemnity by the owner against the professional may also be involved. The liability of the architect or engineer would be based on the standard of whether the professional exercised the ordinary skill, care, and learning of similarly situated professionals. Under Iowa law, the Midwest Dredging elements are not the same as claims of professional negligence by owners against their architects or engineers. The contractor’s claim against the city would require proof of misrepresentation as required by the court in Midwest Dredging.

XIV. LIMITATION OF LIABILITY

The Iowa Supreme Court has not expressly addressed whether a limitation of liability in a design professional’s contract is enforceable. The Iowa Supreme Court has limited the enforceability of such disclaimers in other circumstances and has identified the factors that the court should consider to determine the enforceability of a design professional’s limitation of liability.

The leading Iowa Supreme Court case on this subject, Baker v. Stewarts’, Inc. involves an attempt to enforce an exculpatory clause in a contract with a professional hairdresser. The court refused to enforce an exculpatory clause holding it was against public policy for professional hairdressers to avoid liability for their own negligence. The Iowa Supreme Court quoted a commentator who observed that “some relationships are such that once entered upon they involve a status requiring of one party greater responsibilities than that required of the ordinary person, and, therefore, a provision avoiding liability is peculiarly obnoxious.” Contracts that relieve people from liability for their own negligence are strictly construed against them and will not be held to excuse negligence unless clearly expressed. Borrowing from the California case, Tunkl v. Regents of University of California, the Iowa court considered the following factors in determining when a contract affects public interest:

1. [The service concerns a] business of a type subject to public regulation;
2. [T]he party seeking exculpation performs a service of great importance to the public which is of practical necessity for at least some members of the public;
(3) [T]hat party holds itself out as willing to perform the service for any member of the public who seeks it;
(4) [D]ue to the essential nature of the service the party possesses a decisive advantage in bargaining power;
(5) [T]he exculpatory clause appears in a standardized adhesion contract; and
(6) [T]he purchaser is placed under the control of the seller and is thus subject to the risk of carelessness by the seller or its employees. ¹⁷⁰

While other states have actively litigated the issue of a design professional’s limitation of liability, the Iowa Supreme Court has not addressed the issue outside of the context raised in Baker. ¹⁷¹

In a federal case, ¹⁷² Judge Bennett examined the ability of design professionals to limit their liability for damage to a racetrack where a sprinkler system froze and burst. Applying Iowa law, Judge Bennett concluded in Aetna Casualty that design professionals can properly limit by contract their liability for the sort of economic loss claimed by the City in this case. ¹⁷³ Judge Bennett held:

The court concludes that the design professionals here could properly limit by contract their liability for the harm alleged, because the harm did not involve physical injury or death to any person, as was the circumstance in the cases cited above rejecting contractual limitations on liability. [Citations omitted]. Furthermore, the harm for which liability is sought to be disclaimed is harm to the contracting party. It is [the owner] that suffered any injury as the result of the alleged design flaws surrounding the frozen sprinkler system. [The contractor’s] or [the design professional’s] “harm” flowing from that event is only liability not injury. ¹⁷⁴

Additionally, at least one Iowa district court decision has upheld a limitation of liability provision in an engineering contract. ¹⁴ In that case, the engineer agreed to conduct a phase one environmental assessment and geotechnical survey on real estate owned by the plaintiff. As in the case at bar, the agreement contained a limitation on the amount of the engineer’s liability which stated:

Limitation of Liability. Notwithstanding any other provision herein, client agrees to limit R.E.B.’s liability to client for any
claims, costs (including reasonable attorney fees and court and arbitration costs), expenses, direct or indirect, causes of action, penalties, liabilities and damages, including but not limited to consequential or incidental damages arising out of or in connection with the project from any cause, including but not limited to R.E.B.’s acts and omissions, in the aggregate, to $1 million or the total compensation received by R.E.B. hereunder, whichever is less, and the client hereby forever releases and discharges R.E.B., its affiliates, directors, officers, shareholders, employees, contractors and subcontractors and agents from any liability for claims, costs (including reasonable attorney fees and court and arbitration costs) expenses, direct and indirect, causes of actions, penalties, liabilities, losses and damages sustained and incurred by the client in excess of such amount. Under no circumstances will R.E.B. have any obligation to pay any losses or damages for delay, lost profits, or other consequential or incidental damages of any kind or nature regardless of whether R.E.B. or its officers, employees and agents knew or should have known such damages may occur.

The defendant engineer received $2,350 for the work performed. Relying primarily upon Iowa cases discussing exculpatory clauses,175 Cur-Schimmel upheld the clause limited the plaintiff’s damages to $2,350. In so ruling, Cur-Schimmel noted that there is nothing in Iowa Code Chapter 552B, which regulates professional engineers and land surveyors, which prohibits an engineer from limiting liability by contract.

Cases from other jurisdictions support the enforceability of limitation of damage provisions. For example, in Valhal which was cited by Cur-Schimmel, upheld the limitation provision. In Valhal, the Third Circuit held that a provision in a contract between an architect and a developer that capped the architect’s liability at $50,000 was enforceable under Pennsylvania law, where the parties to the contract were sophisticated business entities dealing at arm’s length, the limitation was reasonable in relation to the professional’s fee, and the developer’s damages were purely economic. The court observed that a limitation of liability provision, unlike an exculpatory clause, does not completely insulate a party from liability; it merely caps the part’s liability at a predetermined level. It does not bar a cause of action, but simply limits the amount of damages recoverable. Unlike an indemnity provision, a limitation of liability provision does not impose liability for a party’s negligent conduct on an innocent third party.
The court noted that limitation of liability provisions are not disfavored and are routinely utilized in many types of commercial contracts as a reasonable method to allocate commercial risk between the contracting parties.

*Valhal* noted:

[L]imitation of liability clauses are not disfavored under Pennsylvania law; especially when contained in contracts between informed business entities dealing at arm’s length, and there has been no injury to person or property. Furthermore, such clauses are not subjected to the same stringent standards applied to exculpatory and indemnity clauses. Limitation of liability clauses are a way of allocating “unknown or undeterminable risks,” and are a fact of everyday business and commercial life. So long as the limitation which is established is reasonable and not so drastic as to remove the incentive to perform with due care, Pennsylvania courts uphold the limitation.

Similarly, in *Gibbes*, the Fourth Circuit held a limitation of liability in favor of an engineering firm was enforceable and noted that limitation of liability provisions and exculpatory clauses are valid under Georgia law and are not against public policy. The court held that the limitation of liability was enforceable in accordance with a public policy that fosters the right of parties to contract freely.

**XV. STATUTORY IMMUNITY ON CLAIMS OF DEFECTIVE SPECIFICATIONS**

Architects and engineers may share the sovereign immunity of the governmental entities for which they work, provided they follow the government’s requirements. A claim of negligence, breach of implied warranty, and defective specifications will not lie against a municipality in Iowa unless the claimant proves the specifications violated a generally accepted engineering standard. Iowa law provides statutory immunity that expressly prohibits the claims of negligent design or specification without proof that a generally recognized engineering standard has been violated:

Any claim based upon or arising out of a claim of negligent design or specification, negligent adoption of design or specification or negligent construction or reconstruction of a highway, secondary road, or street as defined in section 321.1,
subsection 78 that was constructed or reconstructed in accordance with the generally recognized engineering or safety standard, criteria or design theory in existence at the time of the construction or reconstruction. The Iowa Supreme Court specifically requires the claimant to prove that there has been a violation of a generally accepted engineering standard.

The immunity of the sovereign—the state government or a municipality—may extend to those who comply with the contract requirements established by the governmental entity. In *McLain v. State*, the claimant was injured in a construction zone accident when traffic ahead of him stopped abruptly and he rear-ended the vehicle in front of him. The claimant sued the state, general contractors, and signage subcontractor for failure to place adequate warning signs alerting motorists to traffic congestion. The Iowa Department of Transportation (IDOT) developed the plans and specifications for the “type, number and location of traffic control devices.” The subcontractor placed signs warning of construction ahead in accordance with the IDOT’s plans and specifications. The district court granted summary judgment pursuant to section 668.10(1) of the Iowa Code which immunizes the state against claims of “failure to place, erect or install traffic control devices.” The court held the state was immune because none of the immunity exceptions applied. The state could not be sued for failure to erect additional signs because the signs were in perfect working order and were not misleading and there were not exigent circumstances requiring additional signs. Moreover, the general contractor and the signage subcontractor were also entitled to immunity because they “complied with all state plans and specifications and did not perform their work in a negligent manner.” The court further found that the contractor and subcontractor had no duty to monitor the effectiveness of the signs.

Architects and engineers working for municipalities may enjoy the same immunity from liability as the municipality. Iowa Code section 670.2 provides: “For the purposes of this chapter, employee includes a person who performs services for a municipality whether or not the person is compensated for the services, unless the services are performed only as an incident to the person’s attendance at a municipality function.” This definition of “employee” is broad and should encompass independent contractors as well as common law employees. The definition above should be contrasted with the definition of employee in Iowa’s State Tort Claims Act. With respect to tort claims against the state, the legislature
expressly stated: "Employee of the state’ . . . does not include a contractor doing business with the state." Additionally, while the Municipal Tort Claims Act insulates agents, employees, or officers of the state from suits based on acts and omissions undertaken in the course of their duties, the State Tort Claims Act does not contain similar language. The legislature was careful in the State Tort Claims Act to narrowly define the term “employee” to exclude independent contractors and only indemnifying employees. In contrast, the Municipal Tort Claims Act defines the term “employee” broadly to include all persons who provide services to a municipality and grants immunity not only to employees, under the statutory definition, but also to all agents of a municipality. Comparison of these two statutes strongly suggests that independent contractors of municipalities have immunity from suits based on acts and omissions undertaken in the course of fulfilling their duties to the municipality. While discussion of this issue has not been specifically reported by an Iowa court, it has been raised in Minnesota, for example.

XVI. IOWA’S STATUTES OF LIMITATIONS

The amount of time a party has to commence an action is subject to applicable statutes of limitations. Generally, the statute begins to run when the cause of action accrues as measured by the discovery rule.

A. The Discovery Rule Generally Provides that the Statute of Limitations Runs from the Date of Discovery of the Claim or Damage

Under the Iowa discovery rule, the statute of limitations begins to run when the injured person discovers, or in the exercise of reasonable care should have discovered, the alleged wrongful act. The discovery rule delays the accrual of a cause of action until a plaintiff has discovered an injury or, by the exercise of reasonable diligence, should have discovered it. The Iowa Supreme Court has made it clear that a person is charged with the knowledge of what a reasonable investigation would have disclosed. Specifically, the Iowa Supreme Court stated:

In addition, a person is charged on the date of the accident with knowledge of what a reasonable investigation would have disclosed . . . . The statute begins to run when the person gains knowledge sufficient to put him on inquiry. On that date, he is charged with knowledge of facts that would have been disclosed by a reasonably diligent investigation. Moreover,
once a person is aware a problem exists, he has a duty to investigate even though he may not have exact knowledge of the nature of the problem that caused the injury.\textsuperscript{207}

Knowledge is imputed to claimants when they gain information sufficient to alert a reasonable person of the need to investigate.\textsuperscript{208} As to the date this knowledge is ascertained, the plaintiff is on inquiry notice of all facts that would have been disclosed by a reasonably diligent investigation.\textsuperscript{209}

Clarifying the rule’s purpose, the Iowa Supreme Court stated:

The underlying purpose of the discovery rule is that a statute of limitations should bar the remedies of claimants who have been excusably unaware of their rights to sue. Such purpose would be thwarted if we allowed claimants to ignore the statute of limitations when it becomes obvious they have an actionable claim based on one or more theories of action, and then later permit them to sue when additional facts are uncovered supporting additional theories. We therefore hold that once claimants have knowledge of facts supporting an actionable claim they have no more than the applicable period of limitations to discover all the theories of action they may wish to pursue in support of that claim.\textsuperscript{210}

The court has explained inquiry notice—the duty to investigate without knowledge of the exact nature of the problem that caused the injury—in several cases.\textsuperscript{211} In \textit{Estate of Montag v. T H Agriculture & Nutrition Co.},\textsuperscript{212} the Iowa Supreme Court approved of the doctrine stating: “Under our cases, the statute of limitations begins to run when a plaintiff first becomes aware of facts that would prompt a reasonably prudent person to begin seeking information as to the problem and its cause.”\textsuperscript{213} In \textit{Franzen v. Deere & Co.},\textsuperscript{214} the Iowa Supreme Court stated:

The period of limitations is the outer time limit for making the investigation and bringing the action. The period begins at the time the person is on inquiry notice . . . . Moreover, the duty to investigate does not depend on exact knowledge of the nature of the problem that caused the injury. It is sufficient that the person be aware that a problem existed. One purpose of inquiry is to ascertain its exact nature . . . . The information they possessed on the date of the accident was plainly
sufficient to put them on inquiry notice concerning possible defects in the [product]. They did not investigate at that time. When they later investigated, they found the alleged defects they now rely on. They are not aided by the fact they postponed their investigation until their discussion with a lawyer in January 1981. The lawyer’s suggestion that they might have an actionable claim did not diminish their prior duty to investigate the facts when they were on inquiry notice.\textsuperscript{215}

In \textit{Chrischilles v. Griswold},\textsuperscript{216} the Iowa Supreme Court stated: "The question in any given case is not, What did plaintiff know of the injury done him?" but, ‘What might he have known’, by the use of the means of information within his reach, with the vigilance which the law requires of him?"\textsuperscript{217} In \textit{Sparks v. Metalcraft, Inc.},\textsuperscript{218} the court explained the rule as follows:

The statute begins to run when the person gains knowledge sufficient to put him on inquiry. On that date, he is charged with knowledge of facts that would have been disclosed by a reasonably diligent investigation. Moreover, once a person is aware a problem exists, he has a duty to investigate even though he may not have exact knowledge of the nature of the problem that caused the injury.\textsuperscript{219}

In \textit{LeBeau v. Dimig},\textsuperscript{220} the Iowa Supreme Court barred a plaintiff’s claim that she discovered new injuries after the statute had run.\textsuperscript{221} The plaintiff suffered minor injuries and received less than $200 in medical expenses but filed a claim more than two years after the accident when she developed epilepsy.\textsuperscript{222} The court held the minor injuries were such that they put the plaintiff on inquiry notice and the plaintiff could not split her claims between the injuries she discovered soon after her accident and those injuries which developed later.\textsuperscript{223} The statute of limitations begins to run when “a plaintiff first becomes aware of facts that would prompt a reasonably prudent person to begin seeking information as to the problem and its cause.”\textsuperscript{224} There arises a duty of inquiry once a problem arises. The Iowa Supreme Court held, “once a person is aware a problem exists, he has a duty to investigate even though he may not have exact knowledge of the nature of the problem that caused the injury,”\textsuperscript{225} and “a person is charged with knowledge of facts that would have been disclosed by a reasonably diligent investigation.”\textsuperscript{226} Moreover, plaintiffs may not postpone their lawsuits until such investigation is completed, but must file immediately and allow the
discovery of additional facts to occur within the “procedural mechanisms” of the lawsuit.\textsuperscript{227} In short, “the statute of limitations begins to run when the injured person discovers or in the exercise of reasonable care should have discovered the allegedly wrongful act.”\textsuperscript{228}

\textbf{B. Two-Year Statute of Limitations for Claims of Injury to Person or Wrongful Death}

Iowa Code section 614.1(2) provides for a two-year statute of limitations for personal injury actions.\textsuperscript{229} As previously discussed, the two-year statute of limitations for personal injury actions is subject to the discovery rule.\textsuperscript{230}

\textbf{C. Five-Year Statute of Limitations for Claims for Injury to Property Including Claims of Negligence, Breach of Implied Warranty, and Fraud}

Claims for breach of an implied warranty, fraud, and negligence are subject to a five-year statute of limitations under section 614.1(4) of the Iowa Code.\textsuperscript{231} That section provides:

\begin{quote}
Those [injuries] founded on unwritten contracts, those brought for injuries to property, or for relief on the ground of fraud in cases heretofore solely cognizable in a court of chancery, and all other actions not otherwise provided for in this respect, within five years, except as provided by subsections 8 and 10.\textsuperscript{232}
\end{quote}

This five-year statute of limitations will apply to most claims against design professionals for negligence because injury to property is the likely damage. The five-year statute covers actions for negligent damage to property,\textsuperscript{233} breach of implied warranty,\textsuperscript{234} and fraud.\textsuperscript{235} Each of these claims is subject to the discovery rule.\textsuperscript{236} For example, in \textit{St. Andrew Evangelical Lutheran Church v. Larson & Unzeitig, Inc.},\textsuperscript{237} an owner sued an architect for breach of implied warranty, fraud, and negligence.\textsuperscript{238} The court dismissed these claims because the owner failed to discover within the five-year statutory period that there existed sufficient facts to warrant an investigation.\textsuperscript{239}
D. Ten-Year Statute of Limitations for Claims Founded on Breach of a Written Contract

The statute of limitations for breach of contract in Iowa requires that claims be brought within ten years. In Brown v. Ellison, the Iowa Supreme Court clarified that the statute of limitations for breach of an oral contract is five years and commences to run from the date of the completion of the contract performance. The court stated:

In a contractual warranty action the statutory period of limitations normally commences when the contract is breached, unless the warranty relates to a future event, in which case the limitations period begins to run on the happening of the specified event. Similarly, a cause of action on a contract accrues and the limitations period begins to run when the contract is breached, not when the damage results or is ascertained.

In St. Andrew, the court held the ten-year statute of limitations for written contracts applied, and (from the date identified in the contract the statute ran on the breach of contract and express warranty claims). The contract in St. Andrew used language similar to the AIA Document B141. The court found that the statute of limitations began to run no later than the date of substantial completion and the claims based on the written contract were barred as a result of the lapse of ten years before the lawsuit was filed against the architect.

E. The Statute of Repose Terminates Claims Fifteen Years After Completion of the Project, Regardless of the Date of Discovery of the Claim

Iowa Code subsection 614.1(11) is Iowa’s statute of repose. Statutes of repose are different from statutes of limitation. Rather than extend the five-year statute of limitations of Iowa Code section 614.1(4) to bring claims of breach of implied warranty, negligence, or fraud for damage to property to a fifteen-year statute of limitations, Iowa’s statute of repose simply bars claims for injury to property or person if those claims are not brought within fifteen years of the defendant’s act or omission.

The Iowa Supreme Court distinguished statutes of limitations and statutes of repose as follows:
While Iowa Code chapter 614 is captioned “Limitations of Actions,” subsection 614.1(11) is, in effect, a statute of repose. “Statutes of repose are different from statutes of limitation, although they have comparable effects.” A statute of limitations bars, after a certain period of time, the right to prosecute an accrued cause of action. By contrast, a statute of repose “terminates any right of action after a specified time has elapsed, regardless of whether or not there has as yet been an injury.” A statute of repose period begins to run from the occurrence of some event other than the event of an injury that gives rise to a cause of action and, therefore, bars a cause of action before the injury occurs. Under a statute of repose, therefore, the mere passage of time can prevent a legal right from ever arising.  

F. Agreements That Identify the Date from Which the Statute of Limitations Commences to Run Are Enforceable

The Iowa Supreme Court allows some contractual restriction on the statute of limitations. In *Hamm v. Allied Mutual Insurance Co.*, the court held an “insurance company has the ability, if it so chooses, to clearly articulate the applicable limitations period for claims against the tortfeasor and the insurer, and the event upon which the limitations period begins to run.” The court further stated that a policy that does not establish the applicable limitations period will be based on contract principles and the applicable statute of limitations will apply. The Standard AIA Owner/Architect Agreement states when the statute of limitations commences to run:

Article 9.3. Causes of action between the parties to this Agreement pertaining to acts or failures to act shall be deemed to have accrued and the applicable statutes of limitations shall commence to run not later than either the date of Substantial Completion for acts or failures to act occurring prior to Substantial Completion, or the date of issuance of the final certificate for payment for acts or failures to act occurring after Substantial Completion.

Article 9.2 of the Owner/Architect Agreement defines the terms used in the contract as follows: “Terms in this Agreement shall have the same meaning as those in AIA Document A201, General Conditions of the Contract for Construction, current as of the date of this Agreement.”
The Owner/Architect Agreement general condition 8.1.3 defines the Date of Substantial Completion as “the date certified by the Architect in accordance with Paragraph 9.8.1” which states: “Substantial Completion is the stage in the progress of the work when the work or designated portion thereof is sufficiently complete in accordance with the Contract Documents so the owner can occupy or utilize the work for its intended use.”

In *St. Andrew*, the court enforced contractual provisions that identified the start date for the running of the statute of limitations. The language contained in AIA Document B141 was found to be enforceable and contractually bound the parties as to the start date for the running of the statute of limitations.

**G. Repair Estoppel May Toll the Statute of Limitations**

The enforcement of a statute of limitations to bar a claim may be inequitable when defendants have made specific misrepresentations which delay the filing of the claim. Repair estoppel is derived from the doctrine of equitable estoppel. The Iowa Supreme Court stated:

> We first turn to the issue of repair estoppel. This theory is an offshoot of the doctrine of equitable estoppel. Estoppel is triggered when false representations induce the plaintiff into action to his detriment under the statute of limitations. Whether repairs can serve as the equivalent of misrepresentations is an issue of first impression from our court.

In developing our own rule, we look to the purpose of the doctrine of equitable estoppel. To prevent fraudulent and stale actions our legislature has designated time periods in which a claim must be brought. Equitable principles may alleviate the harshness of the time bar in cases when the party seeking the advantage of this rule cannot in good conscience cast aside his prior acts or assertions. Conduct amounting to false misrepresentation or concealment needs to be deceptive or fraudulent.

The repair of defective goods does not in itself rise to the level of deception. Neither do we believe that repairs accompanied by assertions that they will cure the defect generally amount to
false misrepresentation. To be deceptive or fraudulent there must be some evidence that such repairs and assertions were not only made to conceal the true condition of the product, but also with the intent to mislead the injured party into the trap of the time bar. When such equitable grounds have not been established by clear and convincing evidence, it may not serve as a deterrent to the running of the statute of limitations.  

Therefore, the essential element of the Iowa doctrine of repair estoppel requires false representations or concealment. As with claims of fraud, the claim of false misrepresentation or concealment must be established by clear and convincing evidence to overcome the statute of limitations. In St. Andrew, the court determined that the doctrine of repair estoppel had not been established by clear and convincing evidence and the statute of limitations against the architect had run before the claims were filed by the owner. Iowa’s requirement should be contrasted with Pennsylvania for example, that has a much broader version of the repair estoppel doctrine.

XVII. INDEMNIFICATION

“Indemnity, a form of restitution, is founded on equitable principles; it is allowed where one person has discharged an obligation that another person should bear; it places the final responsibility where equity would lay the ultimate burden.” The most common type of indemnity involving architects and engineers is express contractual indemnity. An indemnity contract will not be construed to cover losses resulting from one’s own negligence unless the right to contractual indemnity clearly and unequivocally expresses that indemnitees will recover for their own negligence. Where the indemnity contract is clear and unambiguous, it will be enforced and there is no need to resort to rules of construction. Accordingly, the rule of strictly construing the indemnity contract against relieving one of the consequences of one’s own negligence would not undo an unambiguous contract.

The Iowa Supreme Court addressed indemnity contracts in favor of architects and engineers in the case of Martin & Pitz Associates, Inc. v. Hudson Construction Services, Inc. The court referred to the contractual indemnity requirement of AIA Document A201 which provides:

[T]he contractor shall indemnify and hold harmless the owner, architect, architect’s consultants, and agents and employees . .
from and against claims, damages, losses and expenses . . . but only the extent caused in whole or in part by negligent acts or omissions of the contractor, a subcontractor; anyone directly or indirectly employed by them or anyone for whose acts they may be liable, regardless of whether or not such claim, damage, loss or expense is caused in part by the party indemnified hereunder.\textsuperscript{272}

The court held the negligence of injured employees for causing their own injuries could not be imputed or held against general contractors for indemnification purposes.\textsuperscript{273} Where the only negligence of the contractor was the contributory negligence of the contractor’s injured employee, the contract would not be construed to require the contractor to indemnify the architect for the defense of a lawsuit alleging negligence against the architect.\textsuperscript{274} Secondly, the Iowa Supreme Court held the indemnity obligation of the AIA General Conditions did not clearly and unequivocally require the contractor to indemnify the architect for the architect’s own negligence.\textsuperscript{275} The contract did not provide indemnification for a claim against the architect alleging solely the negligence of the architect.\textsuperscript{276} Because architects were responsible for the design of the project, any claim of negligent design would necessarily be directed only at them, and the contract language with the contractor did not require indemnification for such an allegation.\textsuperscript{277}

XVIII. CONCLUSION

Recent Iowa Supreme Court cases make architect’s and engineer’s contracts increasingly important. Design professionals can limit their risk on projects through careful drafting. The contracts can describe the scope of services, persons to whom duties run, excluded services, job site safety responsibilities, warranties, consequential damages, indemnities, limitations of liability, standard of care, code compliance, hazardous materials, statutes of limitation, document ownership, copyrights, dispute resolution, and other issues.

The standard American Institute of Architects (AIA) and Engineers Joint Contract Documents Committee (EJCDC) provide useful standard forms. Design professionals and their attorneys may include supplemental risk management provisions. Design professionals who use a simple purchase order form rather than these longer standard form contracts must pay attention to their drafting, also. Design professionals should take full and
complete benefit of the recent case law developments from Iowa courts when drafting their contracts.

Design professionals have an opportunity to limit their exposure under common law tort claims through careful contract drafting. If contract language exonerates design professionals completely from the economic consequences of their mistakes, however, courts and juries will likely look to the common law to allocate those damages to the responsible persons. The recent court decisions invite architects and engineers to negotiate strong contractual defenses, but when the contract language shields the parties at fault from damages for their acts, the courts may reverse the trend.

*This article was published originally as *Architect’s and Engineer’s Liability Under Iowa Construction Law*, 50 Drake L. Review 33 (2001) by Roger W. Stone. The article is reprinted here with the permission of the copyright holder, Drake University, which retains the copyright on the original work.

1 See, e.g., Shepherd Components, Inc. v. Brice Petrides-Donohue & Assoc., Inc., 473 N.W.2d 612, 615 (Iowa 1991) (determining duty by analyzing the contract terms).
3 Id.
4 See id. (“The liability of the architect, moreover, is not limited to the owner who employed him; the modern view is that privity of contract is not a prerequisite.”).
5 Shepherd Components, Inc. v. Brice Petrides-Donohue & Assoc., Inc., 473 N.W.2d at 615.
6 Chrischilles v. Griswold, 150 N.W.2d 94, 98 (Iowa 1967).
7 Porter v. Iowa Power & Light Co., 217 N.W.2d 221, 228 (Iowa 1974).
9 Shepherd Components, Inc. v. Brice Petrides-Donohue & Assoc., Inc., 473 N.W.2d at 616-17.
10 Id. at 91.
13 Id. at 615-16.
14 Id. at 617.
15 Id. at 615-17.
16 Id. at 614.
17 Id.
18 Id. at 614.
19 Id.
20 Id.
21 Id.
22 Id.
23 Id.
24 Id.
25 Id.


27 Shepherd Components, Inc. v. Brice Petrides-Donohue & Assoc., Inc., 473 N.W.2d at 615.
28 Id. at 615-16.
29 Id. at 616.
30 Id.
31 Id.
32 Id.
33 Id.
34 Id.
35 Id.
36 Id. at 617.

37 Id.


40 Id.

41 Id.

42 Evans v. Howard R. Green Co., 231 N.W.2d at 912.

43 Id. at 913.


45 Evans v. Howard R. Green Co., 231 N.W.2d at 913.


47 Id.

48 Id.

49 See Eventide Lutheran Home for the Aged v. Smithson Elec. & Gen. Co., 445 N.W.2d 789, 791 (Iowa 1989) (“[I]t does not follow that the trier of fact was compelled to accept that testimony.”).


51 Id.

52 See id. at 615 (defining the rule to be applied for negligence against a design engineer); Eventide Lutheran Home for the Aged v. Smithson Elec. & Gen. Co., 445 N.W.2d at 791 (requiring proof of specific negligence on the part of a professional).

53 See Eventide Lutheran Home for the Aged v. Smithson Elec. & Gen. Co., 445 N.W.2d at 792 (affirming the trial court’s finding of specific acts of an engineer that constituted a breach of professional duty).

54 Id. at 791.
55 See, e.g., Anderson v. Webster City Cmty. Sch. Dist., 620 N.W.2d 263, 267 (Iowa 2000) (holding it is improper for a court to instruct the jury as to what conduct constitutes negligence in a negligence action brought by the parent of a child injured while sledding on school grounds against the public school district (citing 88 C.J.S. Trials § 284.


57 Menzel v. Morse, 362 N.W.2d 465, 473 (Iowa 1985).


59 Id. “[The Ten State Standards] were promulgated by Great Lakes-Upper Mississippi River Board of State Sanitary Engineers to provide guidelines for the design and specifications of sewage plants.” Id.

60 Id.


65 See Thompson v. Embassy Rehabilitation & Care Center, 604 N.W.2d 643, 646 (Iowa 2000).


69 Id. at 215.

70 Id.

71 Id.
Comparative fault is the allocation of responsibility for an injury or damage among the parties who caused it. BLACK’S LAW DICTIONARY 1056 (7th ed. 1999).

Kemin Indus. v. KPMG Peat Marwick, L.L.P., 578 NW.2d at 220.


Id. § 614.1(4).

Id. § 614.1(5).


See R.E.T. Corp. v. Frank Paxton Co., 329 N.W.2d 416, 420 (Iowa 1983) (explaining the different types of damages available in tort and breach of contract claims).


Id. “Chose in action” is property that may be owned and transferred. See Gartin v. Taylor, 577 N.W.2d 410, 413 (Iowa 1998).

See id. at 213, 221 (clarifying the claim in the case and defining chose in action).

Id. at 221.


Id.

Id. (quoting UNIF. COMPARITIVE FAULT ACT § 1(b) cmt., 12 U.L.A. 128 (1996)).

Flom v. Stahly, 569 N.W.2d 135 (Iowa 1997).

Id. at 140-141.


Id.

See Flom v. Stahly, 569 N.W.2d at 141 (“[T]he Iowa act applies only when the breach leads to personal injury or property damage apart from the original damage claimed.”).


Id.
The Iowa Supreme Court has frequently considered the compensability of economic loss in tort:

[T]he line between tort and contract must be drawn by analyzing the interrelated factors such as the nature of the defect, the type of risk, and the manner in which the injury arose. These factors bear directly on whether the safety-insurance policy of tort law or the expectation-bargain protection policy of warranty law is most applicable to a particular claim. We agree that the line to be drawn is one between tort and contract rather than between physical harm and economic loss. . . . When, as here, the loss relates to a consumer or user’s disappointed expectations due to deterioration, internal breakdown or non-accidental cause, the remedy lies in contract.

Tort theory, on the other hand, is generally appropriate when the harm is a sudden or dangerous occurrence, frequently involving some violence or collision with external objects, resulting from a genuine hazard in the nature of the product defect.

Nelson v. Todd’s Ltd., 426 N.W.2d 120, 124-25 (Iowa 1988) (citations omitted); Nebraska Innkeepers, Inc. v. Pittsburgh-Des Moines Corp., 345 N.W.2d 124, 128 (Iowa 1984) (adopting the general rule that a plaintiff “cannot maintain a claim for purely economic damages arising out of [a] defendant’s alleged negligence”).

Determan v. Johnson, 613 N.W.2d at 264 (holding by seeking damages for a roof that was in danger of collapsing but had not yet done so, the plaintiff’s remedy was for unfulfilled expectations and thus her remedy was in contract, not tort law); Tomka v. Hoecht Celanese Corp., 528 N.W.2d 103, 105 (Iowa 1995) (holding the buyer’s remedy of cattle feed was in contract law where the product failed to perform as expected because “contract law protects a purchaser’s expectation interest”).

Id.

See Flom v. Stahly, 569 N.W.2d 135, 141 (Iowa 1997); see also supra text accompanying note 44.


See Aetna Ins. Co. v. Hellmuth, Obata & Kassabaum, Inc., 392 F.2d 472, 475 (8th Cir. 1968) (stating Missouri law allows recovery to a surety for economic loss occasioned by architect’s negligence in failing to properly supervise construction project despite lack of privity between surety and architect); Bus. Men’s Assurance Co. of Am. v. Graham, 891 S.W.2d 438, 454 (Mo. Ct. App. 1995) (noting Missouri law allows economic claims against architects and engineers); Cooper v. Jevne, 128 Cal. Rptr. 724, 728 (1976) (distinguishing between liability of an architect for negligence in rendition of services and liability of a manufacturer for a defective product); see also Mid-Western Elec. v. DeWild Grant Reckert & Assocs., 500 N.W.2d 250, 253 (S.D. 1993) (holding with a majority of jurisdictions that design professionals are liable to third party contractors); Peter Kiewit Sons’ Co. v. Iowa S. Utils. Co., 355 F. Supp. 376, 392 (S.D. Iowa 1973) (recognizing Iowa law acknowledges the
existence of a duty to a third party contractor who is a direct beneficiary of the contract); Bacco Constr. Co. v. Am. Colloid Co., 384 N.W.2d 427, 433 (Mich. Ct. App. 1986) (noting “the clear trend in other jurisdictions is to allow a negligence action” of a contractor against a project engineer or architect “without direct privity of contract”). But see Berschauer/Phillips Constr. Co. v. Seattle Sch. Dist., 881 P.2d 986, 992 (Wash. 1994) (limiting recovery of economic loss to the remedy provided by contract); Tomb & Assoc., Inc. v. Wagner, 612 N.E.2d 468, 471 (Ohio Ct. App. 1992) (awarding a design professional attorney’s fees against a contractor for bringing an economic damages claim while lacking privity); Floor Craft Floor Covering, Inc. v. Parma Cmty. Hosp. Ass’n, 560 N.E.2d 206, 212 (Ohio 1990) (holding design professionals are not liable in tort for economic damages in the absence of privity of contract).

100 Id. at 651-52.
101 Id. at 652 n.2.
103 Id. at 213.
104 Id.
105 See id. But see Determan v. Johnson, 613 N.W.2d 259, 263 (Iowa 2000) (noting a home buyer was not allowed to sue the seller for negligence when the loss was for unfulfilled expectations with respect to the quality of the home she purchased).
107 See, e.g., Am. Fire & Cas. Co. v. Ford Motor Co., 588 N.W.2d 437, 439-40 (Iowa 1999) (allowing a tort remedy for economic losses resulting from product defects that could foreseeably result in hazard or danger).
108 See Sain v. Cedar Rapids Cmty. Sch. Dist., 626 N.W.2d 115, 123 (Iowa 2001) (allowing recovery for a school counselor’s negligent misrepresentation that resulted in the interference with an athlete’s intangible economic interest of playing NCAA basketball under scholarship).
109 See Thompson v. Bohlken, 312 N.W.2d 501, 507 (Iowa 1981) (stating liability of insurance company to third parties for its inspections of property does not arise from contract for insurance but from its undertaking the responsibility for making inspections in such a manner as to increase the risk of harm or create reliance to another’s detriment); Fabricius v. Montgomery Elevator Co., 121 N.W.2d 361, 363-64 (Iowa 1963) (recognizing the common law right to sue an insurer for breach of a duty gratuitously undertaken); RESTATEMENT (SECOND) OF TORTS § 324A (1965) (“One who being under no duty to do so takes charge of another . . . is subject to liability to the other for any bodily harm caused to him by (a) the
failure to exercise reasonable care to secure the safety of the other while within the actor’s charge, or (b) the actor’s discontinuing his aid or protection, if by so doing he leaves the other in a worse position than when the actor took charge of him.”).

110 See Shepherd Components, Inc. v. Brice Petrides-Donohue & Assocs., Inc., 473 N.W.2d 612, 617 (Iowa 1981) (alleging that defendant assumed a duty by instructing employees on how to perform their job although under no contractual obligation to do so).

111 Id.


113 See RESTATEMENT (SECOND) OF TORTS §§ 596, 772 (1965).


115 Waldinger Corp. v. CRS Group Eng’rs, Inc., 775 F.2d 781, 790-91 (7th Cir. 1985).

116 Id. at 791. See Bib Constr. Co. v. City of Poughkeepsie, 204 A.2d 947, 948 (N.Y. App. Div. 1994) (holding a general contractor’s claim against an architectural and engineering firm for tortious interference with a contract on a municipal project could lie where the architect or engineer did “not act in good faith and commit[ted] independent torts or predatory acts directed at [the contractor] for personal pecuniary gain”); J.J. Craviolini v. Scholer & Fuller Associated Architects, 357 P.2d 611, 613 (Ariz. 1961) (holding no dispute existed between the owner and the contractor, so the architect could not invoke the doctrine of quasi-judicial immunity).


118 Id. at 925.

119 Id. at 924.

120 Id. at 925.


123 Id. at 252.

124 Id. at 249.

Scoggins v. Wal-Mart Stores, Inc., 560 N.W.2d 564, 567 (Iowa 1997); see Gerst v. Marshall, 549 N.W.2d at 817 (defining the causation requirement solely as conduct which is a substantial factor without which the damage would not have occurred); Hagen v. Texaco Ref. & Mktg., Inc., 526 N.W.2d 531, 537 (Iowa 1995) (“This requirement is met upon proof that a defendant’s conduct was a substantial factor in producing the damages and the damages would not have occurred except for the defendant’s conduct.”); Spaur v. Owens-Corning Fiberglas Corp., 510 N.W.2d 854, 858 (Iowa 1994) (affirming that the lower court had correctly applied the substantial factor test to determine causation).


Id. at 349 (quoting State v. Marti, 290 N.W.2d 570, 585 (Iowa 1980)); see also Gerst v. Marshall, 549 N.W.2d at 817 (stating the policy determination of proximate cause is made only after cause in fact has been established).

Hollingsworth v. Schminkey, 553 N.W.2d 591, 597 (Iowa 1996); Hagen v. Texaco Ref. & Mktg., Inc., 526 N.W.2d at 537.

Id. at 538 (citations omitted).


Fry v. Mount, 554 N.W.2d 263, 266 (Iowa 1996).


Id.


Id., 514 N.W.2d at 924; RESTATEMENT (SECOND) OF TORTS § 552.

RESTATEMENT (SECOND) OF TORTS § 552 cmt. a.


Id. at 672-73.
A minority of state courts have addressed implied warranty claims against design professionals. For example, Tamarac Dev. Co. v. Delamater, Freund & Assoc., 675 P.2d 361 (Kan. 1984), involved a claim by a developer against an engineering/architectural firm for improper grading which led to drainage problems. Id. at 362-63. The Kansas Supreme Court, discussing whether a contract carried with it an implied warranty of workmanlike performance, stated:

[I]t can be said certain professionals, such as doctors and lawyers, are not subject to an implied warranty. However, an architect and engineer stand in a much different posture as to ensuring a given result than does a doctor or lawyer. The work performed by architects and engineers is an exact science; that performed by doctors and lawyers is not. A person who contracts with an architect or engineer for a building of a certain size and elevation has a right to expect an exact result. The duty of the architect is so strong and inherent in the task, we hold it gives rise to an implied warranty of workmanlike performance.

Id. at 365 (citation omitted). In Donnelly Constr. Co. v. Obert/Hunt/Gilleland, 677 P.2d 1292, 1297 (Ariz. 1984), the court held it was error to dismiss the general contractor’s implied breach of warranty claim against the architect. Id.

Kirk v. Ridgway, 373 N.W.2d 491, 493 (Iowa 1985) (citing Busker v. Sokolowski, 203 N.W.2d 301, 303 (Iowa 1972)).


Id. at 221-22.

Id. at 221.

Id. at 221-22 (citations omitted).
See RESTATEMENT (SECOND) OF CONTRACTS, ch. 7, topic 1, introductory note, at 424-25 (1981) (stating that while misrepresentation under contract law, may, prevent the formation of a contract, make the contract voidable, or provide grounds for reformation of the contract, misrepresentation under tort law provides the basis for an affirmative claim for liability).

See Evans v. Howard R. Green Co., 231 N.W.2d 907, 913 (Iowa 1975) (“An architect may be held liable for negligence in failing to exercise the ordinary skill of his profession.”) (quoting 5 AM. JUR. 2D Architects § 25 (1998)); Chaney Bldg. Co. v. City of Tucson, 716 P.2d 28, 31 (Ariz. 1986) (“[P]rofessionals, such as architects, have a duty to use ordinary skill, care and diligence in rendering their professional services.”).

Compare Midwest Dredging Co. v. McAninch Corp., 424 N.W.2d 216, 221 (Iowa 1988) (“[T]he government is not liable to a contractor for breach of implied warranty unless it misrepresents material facts through concealment or false statements.”), with Evans v. Howard R. Green Co., 231 N.W.2d at 913 (“An architect’s liability for negligence resulting in personal injury or death may be based upon his supervisory activities or upon defects in the plans. The liability of the architect, moreover, is not limited to the owner who employed him; the modern view is that privity of contract is not a prerequisite to liability.”).

Midwest Dredging Co. v. McAninch Corp., 424 N.W.2d at 221-22; Chaney Bldg. Co. v. City of Tucson, 716 P.2d at 31 (“The owner may be found liable for breach of implied warranty even though the architect is free from fault (in terms of compliance with the standard of care applicable to architects). Thus, the owner’s implied warranty liability is broader than the design professional’s liability for professional negligence and the owner may still be liable even though the plans and specifications are found not to have been negligently prepared.”).


Id. at 708.

Id. at 708-09.

Id. at 708 (quoting S. WILLISTON, CONTRACTS § 1751, at 148 (3d ed. 1972)).

Id. at 709.

Tunkl v. Regents of Univ. of Cal., 383 P.2d 441 (Cal. 1963).


See id. (finding the exculpatory clause at issue did not absolve liability based on acts of the professional staff); see also Pratt Cent. Park Ltd. P’ship v. Dames & Moore, Inc.,

172 Aetna Casualty & Sur. Co. v. Leo A. Daly, 870 F.Supp. 925 (N.D. Iowa 1994),

173 Id. at 937.

174 Id. (Emphasis in original).

175 The Iowa Supreme Court has examined more closely ‘exculpatory agreements’ which completely immunize professionals from damages. Baker v. Stewarts Inc., 433 N.W.2d 706, 709 (Iowa 1988)

176 Valhal Corp. v. Sullivan Associates Inc., 44 F. 3d 195 (3rd Cir. 1995),

177 Gibbes Inc. II v. Law Engineering Inc. 960 F. 2d 146 (4th Cir. 1992),


179 Id. § 670.4(8).

180 Id.

181 See Connolly v. Dallas County, 465 N.W.2d 875, 877 n.3 (Iowa 1991) (stating it is the party claiming the standard has not been met who has the burden of proof).

182 McLain v. State, 563 N.W.2d 600, 601 (Iowa 1997).

183 McLain v. State, 563 N.W.2d 600, (Iowa 1997).

184 Id. at 602.

185 Id. at 601.

186 Id. at 602.

187 Id.

188 Id. at 603-04 (citing IOWA CODE § 668.10(1) (2001)).
IOWA CODE § 670.2.

See id.

See id. § 669.2(4) (defining employee). This Article references Chapter 669 of the Iowa Code, entitled State Tort Claims Act, by its title. See id. ch. 669.

Id. § 669.2(4).

See id. ch. 670. Chapter 670 of the Iowa Code, entitled Tort Liability of Governmental Subdivisions, is popularly referred to as the Municipal Tort Claims Act. See id. This Article references Chapter 670 as the Municipal Tort Claims Act.

See id. §§ 669.4, .21, 670.4.

Id. §§ 669.4, .21.

See id. § 670.2 (“For purposes of this chapter, employee includes a person who performs services for a municipality . . . .”).

See, e.g., Sota Foods, Inc. v. Larson-Peterson & Assocs., Inc., 497 N.W.2d 276, 282-83 (Minn. Ct. App. 1993) (finding engineers may be entitled to discretionary immunity when acting as “quasi-employees” of the city).

See generally IOWA CODE ch. 614 (discussing when a cause of action must be brought).

See Langer v. Simpson, 533 N.W.2d 511, 516-17 (Iowa 1995) (highlighting that the statute of limitations for tort cases began to run when the injury occurred before the adoption of IOWA CODE § 614.1(9)).


Sparks v. Metalcraft, Inc., 408 N.W.2d at 351; Brown v. Ellison, 304 N.W.2d 197, 201 (Iowa 1981); Chrischilles v. Griswold, 150 N.W.2d 94, 100 (Iowa 1967).


Sparks v. Metalcraft, Inc., 408 N.W.2d at 351-52 (citations omitted).


Sparks v. Metalcraft, Inc., 408 N.W.2d at 352 (citation omitted).

Estate of Montag v. T H Agric. & Nutrition Co., 509 N.W.2d at 469.


Id. at 470.


Id. at 662-63.

Chrischilles v. Griswold, 150 N.W.2d 94 (Iowa 1967).

Id. at 100.

Sparks v. Metalcraft, Inc., 408 N.W.2d 347 (Iowa 1987).

Id. at 351-52.

LeBeau v. Dimig, 446 N.W.2d 800 (Iowa 1989).

Id. at 802-03.

Id. at 801.

Id. at 802-03.

Woodroffe v. Hasenclever, 540 N.W.2d 45, 48 (Iowa 1995) (barring the claims alleging newly discovered sexual abuse because the plaintiff was on inquiry notice); see Vachon v. State, 514 N.W.2d 442, 448 (Iowa 1994) (holding the plaintiffs possessed the requisite knowledge of their potential cause of action when they retained the services of their attorneys).

Sparks v. Metalcraft, Inc., 408 N.W.2d 347, 352 (Iowa 1987).

Frideres v. Schiltz, 113 F.3d 897, 899 (8th Cir. 1997) (applying Iowa law and citing Sparks v. Metalcraft, Inc., 408 N.W.2d at 351).

Woodroffe v. Hasenclever, 540 N.W.2d at 48.


230 See discussion supra Part XV(A).

231 IOWA CODE § 614.1(4).

232 Id.

233 See Clark v. Figge, 181 N.W.2d 211, 215-16 (Iowa 1970) (deciding that damage to property includes interference with business relationships and is therefore covered by § 614.1(4)); McCracken v. Edward D. Jones & Co., 445 N.W.2d 375, 383 (Iowa Ct. App. 1989) (finding plaintiff’s negligent misrepresentation claim properly falls within § 614.1(4)).


235 See Bob McKiness Excavating & Grading, Inc. v. Morton Buildings, Inc., 507 N.W.2d 405, 408 (Iowa 1993) (stating that “actions for injuries to property and for relief on the ground of fraud must be brought within five years”).

236 Brown v. Ellison, 304 N.W.2d 197, 201 (Iowa 1981); Chrischilles v. Griswold, 150 N.W.2d 94, 100 (Iowa 1967); Sparks v. Metalcraft, Inc., 408 N.W.2d 347, 352 (Iowa 1987); see discussion supra Part XV(A).


238 Id. at *2.

239 Id. at *4.


242 Id. at 200 (citing IOWA CODE § 614.1(4)).

243 Id. (citations omitted).


245 See STANDARD FORM supra note 26, at A-7 (providing that a demand for arbitration shall be made within a reasonable time and in no event after the applicable statute of limitations).

247 IOWA CODE § 614.1(11); see Bob McKiness Excavating & Grading, Inc. v. Morton Bldgs., Inc., 507 N.W.2d 405, 408 (Iowa 1993) (discussing the statutes of limitations of IOWA CODE ch. 614 and distinguishing § 614.1(11) as a statute of repose).

248 Statutes of repose limit the time in which a cause of action may arise, whereas statutes of limitations limit the time in which a cause of action may be brought. BLACK’S LAW DICTIONARY 982 (6th ed. 1991).

249 IOWA CODE § 614.1(11).

250 Bob McKiness Excavating & Grading, Inc. v. Morton Bldgs., Inc., 507 N.W.2d at 408 (quoting Hanson v. Williams County, 389 N.W.2d 319, 321 (N.D. 1986) (citations omitted)).


252 Id. at 784.

253 Id.


255 STANDARD FORM, supra note 26, at A-8.

256 GENERAL CONDITIONS, supra note 26, at C-17 (emphasis added).

257 Id. at C-18.


259 Id.

260 See Meier v. Alfa Laval, Inc., 454 N.W.2d 576, 578-80 (Iowa 1990) (explaining that equitable principles may alleviate the harshness of the time bar when the party seeking the advantage of this rule cannot in good conscience cast aside his prior acts or assertion).

261 Id. at 579-80.

262 Id. (citations omitted).

263 Id.

264 Meier v. Alfa Laval, Inc., 454 N.W.2d at 578.

266 See Amodeo v. Ryan Homes, Inc., 595 A.2d 1232, 1236-37 (Pa. Super. Ct. 1991) (finding Pennsylvania has not formally adopted the repair doctrine and the plaintiff would have to prove the defendant represented that repairs had cured the defect for equitable estoppel to apply).


272 GENERAL CONDITIONS, supra note 26, at C-9; see Martin & Pitz, Assocs., Inc. v. Hudson Constr. Servs., Inc., 602 N.W.2d at 806.

273 Martin & Pitz Assocs., Inc. v. Hudson Constr. Servs., Inc., 602 N.W.2d at 808.

274 Id.

275 Id. at 809.

276 Id.

277 Id.