

SUPREME COURT OF IOWA

Robert M. Speight and Beverly E. Speight v. Walters Development Company, Ltd.

744 N.W.2d 108 (Iowa 2008) · No. No. 103 / 05–1996 · Decided February 1, 2008

SUMMARY

The Iowa Supreme Court held that a subsequent purchaser of a home may bring a claim against the builder-vendor for breach of the implied warranty of workmanlike construction. The court also held that the discovery rule applied to the claim, so the action was not barred by Iowa's five-year statute of limitations, and remanded the case for further proceedings.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Larson, Justice
JURISDICTION	Iowa
DECIDED	February 1, 2008
DOCKET	No. 103 / 05–1996
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Third-party purchasers appealed summary judgment for a home builder in an action alleging breach of the implied warranty of workmanlike construction. The Iowa Court of Appeals affirmed, and the Iowa Supreme Court granted review.
STANDARD OF REVIEW	Summary judgment is reviewed for correction of errors at law; the court determines whether there is no genuine issue of material fact and whether the moving party is entitled to judgment as a matter of law.
PRECEDENTIAL VALUE	Published Iowa Supreme Court opinion establishing Iowa law that subsequent purchasers may sue builder-vendors for breach of the implied warranty of workmanlike construction.
PARTIES	Robert M. Speight, Beverly E. Speight v. Walters Development Company, Ltd.

TOPICS

- construction law
- construction defects
- contracts
- real estate
- appellate procedure

PRACTICE AREAS

construction law contracts real estate appellate procedure

QUESTIONS PRESENTED

1. Whether subsequent purchasers of a home may recover from the builder-vendor for breach of the implied warranty of workmanlike construction despite lacking contractual privity with the builder.
2. Whether the Speights' implied-warranty claim was barred by Iowa Code section 614.1(4)'s five-year statute of limitations.
3. Whether Iowa Code section 554.2725(2), which measures accrual of warranty claims from delivery, governed the claim.

HOLDINGS

1. Under Iowa law, a subsequent purchaser may recover against a builder-vendor for breach of the implied warranty of workmanlike construction, even without contractual privity with the builder-vendor.
2. The Speights' implied-warranty action was not barred by the five-year statute of limitations because the discovery rule applies and they filed suit within five years of acquiring knowledge of the alleged defect.
3. Iowa Code section 614.1(11)'s fifteen-year statute of repose applies to implied-warranty claims based on an unsafe or defective condition of an improvement to real property, and the period begins upon completion of the construction.

KEY QUOTATIONS

“In summary, we adopt what we view to be the emerging and better view that subsequent purchasers may recover for breach of implied warranty of workmanlike construction against a builder-vendor as recognized in Kirk for first-party purchasers.” (at 11-12)

“We adopt and apply the doctrine of implied warranty of workmanlike construction to subsequent, as well as initial, purchasers.” (at 14)

FACTUAL BACKGROUND

Walters Development Company custom-built a home in Clive, Iowa, in 1995 for the original purchasers, the Roches. The Roches sold the home to the Rogerses, who sold it to Robert and Beverly Speight on August 1, 2000. After purchasing the home, the Speights discovered water damage and mold, and an inspector attributed the damage to a defectively constructed roof and defective rain gutters. The Speights sued Walters in 2005 for breach of the implied warranty of workmanlike construction and negligence.

PROCEDURAL HISTORY

The Speights sued Walters Development Company after discovering water damage and mold allegedly caused by defective construction of the roof and rain gutters. The district court granted summary judgment for Walters, ruling that remote purchasers could not assert the implied-warranty claim and that the claim was barred by the

statute of limitations. The court of appeals affirmed. The Iowa Supreme Court vacated the court of appeals decision, reversed the district court judgment, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Proceed with further proceedings consistent with the recognition of the Speights' implied-warranty claim and the conclusion that the claim was not time-barred.

CASES CITED

- Kirk v. Ridgway, 373 N.W.2d 491 (Iowa 1985)
- Flom v. Stahly, 569 N.W.2d 135 (Iowa 1997)
- State Farm Mutual Automobile Insurance Co. v. Anderson-Weber, Inc., 110 N.W.2d 449 (Iowa 1961)
- Bob McKiness Excavating & Grading, Inc. v. Morton, 507 N.W.2d 405 (Iowa 1993)
- Brown v. Ellison, 304 N.W.2d 197 (Iowa 1981)
- Perkins v. HEA of Iowa, Inc., 651 N.W.2d 40 (Iowa 2002)
- Ranney v. Parawax Co., 582 N.W.2d 152 (Iowa 1998)
- Henningsen v. Bloomfield Motors, Inc., 161 A.2d 69 (N.J. 1960)
- Lempke v. Dagenais, 547 A.2d 290 (N.H. 1988)
- Tusch Enterprises v. Coffin, 740 P.2d 1022 (Idaho 1987)
- Moxley v. Laramie Builders, Inc., 600 P.2d 733 (Wyo. 1979)
- Aas v. Superior Court, 12 P.3d 1125 (Cal. 2000)
- Moglia v. McNeil Co., 700 N.W.2d 608 (Neb. 2005)