

**CHAPTER 1203**  
**ATTORNEYS FEES IN REAL ESTATE CONTRACT FORFEITURE**  
*H.F. 2459*

**AN ACT** allowing a vendor to charge for reasonable attorneys fees in the forfeiture of a real estate contract.

*Be It Enacted by the General Assembly of the State of Iowa:*

**Section 1. NEW SECTION. 656.7 ATTORNEYS FEES.**

1. The vendee is liable to the vendor for reasonable attorney fees actually incurred by the vendor necessary for the forfeiture of a contract governed by this chapter. The demand for attorney fees must be stated in the notice served. The maximum liability under this section is fifty dollars. "Attorney fees", as used in this chapter, is limited to reasonable fees for services requiring a lawyer. "Attorney fees" does not include clerical services even if the services are performed in a lawyer's office.

2. A vendor seeking payment of attorney fees, when the vendee fails or refuses to pay them, may file a small claims action for enforcement.

Sec. 2. Section 656.2, Code 1983, is amended by striking the section and inserting in lieu thereof the following:

**656.2 NOTICE.**

1. The forfeiture shall be initiated by the vendor by serving on the vendee a written notice which shall:

- a. Reasonably identify the contract and accurately describe the real estate covered.
- b. Specify the terms of the contract with which the vendee has not complied.
- c. State that unless, within thirty days after the completed service of the notice, the vendee performs the terms in default and pays the reasonable costs of serving the notice, the contract will be forfeited.
- d. Specify the amount of attorney fees claimed by the vendee pursuant to section 656.7 and state that payment of the attorney fees is not required to comply with the notice and prevent forfeiture.

2. The vendor shall also serve a copy of the notice required in subsection 1 on the person in possession of the real estate, if different than the vendee, and on all mortgagees of record.

3. As used in this section, the terms "vendor" and "vendee" include a successor in interest.

Sec. 3. Section 656.4, Code 1983, is amended by striking the section and inserting in lieu thereof the following:

**656.4 COMPLIANCE WITH NOTICE.** If the vendee or a mortgagee of the real estate performs, within thirty days of completed service of notice, the breached terms specified in the notice and pays the vendor the reasonable cost of serving the notice, then the right to forfeit for the breach is terminated. The payment of attorney fees pursuant to section 656.7 is not necessary to comply with the notice and prevent forfeiture.

Approved May 4, 1984