

**IN THE COURT OF APPEALS OF IOWA**

No. 6-534 / 05-1078  
Filed August 9, 2006

**LAURA J. STENSRUD and DON V.  
HELGESON, as Co-Executors of the  
Estate of VERNON J. HELGESON,  
Deceased,**  
Plaintiffs-Appellants,

**vs.**

**JANICE HELGESON,**  
Defendant-Appellee.

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Appeal from the Iowa District Court for Winnebago County, Bryan H.  
McKinley, Judge.

Plaintiffs appeal a district court ruling dismissing their petition for  
declaratory judgment. **AFFIRMED.**

David J. Dutton and Chad A. Swanson of Dutton, Braun, Staack &  
Hellman, P.L.C., Waterloo, for appellants

Michael G. Byrne of Winston & Byrne, P.C., for appellee.

Considered by Huitink, P.J., and Mahan and Zimmer, JJ.

**HUITINK, P.J.**

Laura Stensrud and Don Helgeson, plaintiffs and co-executors of the Estate of Vernon J. Helgeson, are two of Vernon's five surviving children. The defendant, Janice Helgeson, is Vernon's widow. Vernon and Janice married in 1997, approximately one year after the death of Vernon's first wife. Vernon died testate on September 1, 2002. Laura and Don, as co-executors of his estate, filed a petition for declaratory judgment, seeking the return of property from Janice. They claimed Janice received the property as a result of undue influence and in violation of a premarital agreement between Janice and Vernon.

The matter was tried before the district court in equity over eleven days. The court heard the testimony of between thirty and forty witnesses and received nearly 100 exhibits, including financial records and medical records. In a lengthy opinion, the district court summarized the situation during the last few years of Vernon's life as follows:

[I]t is readily apparent that Vernon's predisposition from the beginning of his second marriage to his death was to spend money at levels far beyond financial patterns that had been established between he and his first wife.

Vernon's two marriages were in contrast. In Vernon's first marriage, Barbara and he raised a wonderful family. He built a successful lumberyard business, bought and sold real estate, and Barbara helped suppress his drinking.

After the death of Barbara, he became depressed, drank heavily, and suffered from loneliness. His needs had changed from the time of his first marriage and when Janice met Vernon at this point in his life, he was retired as a successful businessman, drank heavily, and questioned his self-worth. This record establishes that Vernon married for the second time for companionship, and Janice, who was coming from a first marriage where her husband died of Lou Gehrig's disease, was seeking security.

It is within this marital setting where loneliness and security were the dominant traits and the financial pattern of spending to

satisfy vices (gambling and alcohol), along with travel and an elevated standard of living evolved.

The district court also noted Vernon's "tendency to tell people what they wanted to hear," which resulted in his saying "different things to different people, both before and during his marriage to Janice." The court concluded (1) the premarital agreement entered into by Janice and Vernon was valid and enforceable, (2) Janice and Vernon did not abandon the premarital agreement, which permitted either party to transfer or convey property to the other party, and (3) the plaintiffs failed to prove a confidential relationship between Janice and Vernon. The court accordingly dismissed the petition for declaratory judgment. The plaintiffs filed a motion pursuant to Iowa Rule of Civil Procedure 1.904(2). The court made additional fact findings, but reaffirmed its previous ruling.

The plaintiffs appeal, arguing there is clear, satisfactory, and convincing evidence that a confidential relationship existed between Janice and Vernon, and that Janice exercised undue influence over Vernon. The plaintiffs further argue Janice violated the implied covenant of good faith and fair dealing in her performance of the premarital agreement.<sup>1</sup> Our review of this equitable action is de novo. Iowa R. App. P. 6.4.

On appeal, as they did at trial, the parties present two vastly different versions of events during the last few years of Vernon's life. Not surprisingly, the plaintiffs point to testimony and other evidence that would suggest that due at least in part to Vernon's alcoholism, depression, and other physical and mental

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<sup>1</sup> The plaintiffs do not appeal from the district court's conclusion that the premarital agreement was valid and enforceable and not abandoned by the parties during the course of the marriage.

conditions, Janice was the controlling and dominating party who made all the financial and social decisions for the couple. The defendant, in contrast, points to evidence that would suggest Janice “never mastered Vernon’s financial confidence” and that the primary transactions challenged by plaintiffs occurred prior to any deterioration of Vernon’s health or general competency. Thus, in addressing the issue of undue influence, the district court was faced with the difficult task of sorting through the conflicting testimony and other evidence to determine whether a confidential relationship existed between Janice and Vernon. *See Mendenhall v. Judy*, 671 N.W.2d 452, 454 (Iowa 2003) (explaining that a transfer to a grantee standing in a confidential or fiduciary relationship to the grantor is presumptively fraudulent and therefore presumptively the product of undue influence).

After carefully reviewing the evidence and giving the appropriate weight to the fact findings and credibility determinations of the district court, *see* Iowa R. App. P. 6.14(6)(g), we must agree with the district court that a confidential relationship did not exist and that the plaintiffs failed to prove undue influence by clear, convincing, and satisfactory evidence. *See Mendenhall*, 671 N.W.2d at 454. As the district court noted, Vernon’s spending habits changed during his second marriage. The court also found, however, this pattern of liberal spending was primarily due to Vernon’s personal sense of moral obligation and commitment to take care of Janice, rather than any particular influence exerted by Janice. We agree with the district court’s assessment of the evidence. Moreover, while Vernon’s health was clearly in decline during the last years of his life, we agree with the district court that Vernon was able to manage, control, and

maintain his personal financial interests during the majority of his marriage to Janice.

The plaintiffs also contend the premarital agreement, as a contract between the parties, contained an implied covenant of good faith and fair dealing, and that Janice violated the covenant in her performance of the contract. We treat premarital contracts in the same manner as ordinary contracts. *In re Marriage of Gonzalez*, 561 N.W.2d 94, 96 (Iowa Ct. App. 1997). A contract imposes upon each party a duty of good faith in its performance and enforcement. *Engstrom v. State*, 461 N.W.2d 309, 314 (Iowa 1990). For reasons similar to those outlined above, we conclude the plaintiffs failed to prove that Janice violated an implied covenant of good faith and fair dealing in her performance of the premarital agreement. Accordingly, we affirm the district court's ruling dismissing the plaintiffs' petition for declaratory judgment.

**AFFIRMED.**