IN THE ARIZONA COURT OF APPEALS

DIVISION TWO

STEVE C. BULLOCK, AN INDIVIDUAL, *Plaintiff/Counterdefendant/Appellant*,

v.

HASSLE-FREE HOUSE BUYERS, LLC, AN ARIZONA LIMITED LIABILITY COMPANY, Defendant/Counterclaimant/Appellee.

> No. 2 CA-CV 2023-0089 Filed November 21, 2023

THIS DECISION DOES NOT CREATE LEGAL PRECEDENT AND MAY NOT BE CITED EXCEPT AS AUTHORIZED BY APPLICABLE RULES.

NOT FOR PUBLICATION

See Ariz. R. Sup. Ct. 111(c)(1); Ariz. R. Civ. App. P. 28(a)(1), (f).

Appeal from the Superior Court in Pinal County No. S1100CV202101379 The Honorable Christopher J. O'Neil, Judge

AFFIRMED

COUNSEL

Klauer & Curdie, Phoenix By Brandon R. Curdie and Richard L. Klauer Counsel for Plaintiff/Counterdefendant/Appellant

Law Office of Danielle K. Graham, Phoenix By Danielle K. Graham Counsel for Defendant/Counterclaimant/Appellee

BULLOCK v. HASSLE-FREE HOUSE BUYERS, LLC Decision of the Court

MEMORANDUM DECISION

Presiding Judge Eppich authored the decision of the Court, in which Chief Judge Vásquez and Judge Sklar concurred.

E P P I C H, Presiding Judge:

¶1 Steve Bullock appeals from the superior court's grant of summary judgment in favor of Hassle-Free House Buyers, LLC. Bullock argues the court erred by concluding that Hassle-Free was permitted to exercise an option to purchase Bullock's property pursuant to the terms of a contract between the parties. For the following reasons, we affirm.

Factual and Procedural Background

- We construe the evidence and all reasonable inferences in the light most favorable to Bullock, the party against whom summary judgment was granted. *See Andrews v. Blake*, 205 Ariz. 236, ¶ 12 (2003). In December 2019, Bullock sold real property subject to Bullock's mortgage on the property. In the superior court, Hassle-Free asserted that it was the buyer, though the sales documents reference a different entity. The mortgagee, Johnson Bank, learned of the transfer and called the entire mortgage balance due. Johnson Bank subsequently initiated the foreclosure process on the accelerated balance. To cure the default on the mortgage and avoid foreclosure, the property was transferred back to Bullock, and in April 2020, he and Hassle-Free executed a "lease agreement with option to purchase real estate."
- Pursuant to this contract, Bullock leased the property to Hassle-Free, and Hassle-Free made the monthly mortgage payments as rent. The contract also granted Hassle-Free the exclusive option to purchase the property at any time during the term of the agreement for the sum of the mortgage balance at the time of purchase. The contract required Hassle-Free to notify Bullock, in writing, of its intent to exercise the purchase option at least ten days before the expiration of the agreement. The contract also included the following voiding provision:

If the Tenant/Buyer shall fail to keep and perform any of the covenants, agreements, or provisions of this Lease/Option, or If the Tenant/Buyer shall abandon the property; it

BULLOCK v. HASSLE-FREE HOUSE BUYERS, LLC Decision of the Court

shall be lawful for the Landlord/Seller to enter into said property and again have, repossess, and enjoy the same as if this Lease/Option had not been made, and thereupon this Lease/Option and everything herein contained on the part of the Landlord/Seller to be done and performed shall cease, determine and be utterly void

- ¶4 In January 2021, Johnson Bank increased the monthly mortgage payment by \$92.30, but Hassle-Free continued to remit payments for the original amount. This caused the mortgage payments to be deficient in the months of January and February. Bullock notified Hassle-Free of the issue, and Hassle-Free thereafter corrected the deficiencies from the previous months and began making payments for the new, increased amount.
- In March 2021, Pinal County sent Hassle-Free a notice that the property was in violation of a zoning ordinance due to "[m]iscellaneous scrap and debris on [the] property." In May, the county sent another notice stating the violation had not been remedied. Bullock then sent a letter to Hassle-Free claiming the ordinance violation constituted a breach of the contract's provision that "the Tenant/Buyer will not use the property for any unlawful purpose; and that the Tenant/Buyer will conform to and obey all laws, bylaws, ordinances, *rules*, [and] *regulations*" Bullock stated that if the violation was not cured by May 28, 2021, he was going to "file the necessary documents with the court to have [Hassle-Free's] sub-tenant removed from the Property."
- On May 27, Hassle-Free notified Bullock that it was exercising its option to purchase the property. In the letter, Hassle-Free stated that with regard to the alleged ordinance violation, it had sent a notice to its subtenant on the property and had begun the process of evicting the tenant. On June 4, Bullock sent Hassle-Free a letter stating that because Hassle-Free had made late payments and because the property had been in violation of zoning ordinances, Hassle-Free had breached the contract and it was therefore void. The letter further stated that Hassle-Free was to relinquish possession of the property. On June 11, Hassle-Free paid off the remaining mortgage balance, and a warranty deed that was previously executed by Bullock and held in escrow was recorded—conveying the property to Hassle-Free.

BULLOCK v. HASSLE-FREE HOUSE BUYERS, LLC Decision of the Court

- ¶7 Bullock then filed the present lawsuit seeking quiet title and bringing claims for breach of contract and breach of the covenant of good faith and fair dealing. Bullock alleged that Hassle-Free had no authority under the contract to record the warranty deed because the contract had been rendered void by Hassle-Free's breaches. Hassle-Free then filed a counterclaim seeking quiet title and a judgment declaring its ownership of the property. Hassle-Free also asserted a claim for unjust enrichment.
- ¶8 Both parties moved for summary judgment, and after oral argument on the motions, the superior court entered a judgment quieting title to the property in favor of Hassle-Free. In doing so, the court concluded that a breach by Hassle-Free did not, on its own, render the contract void. Rather, the language of the voiding provision required Bullock to first assert his right to retake possession of the property. The court further reasoned that because "[t]he means for a landlord to repossess property from a tenant is through an action for forcible detainer," and because Bullock had not pursued such an action, the lease remained in effect, and Hassle-Free was free to exercise the option to purchase the property. The court also concluded that Bullock's claims for breach of contract and of the covenant of good faith and fair dealing failed as a matter of law because Bullock had not alleged any damages nor shown any resulting harm.¹ Bullock appealed, and we have jurisdiction pursuant to A.R.S. §§ 12-120.21(A)(1) and 12-2101(A)(1).

Discussion

I. Summary Judgment

¶9 Bullock argues that in granting summary judgment for Hassle-Free, the superior court erred by concluding that the contract required Bullock to retake possession of the property before the contract became void. He claims that the contract's language is susceptible to different interpretations and should therefore be interpreted against Hassle-Free as the drafter. Hassle-Free counters that the language unambiguously requires Bullock to retake possession of the property before the contract becomes void. We review de novo the grant of a motion for

¹The superior court determined it was not necessary to reach Hassle-Free's claim for unjust enrichment because it was an alternative claim for relief that only applied if Bullock had obtained a judgment quieting title to the property in his favor.

BULLOCK v. HASSLE-FREE HOUSE BUYERS, LLC Decision of the Court

summary judgment. *Andrews*, 205 Ariz. 236, ¶ 12. Issues of contract interpretation involve questions of law, which we also review de novo. *Id.*

¶10 "Summary judgment is appropriate only if no genuine issues of material fact exist and the moving party is entitled to judgment as a matter of law." *Id.* ¶ 13 (quoting Wells Fargo Bank v. Ariz. Laborers, Teamsters & Cement Masons Loc. No. 395 Pension Tr. Fund, 201 Ariz. 474, ¶ 14 (2002)); see also Ariz. R. Civ. P. 56(a). The goal of contract interpretation "is to ascertain and enforce the parties' intent." ELM Ret. Ctr., LP v. Callaway, 226 Ariz. 287, ¶ 15 (App. 2010). A contract is ambiguous if "it can reasonably be construed to have more than one meaning." In re Est. of Lamparella, 210 Ariz. 246, ¶ 21 (App. 2005). However, ambiguity does not exist merely because the parties disagree about its meaning. *Id.* Where the terms of the contract "are clear and unambiguous, a court must give effect to the contract as written," *Grubb & Ellis Mgmt. Servs., Inc. v.* 407417 B.C., L.L.C., 213 Ariz. 83, ¶ 12 (App. 2006), and "there is no need or room for construction or interpretation," Roe v. Austin, 246 Ariz. 21, ¶ 17 (App. 2018) (quoting Goodman v. Newzona Inv. Co., 101 Ariz. 470, 472 (1966)).

In granting summary judgment for Hassle-Free, the superior court conceptually separated the voiding provision of the contract into three clauses: (1) upon any breach or abandonment of the property by Hassle-Free, (2) Bullock may "enter into" and "repossess" the property "as if [the contract] had not been made," (3) "and thereupon" the contract and any remaining performance by Bullock "shall cease, determine and be utterly void." The court determined the language was "not grammatically ambiguous" and reasoned that the remedy in the second clause of the voiding provision—that Bullock may repossess the property—was "not automatic, but discretionary," and only upon Bullock's exercise of that right would the third clause become operational and the contract be void.²

²In his opening brief, Bullock suggests that the parties had agreed to the meaning of the contractual language and that the superior court unilaterally decided to interpret its meaning at oral argument. However, Bullock provides no authority for the proposition that such a procedure constitutes error. Furthermore, Bullock has failed to provide this court with a transcript of the relevant proceeding such that we could evaluate any arguments related thereto. *See* Ariz. R. Civ. App. P. 11(c)(1)(A) (appellant must provide transcripts of proceedings "that the appellant deems necessary for proper consideration of the issues on appeal"). To the extent Bullock's arguments would require consideration of the transcript, we

BULLOCK v. HASSLE-FREE HOUSE BUYERS, LLC Decision of the Court

- We agree with the superior court that the voiding provision in the contract is unambiguous. The use of the word "thereupon" connecting the second and third clauses of the voiding provision can only be reasonably construed as requiring Bullock to retake possession of the property before the contract is rendered void. It is clear by the language that the parties intended, in the event of a breach by Hassle-Free, for Bullock to retain discretion over whether to retake possession and void the contract. Because the voiding provision is not ambiguous, we do not apply the secondary rule of construction, asserted by Bullock, which requires a provision to be construed against the drafter. *See MT Builders, L.L.C. v. Fisher Roofing, Inc.*, 219 Ariz. 297, ¶ 10 (App. 2008).
- ¶13 We also agree with the superior court that the undisputed facts show Bullock never retook possession of the property before Hassle-Free exercised its option to purchase the property. The contract set forth the manner in which Hassle-Free was to exercise the option:

The Tenant/Buyer shall notify the Landlord/Seller in writing of the exercise of this option at least ten (10) days prior to the expiration of the initial term of this Lease/Option or the expiration of any extension thereof, by mail to the last-provided address of Landlord/Seller.

Bullock has not disputed that Hassle-Free sent such a written notice to him on May 27, 2021, and the only purported attempt by Bullock to repossess the property did not come until June 4, 2021, when he demanded that Hassle-Free relinquish the property. It follows that there is no dispute as to any material fact, and because Hassle-Free is entitled to judgment as a matter of law on its quiet title counterclaim, the court properly entered summary judgment in Hassle-Free's favor.

¶14 Given our disposition, Bullock's remaining arguments on appeal regarding the materiality of Hassle-Free's breaches are moot. Bullock argues the superior court erred by concluding the contract created a landlord-tenant relationship such that the forfeiture provision is unenforceable when a breach is immaterial. *Cf. Found. Dev. Corp. v. Loehmann's, Inc.*, 163 Ariz. 438, 444-46 (1990) (commercial lease forfeiture

_

presume it supports the superior court's findings and conclusions. *See Baker v. Baker*, 183 Ariz. 70, 73 (App. 1995).

BULLOCK v. HASSLE-FREE HOUSE BUYERS, LLC Decision of the Court

unenforceable where forfeiture based on "a trivial or immaterial breach"). Bullock also argues the contract was executory and therefore the materiality of a breach by Hassle-Free would not affect his ability to void the contract. And lastly, Bullock argues the court erred in considering Hassle-Free's arguments related to materiality because it "never disclosed its 'materiality' defense to any of Bullock's claims and/or its [c]ounterclaims." As we explained above, regardless of whether Hassle-Free's breach was material, Bullock never retook possession of the property—a condition precedent to the contract becoming void.³

II. Attorney Fees and Costs on Appeal

¶15 Both parties request attorney fees and costs incurred in litigating this appeal under Rule 21, Ariz. R. Civ. App. P. As a basis for awarding fees, the parties point to the contract, which states: "In the event this agreement is placed in the hands of an attorney for enforcement the prevailing party shall be entitled to recover . . . party costs as well as legal fees on a solicitor and his own client basis." The parties also cite A.R.S. § 12-341.01, which allows the court to award the successful party reasonable attorney fees in contract disputes.

¶16 Because Bullock is not the successful party, he is not entitled to his attorney fees under the contract or § 12-341.01, nor is he entitled to his costs under Rule 21. However, as the successful party, Hassle-Free is entitled to its reasonable attorney fees incurred in defending this appeal pursuant to the terms of the contract. *See Tucson Ests. Prop. Owners Ass'n v. Jenkins*, 247 Ariz. 475, ¶ 10 (App. 2019) (contractual attorney fee provisions enforced according to terms). Hassle-Free is also entitled to its costs on appeal upon compliance with Rule 21. *See* A.R.S. § 12-342(A).

Disposition

¶17 For the foregoing reasons, we affirm.

³We also do not address whether the superior court properly entered summary judgment against Bullock on his claims for breach of contract and breach of the covenant of good faith and fair dealing as Bullock makes no related arguments on appeal. *See Bennett v. Baxter Grp., Inc.*, 223 Ariz. 414, ¶ 11 (App. 2010) (arguments not developed on appeal are waived).