STATE OF MICHIGAN

COURT OF APPEALS

DONALD E. HETRICK,

Plaintiff-Appellant,

v

PETER D. RAHILLY, JR., and LORI RAHILLY,

Defendants-Appellees.

UNPUBLISHED
July 27, 2023

No. 360148
Luce Circuit Court
LC No. 2020-006507-CH

Before: RIORDAN, P.J., and MARKEY and YATES, JJ.

PER CURIAM.

Plaintiff, Donald Hetrick, brought claims of quiet title, acquiescence, unjust enrichment, and promissory estoppel against defendants, Peter Rahilly, Jr., and Lori Rahilly. Following a one-day bench trial, the trial court issued an opinion and order finding no-cause of action with respect to plaintiff's claims. On appeal, plaintiff challenges the court's ruling only in regard to the quiet-title and unjust-enrichment claims. For the reasons set forth in this opinion, we affirm.

I. FACTUAL BACKGROUND

This case arises out of a real-property dispute between defendants and plaintiff, who is the uncle of defendant Lori Rahilly. Many facts in this case are not in dispute. Plaintiff and defendants entered into an oral agreement in 1999 regarding a parcel of land owned by defendants. The parties agreed that plaintiff could build a home on a small portion of defendants' 40-acre parcel and live in the home after it was constructed for the remainder of his life. Plaintiff obtained a building permit, constructed the house at his own expense, maintained insurance on the home, and continuously lived in the house following its construction. Defendants paid the property taxes on the entire parcel without fail since it was purchased in 1993. Defendants' 40-acre parcel was split into a 37-acre parcel and a 3-acre parcel, on which plaintiff's home is situated, in approximately 2017. Despite the split, defendants were listed as the legal owners of the properties, and defendants paid and continue to pay property taxes for both parcels.

The litigation concerned the anticipated disposition of plaintiff's house, and the 3-acre parcel on which it sits, upon plaintiff's death. Plaintiff testified that he understood the terms of the oral agreement to be that defendants gifted him the real property and that he could dispose of

the property in any fashion he desired, including devising the property to his children upon his death. Defendants testified that they understood the terms of the oral agreement to be that plaintiff was to construct the home and live in it for the rest of his life but that defendants remained the legal owners of the land and the home and would take possession when plaintiff died. Plaintiff filed a complaint against defendants in February 2020, alleging counts sounding in quiet title, acquiescence, unjust enrichment, and promissory estoppel.

After a one-day bench trial in December 2021, the trial court issued a written opinion and order detailing its findings of fact and conclusions of law. The trial court found that plaintiff had not provided any written documentation indicating that defendants had gifted him the property or intended to do so, or that he had a superior interest to that of defendants. The trial court further found that defendants had established that they alone had title because they provided a copy of the warranty deed that clearly identified them as the legal owners of the property and a copy of tax documents demonstrating that they had paid the taxes on the property since they purchased it in 1993. The trial court also noted that there was testimony by several witnesses who indicated that plaintiff knew that he did not have title to the property, that he did not want the property to go to his children upon his death, and that he and defendants agreed that the house would go to defendants upon his passing. The trial court ruled that the evidence and testimony supported defendants' understanding of the terms of the oral agreement. The trial court concluded that while defendants will be enriched at the time of plaintiff's death, the future benefit would not be unjust because plaintiff was obligated to give his home to defendants pursuant to the terms of the agreement. The trial court found that plaintiff failed to prove all of his claims by a preponderance of the evidence. This appeal followed.

II. ANALYSIS

Plaintiff argues on appeal that the trial court erred by dismissing his claim to quiet title and his claim of unjust enrichment because he had adequately proven both claims by a preponderance of the evidence at trial. We disagree.

A. STANDARD OF REVIEW

In general, we review a trial court's factual findings in a bench trial for clear error, and its conclusions of law are reviewed de novo. MCR 2.613(C); *Alan Custom Homes, Inc v Krol*, 256 Mich App 505, 512; 667 NW2d 379 (2003). Actions to quiet title and claims of unjust enrichment are equitable in nature, and this Court reviews equitable decisions de novo, but the trial court's underlying factual findings are reviewed pursuant to the clearly-erroneous standard. *Karaus v Bank of NY Mellon*, 300 Mich App 9, 22; 831 NW2d 897 (2012); *Gorte v Dep't of Transp*, 202 Mich App 161, 171; 507 NW2d 797 (1993). "A finding is clearly erroneous where, after reviewing the entire record, this Court is left with a definite and firm conviction that a mistake has been made." *Alan Custom Homes*, 256 Mich App at 512. We give due regard to the trial court's superior ability to judge the credibility of witnesses who appeared before it. MCR 2.613(C); *In re Clark Estate*, 237 Mich App 387, 395-396; 603 NW2d 290 (1999).

B. QUIET TITLE

In Michigan, quiet-title actions are governed by MCL 600.2932, which provides, in relevant part:

> (1) Any person, whether he is in possession of the land in question or not, who claims any right in, title to, equitable title to, interest in, or right to possession of land, may bring an action in the circuit courts against any other person who claims or might claim any interest inconsistent with the interest claimed by the plaintiff, whether the defendant is in possession of the land or not.

MCR 3.411 governs the procedure in civil actions to determine interests in land, and it provides that "[a]fter evidence has been taken, the court shall make findings determining the disputed rights in and title to the premises." MCR 3.411(D)(1).

In a quiet-title action, the plaintiff bears "the initial burden of establishing a prima facie case of title[.]" *Special Prop VI LLC v Woodruff*, 273 Mich App 586, 590; 730 NW2d 753 (2007). A plaintiff establishes a prima facie case of title by presenting sufficient evidence demonstrating that he or she acquired and currently possesses a legal or equitable interest in the property. *Beulah Hoagland Appleton Qualified Personal Residence Trust v Emmet Co Rd Comm*, 236 Mich App 546, 550; 600 NW2d 698 (1999). If a plaintiff establishes a prima facie case of title, "the defendant then has the burden of proving superior right or title in itself." *Fed Home Loan Mtg Corp v Werme*, 335 Mich App 461, 470; 966 NW2d 729 (2021).

A review of the record reveals that plaintiff failed to present sufficient evidence that he held title to the property, let alone title that was superior to defendants' interest. There was no dispute that defendants permitted plaintiff to construct a home on their 40-acre parcel, that plaintiff did, in fact, construct a home on defendants' land, and that plaintiff had been living in the home since its construction. Plaintiff, however, provided no documentation showing that defendants had actually sold, gifted, deeded, or otherwise conveyed the property to him or intended to do so. Indeed, there are no documents reflecting that plaintiff owned the property. Several witnesses testified that plaintiff knew that he did not have title to the property, and plaintiff testified that he never received a deed from defendants. Defendants introduced a copy of the warranty deed to the 40-acre parcel, which showed that they held legal title to the property, including the portion that plaintiff lived on. Although a three-acre parcel—on which plaintiff lived—was split from the 40-acre parcel, defendants paid the property taxes on all of the property since they purchased it in 1993. Plaintiff conceded that he never paid property taxes. The county assessor testified that defendants were still listed as the legal owners of the three-acre parcel and that while plaintiff alleged that he owned the parcel, he never submitted any documents to prove ownership.

Furthermore, with respect to the oral communications, plaintiff testified that defendants promised to give him title to the property after he constructed his home. But plaintiff's son testified that plaintiff never mentioned "anything about an agreement or ownership" until only a few years before the trial. And several members of the extended family testified that plaintiff told them that he was going to build and live in a house on defendants' property and that the house would go to defendants after he passed away because they refused to sell the property to him. The family members further testified that plaintiff told them that he did not want to give the property to his children after he passed away because they did not care about him. The trial court found that there was no written evidence showing that defendants promised to give or actually gave plaintiff title

to the property and that the more credible trial testimony supported defendants' understanding of the terms of the oral agreement.[1] We are not definitely and firmly convinced that the trial court made a mistake in its factual findings, and the credibility assessments were for the court to make as the trier of fact.

C. UNJUST ENRICHMENT

Plaintiff argues on appeal that he established a prima facie case of unjust enrichment and that the trial court erred by dismissing the claim. Unjust enrichment is "the unjust retention of money or benefits which in justice and equity belong to another." *Tkachik v Mandeville*, 487 Mich 38, 47-48; 790 NW2d 260 (2010) (quotation marks and citation omitted). "A claim of unjust enrichment requires the complaining party to establish (1) the receipt of a benefit by the other party from the complaining party and (2) an inequity resulting to the complaining party because of the retention of the benefit by the other party." *Karaus*, 300 Mich App at 22-23. "Not all enrichment is unjust in nature, and the key to determining whether enrichment is unjust is determining whether a party unjustly received and retained an independent benefit." *Id*. at 23. A party is not unjustly enriched "by retaining benefits involuntarily acquired which law and equity give him absolutely without any obligation on his part to make restitution." *Tkachik*, 487 Mich at 48 (quotation marks and citation omitted).

We conclude that plaintiff failed to prove that defendants obtained a benefit from the construction of his house. Defendants did not enjoy the benefit of the home because plaintiff lived in it exclusively. An appraiser testified that plaintiff's home was appraised at $134,000 in December 2021. Though plaintiff's home likely drove up the value of defendants' property, defendants, not plaintiff, have paid property taxes on the property since 1993. Indeed, Lori Rahilly testified that her property taxes "jumped up" after plaintiff's home was assessed. Furthermore, defendants made it expressly clear that they had no intention of ever selling the property to anyone, including plaintiff, so they would not benefit from any increase in sales price. The trial court found that the terms of the agreement were such that defendants *will obtain* a benefit by receiving

[1] We are operating on the assumption that the oral agreement could potentially support plaintiff's position despite the statute of frauds. See MCL 566.106 and MCL 566.108. We note that MCL 566.110 provides that "[n]othing in this chapter contained shall be construed to abridge the powers of the court of chancery to compel the specific performance of agreements, in cases of part performance of such agreements." The parties did not dispute that there was an enforceable oral agreement, but they disputed the nature of the agreement. In essence, this case concerned whether the agreement created a life-estate interest or a fee-simple interest. See MCL 554.1; MCL 554.2 ("Every estate of inheritance shall continue to be termed a fee simple, or fee; and every such estate, when not defeasible or conditional, shall be a fee simple absolute, or an absolute fee."); *Wengel v Wengel*, 270 Mich App 86, 99; 714 NW2d 371 (2006)("A life estate is one in which the owner of the interest is entitled to possess and enjoy the real estate during his or her own life[;]" "[a] life estate is a freehold estate but not an estate of inheritance."]. The evidence supported the determination that plaintiff only held a life-estate interest that could not be inherited upon his death.

plaintiff's home, but they will not receive that benefit until *after* plaintiff passes away. We hold that there was no clear error by the court in finding that no benefit was conferred on defendants.

Even assuming that defendants benefited from plaintiff's construction of his home on the property, plaintiff has failed to show that defendants' receipt of the benefit was unjust. As noted above, a party is not unjustly enriched if he or she retains a benefit that "law and equity give him absolutely without any obligation on his part to make restitution." *Tkachik*, 487 Mich at 48 (quotation marks and citation omitted). The trial court concluded that defendants would not be *unjustly* enriched because the terms of the agreement between the parties were that defendants would receive the home that plaintiff constructed after plaintiff's death. We hold that we are not definitely and firmly convinced that the trial court erred by finding that the oral agreement obligated plaintiff to convey the house to defendants upon his death and that plaintiff failed to prove by a preponderance of the evidence that defendants were unjustly enriched.

We affirm. Having fully prevailed on appeal, defendants may tax costs under MCR 7.219.

/s/ Michael J. Riordan
/s/ Jane E. Markey
/s/ Christopher P. Yates