IN THE COURT OF APPEALS OF IOWA

No. 6-171 / 05-1334
Filed April 26, 2006

J. L. HOLLEN, L.L.C.,
Plaintiff-Appellee,

vs.

ERIC LANDERGOTT,
Respondent-Appellant.

ERIC LANDERGOTT,
Third-Party Plaintiff,

vs.

MICHAEL HOLLEN,
Third-Party Defendant.

Appeal from the Iowa District Court for Black Hawk County, George L. Stigler, Judge.

Eric Landergott appeals the district court's decision for J. L. Hollen, L.L.C., in this action for payments due under a lease. **AFFIRMED IN PART, REVERSED IN PART.**

Mark W. Fransdal of Redfern, Mason, Dieter, Larsen & Moore, P.L.C., Cedar Falls, for appellant.

Max W. Kirk and Jennifer L. Chase of Ball, Kirk & Holm, P.C., Waterloo, for appellee.

Considered by Sackett, C.J., and Vogel, J., and Schechtman, S.J.*

*Senior Judge assigned by order pursuant to Iowa Code section 602.9206 (2005).

SCHECHTMAN, S.J.

I. Background Facts & Proceedings

This appeal arises from a remand from this court in *J.L. Hollen, L.L.C. v. Landergott*, No. 04-0010 (Iowa Ct. App. Feb. 9, 2005) (hereinafter *Hollen I*). In that case we provided:

> We conclude Hollen did not waive its right to the rent due under the lease for the months preceding the eviction of Landergott. Accordingly, the district court's finding that Hollen waived back rent is reversed and we remand the case for entry of judgment for the obligations due under the lease for those months. We additionally conclude that because of Hollen's cancellation of the lease and eviction of Landergott, Hollen is not entitled to future rent payments as they become due.

Hollen I.

It serves little purpose to recite the background facts exhaustively set forth in our prior opinion. That is not the function of a remand court, nor this court from that remand. Suffice it to say, that the subject of the commercial lease was a downtown building in Waterloo. Its basement was a bar in operation (The Cellar). The first floor was designed for a proposed new restaurant, which never opened.

An attachment provided for two diverse obligations: an amount for the basement and another sum for the first floor. This court determined the payments due for the bar/basement "actually constitute payments towards the leasehold improvements of [T]he Cellar . . ." which were separately itemized in the lease agreement. *Id.* The reasons for this conclusion were based upon a notice of forfeiture and reclamation of the personal property by Hollen, the lessor. This court stated, "When Hollen exercised a right of forfeiture against Landergott

and reclaimed the leasehold improvements of The Cellar, Landergott's liability for the unpaid purchase money was extinguished." *Id.* The case *Gray v. Bowers*, 332 N.W.2d 323, 325 (Iowa 1983), was cited as authority that forfeiture terminates a contract of purchase and extinguishes any right to recover unpaid purchase obligations. This court succinctly concluded that when reference in the appellate decision is made to "amounts due," "sums due," or "payments" under the lease, "we refer . . . to the rent payments due" for the first floor restaurant. *Hollen I.*

The confusion apparently emanated, at least partially, from a footnote discussion of an obligation for "Future Rent." Again, reciting *Gray,* 332 N.W.2d at 325, this court concluded "Hollen is not entitled to damages" for the Cellar "after the eviction of Landergott as Hollen forfeited this contract and reclaimed the leasehold improvements of [T]he Cellar." *Id.* This footnote was redundant on this issue, as forfeiture would have extinguished all unpaid purchase payments, past and future. But it is not inconsistent with other portions of the appellate ruling.

The district court laid the confusion upon the failure of this court "to distinguish between improvements to and use of fixtures and other property relating to The Cellar, and not taking into account Mr. Landergott's obligation to pay rent for the use of The Cellar." It found that rentals were due for the basement and the first floor, and entered judgments for each of these for "rentals" to the date of reclamation.

II. Merits

Generally, an appellate court decision becomes the law of the case and is controlling on the trial court and any further appeals in the same case. *Springs v. Weeks & Leo Co.,* 475 N.W.2d 630, 632 (Iowa 1991). When an appellate court remands for a special purpose, the district court, upon such remand, is limited to do the special thing authorized by the appellate court in its ruling and nothing else. *In re Marriage of Davis*, 608 N.W.2d 766, 769 (Iowa 2000). Although *Davis* allows that a court on remand need not read the appellate court's mandate in a vacuum, and may examine the opinion to interpret the mandate, the court is precluded from considering other issues or new matters. *Id.*

The district court concluded that this court failed to consider the rent owed on The Cellar. But it is clear that the appellate opinion found that the payments due for The Cellar were for the purchase of the leasehold improvements, and not rent. Although the lease referred to the purchase payments for The Cellar's improvements and the rent due for the restaurant as "rent," The Cellar's obligations were determined to be payments towards the purchase of the leasehold improvements and not rent, in its pure sense.

Although the appellate directions were to determine the "obligations" under the lease, it is clear the "obligations," past and future, for The Cellar were forfeited and extinguished. The district court had no authority to enter judgment for rent for The Cellar. That was not the issue. As stated, any reference to "amounts due" or "sums due" refer to the first floor restaurant alone. *Hollen I. Gray*, 332 N.W.2d at 325, is clear that when a vendor exercises a forfeiture, the

contract is terminated thereby extinguishing any right to recover any portion of the purchase price triggered by that election of remedies. Accordingly, Hollen did not have any obligation due from Landergott for The Cellar.

III. Disposition

The judgment entered by the trial court, for the rental due for the first floor restaurant, is affirmed in the sum of $18,451.61, plus interest in the sum of $6225.24, plus accrued interest at the rate of nine percent from the judgment date.

The judgment entered for rental for The Cellar in the sum of $20,000, plus accrued interest, is fully vacated and judgment thereon reversed.

Costs of this appeal are assessed to the appellee.

AFFIRMED IN PART, REVERSED IN PART.