STATE OF MINNESOTA
IN COURT OF APPEALS
A13-2388

In re the Fallgren Family Trust
created by Evelin P. Fallgren,
Julie A. Fallgren, successor in interest
to Michael D. Fallgren, deceased, petitioner,
Appellant,

vs.

John L. Fallgren, individually and
as Trustee of the Fallgren Family Trust;
Respondent,

Margaret A. Gordon, individually and
as Trustee of the Fallgren Family Trust,
Respondent Below,

and

Julie A. Fallgren, successor in interest
to Michael D. Fallgren, deceased,
Appellant,

vs.

Ronald J. Fallgren, et al.,
Respondents,

Kitty L. Fallgren,
Respondent,

and

Ronald J. Fallgren, et al.,
Respondents,

vs.

Julie A. Fallgren, successor in interest
to Michael Fallgren, deceased,
Appellant.

Filed December 15, 2014
Affirmed
Hudson, Judge

Hubbard County District Court
File No. 29-CV-11-885

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Considered and decided by Kirk, Presiding Judge; Hudson, Judge; and Stauber, Judge.

U N P U B L I S H E D O P I N I O N

HUDSON, Judge

Appellant challenges the district court's order authorizing the sale of trust property to respondent purchasers, arguing that respondent trustee lacked authority to sell the property because the trust terminated on the settlor's death. Appellant also seeks an accounting and alleges that the trustee breached his fiduciary duties. The purchasers argue by related appeal that the district court erred by denying relief on their counterclaims, rejecting their jury-trial demand on those claims, and denying their motion

for sanctions. We conclude that, although the trustee lacked authority to sell the property after the settlor's death, appellant is estopped by his conduct from challenging that authority; that he ratified the sale; and that respondents are good-faith purchasers. We therefore affirm the district court's order upholding the sale. We also affirm the orders denying relief on appellant's additional claims and respondents' counterclaims, jury-trial demand, and request for sanctions.

FACTS

In 1996, Evelin Fallgren established the irrevocable Fallgren Family Trust, naming as beneficiaries her six children, who included trustee John Fallgren, successor trustee Margaret Fallgren, and Michael Fallgren, who was the appellant in this case until his death on August 27, 2014. Michael Fallgren was married to Julie Fallgren, who was substituted as appellant following Michael's death for the pendency of this appeal.[1]

The trust held real property owned by Evelin in Hubbard County, which Evelin and her late husband had operated as the family farm. By its terms, the trust gave the trustee general powers under the Minnesota Trustees Powers Act, *see* Minn. Stat. §§ 501B.79-.82 (2012), and specific powers, including the power "to purchase, sell, mortgage, exchange, lease, or otherwise dispose of or encumber any real or personal property on any terms, . . . whether or not the effect thereof extends beyond the term of the trust." But it also provided that the trust "shall terminate upon the earlier of (a) [Evelin's] death or (b) the date of final distribution of all trust assets."

[1] For ease of reference, the parties are referenced by their first names.

Evelin died in 2003. After the beneficiaries consulted an attorney, John did not immediately dissolve the trust, but continued to hold and administer the property in the trust. A few years later, the farmhouse burned down, and the trust distributed the resulting insurance proceeds of approximately $84,000 to the beneficiaries.

Michael Fallgren lived on the trust property his whole life. He performed work raising beef cattle, logging, and working as a millwright until about 2005, when he became disabled. He lived in a mobile home located on the property.

In 2010, Ronald and Craig Fallgren, cousins of the beneficiaries, and Craig's wife, Kitty Fallgren, (together, the cousins) proposed purchasing a portion of the property. In December 2010, a family meeting to discuss the purchase was held at the Moondance, a recreational venue. Five of the six beneficiaries, including Michael, attended. The cousins decided to purchase about 88 acres of the trust property, including the portion where Michael's mobile home was located. In March 2011, they purchased the property from the trust by contract for deed.

After disputes arose between Michael and the cousins, Michael filed a petition in district court to remove John as trustee, alleging that John lacked authority to sell the property because the trust provided that it was to terminate on Evelin's death. Michael also sought an accounting and asserted that John had breached fiduciary duties. The district court consolidated this action with another lawsuit Michael brought against the cousins seeking a declaration that the sale was void as against his rights in the property, and a third action brought by the cousins to evict Michael from the property. Michael also filed a notice of lis pendens with respect to his claims on the property. The cousins

filed a quiet title counterclaim and sought damages for trespass, breach of contract, slander of title, and tortious interference with contract. They also sought rule-11 sanctions and attorney fees under Minn. Stat. § 549.211 (2012). The district court denied respondents' motions for sanctions and a jury trial on the counterclaims and conducted a bench trial.

At trial, Michael asserted that he owned the land on which his mobile home was situated. He testified that, around 1989, his parents accompanied him to look for a mobile-home site on the property. He indicated that they gave him a paper to take to the bank to apply for a loan to purchase a mobile home, and that his father co-signed for the loan. He produced one piece of paper, a cover page for an abstract of title to the property; he testified that there was also a second page, which he gave to John, but was now missing. He asserted that these documents gave him ownership rights in the property. Michael testified that he improved the property by building a road and installing utilities, to which his parents did not object; that he contributed funds to them irregularly; and that, after his mother's death, he made payments to John as trustee.

With respect to the trust, Michael testified that, when the trust was signed, he attended family meetings, but he never told the attorney working on the trust instrument that he owned part of the property because John had told him he had a life estate. He testified that after Evelin died, he asked John to distribute the trust property to the beneficiaries, but John stated that it was none of his business. Michael testified that he did not object to the sale at the Moondance meeting and never told the cousins of his ownership claim, but that "they all knew where [he] lived," he did not agree with the

price being paid, and he "left it all up to the trust." He acknowledged that he received proceeds from the sale, that it was possible that he had spoken to John about being a tenant, and that he had earlier paid rent to John. He testified that, after the closing, he did not move because he had not made arrangements to do so and because he was angry at John, who refused his request for an accounting. He admitted that in 1989, his parents had given him documentation of an easement for a power line to the utility company, stating that they owned the land, which was inconsistent with his claim of ownership.

John Fallgren testified that, when his mother died, he and Margaret discussed leaving the trust in place to save on winding-up costs and to provide Michael with a place to live. He testified that he never told Michael that he had a life estate or separately owned the property on which his home was located and denied that he had received any documents related to Michael's alleged ownership. He testified that he allowed Michael to borrow money for real estate taxes and utility bills, which were repaid only when Michael received the insurance-settlement and property-sale proceeds.

Heidi Fallgren-Whittam, another sibling, testified that all of the siblings assumed that the trust continued as long as it held the property, and that, after Evelin's funeral, they agreed to "let things ride for a couple years." She stated that John kept her fully informed about trust business and she knew that Michael was not paying rent or taxes, but John and Margaret were not willing to divide the family over the issue. She testified that she was sure that Michael knew that the sale included the land containing his mobile home; she visited him two days before the closing, gave him a simple written description of the sale, and discussed it "very clear[ly]" with him. She testified that he understood

that he needed to speak to Craig with any questions, but he had no objections. Two other siblings and Margaret's daughter also testified that at the Moondance meeting Michael appeared to understand that the sale included the land he occupied.

Ronald Fallgren testified that he never saw the trust document and that he and Craig Fallgren relied on John's representation as trustee that the property could be sold. He testified that at closing they had no reason to believe that the trust had terminated and believed that it could pass good title. He testified that at the Moondance meeting he showed Michael a marked aerial photograph, which showed that they intended to purchase the property on which his trailer was located, and spoke to him about being a tenant, and that Michael did not object.

Craig Fallgren similarly testified that he had never been told that the trust lacked authority to sell the land. He testified that, at the Moondance meeting, Michael asked permission to erect a pole barn by the mobile home and later asked if a rental agreement could be extended to his wife. He stated that Michael was not included in another family meeting to discuss sale details because of tension between Michael and John, but that Heidi stated Michael would be informed, and that Michael later called him and asked if he could put a pad in for a garage. He testified that Michael had been offered an unwritten tenancy agreement at $1 per year, plus taxes, on the mobile home, but that he began eviction proceedings after Michael excluded them from the property, denied that taxes were due, and sold the cupola from the property's garage.

The district court issued findings of fact, conclusions of law, and a judgment rejecting Michael's claims. The district court concluded that Michael Fallgren could not

challenge the sale to Ronald and Craig because of the doctrines of ratification, waiver, and estoppel. The district court determined that, although the trustee "should have sought court approval before proceeding with the sale," the record lacked evidence that the cousins had actual knowledge of the trustee's lack of authority or that court approval had not been obtained. Therefore, the district court reasoned, the cousins were protected as good-faith purchasers for value. The district court also authorized a writ of recovery against Michael.

Michael did not move for a new trial or amended findings, but the cousins moved for amended findings addressing their counterclaims. By separate order, the district court denied relief on these claims.[2] The district court concluded that the cousins had a statutory remedy to remove Michael from the property; that the filing of the notice of lis pendens was not made with malice, did not contain false statements, and did not cause damages; that Michael's legal actions were pursued in good faith; and that sanctions were not appropriate. This appeal follows.

D E C I S I O N

I

Michael argues that John as trustee lacked authority to sell trust property to the cousins because the trust terminated by its terms on Evelin's death. Respondents John and the cousins (respondents) note that Michael failed to move for amended findings or a

[2] We note that John individually and as trustee initially also filed a counterpetition alleging some of the same counterclaims and seeking additional costs relating to Michael's misuse of trust property. We decline to consider John's additional claims for affirmative relief because he did not brief those issues on appeal. *See Melina v. Chaplin*, 327 N.W.2d 19, 20 (stating that issues not briefed on appeal are waived).

new trial. Generally, absent such a motion, appellate review is limited to whether the evidence sustains the district court's findings of fact and whether the findings sustain the conclusions of law. *See Alpha Real Estate Co. of Rochester v. Delta Dental Plan of Minn.*, 664 N.W.2d 303, 310–11 (Minn. 2003). But we may review substantive questions of law that were properly raised before the district court. *Id.* Because construction of the trust instrument raises an issue of law, this court may review that issue without a motion for a new trial or amended findings. *See id*.

The district court's "purpose in construing a trust instrument is to ascertain and give effect to the grantor's intent." *In re Pamela Andreas Stisser Grantor Trust*, 818 N.W.2d 495, 502 (Minn. 2012). When a question of the settlor's intent involves interpretation of language that is not ambiguous and does not depend on extrinsic evidence, appellate review is de novo. *In re Trusts A & B of Divine*, 672 N.W.2d 912, 917 (Minn. App. 2001). When trust language is unambiguous, the settlor's intent is derived from the plain language of the agreement. *In re Trust Created Under Agreement with McLaughlin*, 361 N.W.2d 43, 44–45 (Minn. 1985). We read trust provisions together to demonstrate the settlor's intent. *In Matter of Campbell's Trusts*, 258 N.W.2d 856, 861 (Minn. 1977).

Michael argues that, because the language of the trust unambiguously provides that it shall be distributed on the settlor's death, the trustee lacked the power to continue the trust beyond Evelin's death and to sell the trust property nearly eight years later. By its terms, the trust grants the trustee general powers under the Minnesota Trustees' Powers Act, including the express power "to purchase, sell, mortgage, exchange, lease, or

otherwise dispose of or encumber any real or personal property on any terms." *See* Minn. Stat. § 501B.81, subd. 7 (stating enumerated power of purchase or sale of trust assets). But the trust also provides that it "shall terminate upon the earlier of (a) [Evelin's] death or (b) the date of final distribution of all trust assets" and that "upon [her] death, [the] trustee shall . . . [p]ay the remaining principal and undistributed income in equal shares to the beneficiaries." Respondents argue that these trust provisions, taken together, authorize the trustee to continue to administer the trust property to provide for the beneficiaries, even several years after Evelin's death. We disagree.

Although the trust vests broad powers in the trustee to sell or encumber property during the settlor's lifetime, by its express terms, it does not extend those powers to a period beyond the settlor's death. Therefore, because Evelin's death occurred before the final distribution of trust assets, her death triggered the trustee's obligation to distribute the trust principal to the beneficiaries. *See Govern v. Hall*, 430 N.W.2d 874, 878 (Minn. App. 1988) (holding that, following the settlor's death and a beneficiary's subsequent exercise of a power of appointment over trust property under her will, the trustee lacked authority to sell that property), *review denied* (Minn. Jan. 9, 1989).

"[A] trust continues for a reasonable time during which the trustees have the power to perform acts necessary to wind up the trust." *Matter of Trust Created Under Agreement with McLaughlin*, 361 N.W.2d 43, 46 (Minn. 1985). Appellate courts view a "reasonable time" for winding up the trust by considering whether the trustee "unduly delayed" that process. *Id*. at 46. We conclude that, as a matter of law, John exceeded his

authority under the winding-up process by continuing to exercise his power as trustee for a period of nearly eight years following Evelin's death.[3]

Nonetheless, the Minnesota Supreme Court has also recognized that, if a beneficiary does not object and receives benefits when a trustee exercises duties beyond the trust's termination period, the beneficiary may be estopped to deny the trustee's authority to conduct business on behalf of the trust. *Zuckman v. Friermuth*, 222 Minn. 172, 178, 23 N.W.2d 541, 544 (1946). "If the beneficiaries consent to the trustee holding and administering the trust property after the expiration of the trust term, the trust will be deemed extended and the powers and duties of the trustee continue unchanged." Mary Radford & George Bogert, *The Law of Trusts & Trustees*, § 1010 (3d ed. 2006). Here, the record shows that, after Evelin's death, along with the other beneficiaries, Michael received a portion of the farmhouse insurance settlement collected by John as trustee. He also accepted unique benefits because he was the only beneficiary living on the trust property following Evelin's death. He did not pay rent on a regular basis and continued to rely on John to administer the trust and lend him funds, which were not repaid until the beneficiaries received funds from the farmhouse insurance settlement and the subsequent property sale. Under these circumstances, we conclude that Michael is estopped from asserting that John lacked the authority to act as trustee beyond Evelin's death and that the district court did not abuse its discretion by concluding that, based on principles of

[3] Because we conclude that, by its terms, the trust did not provide authority to sell property following its termination within a reasonable time following Evelin's death, we do not address Michael's additional arguments on that issue relating to the district court's findings concerning the opinions of the attorneys who drafted the trust and examined title to the property.

estoppel, Michael could not challenge the sale of the property to the cousins. *See, e.g.*, *Zuckman*, 222 Minn. at 178, 23 N.W.2d at 544 (concluding that when a lease was extended by a trustee beyond the designated termination of the trust period, a remainder beneficiary who retained the benefits of that lease was estopped from denying the trustee's authority).

Further, "[p]rinciples of trust law recognize that after a breach of trust has occurred, a beneficiary may expressly or impliedly express satisfaction with the trustee's action and thereby prevent himself from claiming thereafter that it was illegal." *Hallin v. Hallin*, 596 N.W.2d 818, 824 (Wis. Ct. App. 1999) (quotation omitted). A beneficiary's ratification requires proof of express or implied consent to the trustee's action and full knowledge of all material facts. *Id*. at 825. Whether ratification occurred presents a question of fact, *Agner v. Bourn*, 281 Minn. 385, 400, 161 N.W.2d 813, 822 (1968), which we review for clear error. *In re Estate of King*, 668 N.W.2d 6, 9 (Minn. App. 2003). "Findings of fact are clearly erroneous only if the reviewing court is left with the definite and firm conviction that a mistake has been made." *Fletcher v. St. Paul Pioneer Press*, 589 N.W.2d 96, 101 (Minn. 1999) (internal quotations omitted).

The district court found that at the Moondance meeting, Michael was shown that the proposed sale included the land that he occupied and that he expressed no objection and gave his apparent approval. Michael argues that, at that time, critical details of the sale had not yet been decided, including the exact amount of land to be purchased and the terms of his occupancy. But the district court also found, based on Heidi's testimony, that she visited Michael two days before the sale, gave him a written summary of the

transaction, and discussed it in detail, and that he did not then object. Based on the record, these findings are not clearly erroneous and demonstrate that Michael consented to the sale of the property to the cousins with full knowledge of the material facts surrounding the transaction. *See Hallin*, 596 N.W.2d 825. Therefore, the district court did not clearly err by finding that Michael could not challenge the sale, based on his ratification of the agreement to sell the property.

As the district court acknowledged, it would have been preferable after Evelin's death for the trustee to seek district-court permission to sell trust property under Minn. Stat. § 501B.46(b) (2012). *See id.* (providing that, with certain exceptions, a trustee may petition the district court for an order to sell the property "if the assets of an express trust . . . include real property in this state that the trustee is not, under the terms of the trust, then permitted to sell, mortgage, or lease"). But we conclude that, based on the district court's findings on estoppel and ratification, any error in the trustee's failure to request such permission is harmless. *See* Minn. R. Civ. P. 61 (stating that harmless error is to be ignored).

II

Michael challenges the district court's determination that the cousins were protected as good-faith purchasers under the Minnesota Recording Act, Minn. Stat. § 507.34 (2012). Under that statute, an unrecorded conveyance is "void as against any subsequent purchaser in good faith and for a valuable consideration of the same real estate . . . whose conveyance is first duly recorded." *Id.* A good-faith purchaser "gives consideration in good faith without actual, implied, or constructive notice of inconsistent

outstanding rights of others." *MidCountry Bank v. Krueger*, 782 N.W.2d 238, 244 (Minn. 2010) (quotation omitted). Good-faith purchaser status "is a factual determination that will be sustained unless the reviewing court has a firm and definite impression that a mistake has been made." *Stone v. Jetmar Props., LLC*, 733 N.W.2d 480, 488 (Minn. App. 2007).

At closing, an affidavit of trustee was provided as proof of the trust's interest in the property. Such an affidavit recorded or filed in a real-property transaction provides proof that the trust is valid; the trustee has powers with respect to the property; the trust has not been terminated or revoked, or if it has, the conveyance is made pursuant to trust provisions; and the district court has given any necessary approval. Minn. Stat. § 501B.57, subd. 2 (2012). "The proof is conclusive as to any party relying on the affidavit, except a party dealing directly with the trustee who has actual knowledge of facts to the contrary." *Id*.

"Actual knowledge is generally given directly to, or received personally by, a party." *Wash. Mut. Bank, F.A. v. Elfelt*, 756 N.W.2d 501, 507 (Minn. App. 2008) (quotation omitted), *review denied* (Minn. Dec. 16, 2008). Michael argues that the cousins were not entitled to rely on the affidavit because they had actual knowledge from John that the trust had terminated. But the district court found that the record lacked evidence of their actual knowledge that the trust did not own the property or had no authority to sell it, and Michael cites no evidence to the contrary. We also reject Michael's related argument that Leer Title, the closing agent, had actual knowledge of the trust's termination, which may be imputed to the cousins. A Leer Title employee

testified that she spoke with the attorneys involved and that she believed that the affidavit of trustee was accurate. Because the record does not support a determination that Leer Title had notice of termination, no notice can be attributed to the cousins as principals. *See Quinn v. Johnson*, 117 Minn. 378, 380–81, 135 N.W. 1000, 1001 (1912).

Michael further argues that, based on his occupancy of the trust property, the cousins had implied notice of his rights in that property. "Implied notice charges a person with notice of everything that he could have learned by inquiry where there is sufficient actual notice to put him on guard and excite attention." *Elfelt*, 756 N.W.2d at 508 n.5 (quotation omitted). But, as the district court found, Michael acknowledged that he paid rent to the trust, and thus his occupancy of trust property was also consistent with his position as a tenant. The district court therefore did not clearly err by finding that the cousins were good-faith purchasers.

Michael maintains that the district court erred as a matter of law by determining that he failed to establish ownership of the property because principles of equitable or promissory estoppel apply to demonstrate that ownership. An agreement may be taken out of the statute of frauds by application of doctrines of promissory or equitable estoppel. *Berg v. Carlstrom*, 347 N.W.2d 809, 812 (Minn. 1984).

Equitable estoppel requires a showing that the plaintiff reasonably relied on the defendant's representations or inducements made by the defendant and will be harmed unless estoppel is allowed. *Northern Petrochemical Co. v. United States Fire Ins. Co.*, 277 N.W.2d 408, 410 (Minn. 1979). Although an interest in land may be transferred by equitable estoppel, *Poksyla v. Sundholm*, 259 Minn. 125, 128–29, 106 N.W.2d 202, 204–

05 (1960), a party may not invoke estoppel "unless he was ignorant of the true situation when he acted." *Davis v. Newcombe Oil Co*., 203 Minn. 295, 299–300, 281 N.W. 272, 274 (1938) (holding that estoppel was not warranted when a party was aware of contract provisions, but misconstrued them).

Michael maintains that his parents' conduct in helping him mark off property for a mobile-home location and obtain a loan for the mobile home amounted to a representation that he would acquire ownership of that portion of the property. "An estoppel may be predicated on a promise of future action relating to the intended abandonment of existing rights." *Albachten v. Bradley*, 212 Minn. 359, 363, 3 N.W.2d 783, 785 (1942). But the record lacks evidence that Michael's parents expressly renounced their ownership in a portion of the property. Although they allowed Michael to live on the property, they continued to pay property taxes with only minimal contributions from him, and Evelin did not exclude that portion of the property from the trust. *Cf. Thom v. Thom*, 208 Minn. 461, 466–67, 294 N.W. 46, 465 (1940) (holding that equitable estoppel applied when the owner of a farm expressly disclaimed all title and interest in the farm and allowed a relative to mortgage the farm and expend large sums of money for the mortgage, repairs, improvements, and taxes).

Accordingly, the district court did not abuse its discretion by failing to apply the theory of equitable estoppel. Nor did the district court abuse its discretion by declining to apply principles of promissory estoppel to establish Michael's ownership. Recovery on that theory "requires proof that (1) a clear and definite promise was made, (2) the promisor intended to induce reliance and the promisee in fact relied to his or her

detriment, and (3) the promise must be enforced to prevent injustice." *Martens v. Minn. Mining & Mfg. Co.*, 616 N.W.2d 732, 746 (Minn. 2000). Because the record lacks evidence that Michael's parents made a "clear and definite promise" that he would be granted title to the property after the trust terminated, his claim of promissory estoppel fails as a matter of law. *See id.* at 746–47.

III

Michael argues that the district court abused its discretion by declining to order an accounting of trust funds under Minn. Stat. § 501B.16(8) (2012). *See In re Trusteeship Under Will of Rosenfeldt*, 185 Minn. 425, 430, 241 N.W. 573, 575 (1932) (noting the trustee's duty to disclose to beneficiaries without reservation all facts pertaining to the trust). Whether the trustee's bookkeeping fulfills the duty of disclosure is ordinarily a fact question for the district court. *In re Bailey's Trust*, 241 Minn. 143, 149, 62 N.W.2d 829, 833–34 (1954).

The district court found that John improperly commingled personal funds in the trust account and failed to keep separate trust records but also that he used personal funds to pay trust expenses, appeared to have placed more money in the trust than he withdrew, and did not take or steal funds from the trust. These findings are not clearly erroneous. John testified that all of the money in the trust account came from his personal funds "because the trust [had] no money" and that he contributed "lots" of money to pay trust expenses. He produced an exhibit documenting the flow of funds in and out of this account, consistent with his testimony. Heidi, an accountant, testified that she examined

the trust account and that some items were hard to track, but that with the bank's help, she clarified the transactions.

"In passing upon an account of a trustee, much must be left to the sound judicial discretion of the [district] court." *In re Bailey's Trust*, 241 Minn. at 151, 62 N.W.2d at 834. The record supports the district court's findings that the trust was not negatively affected by John's actions as trustee, and we affirm the district court's decision not to require an accounting. *See, e.g., Matter of Gershcow's Will*, 261 N.W.2d 335, 340 (Minn. 1977) (finding no abuse of discretion in failing to remove a trustee for inconsequential deviations from trust requirements when actions failed to harm the trust).

Further, we see no error in the district court's implicit determination that John as trustee did not breach his fiduciary duty to Michael when he administered the trust and sold trust property. *See In re Trust Known as Great Northern Iron Ore Props.*, 263 N.W.2d 610, 621 (Minn. 1978) (stating that the duty of impartiality requires the trustee to "manage the trust with equal consideration for the interests of all beneficiaries") (quotation omitted). As discussed above, the record supports a determination that John's actions as trustee did not harm the trust, as well as the district court's findings that Michael did not object to the sale and received his portion of the sale proceeds. Therefore, the district court did not abuse its discretion by denying relief on Michael's breach-of-fiduciary duty claim.

The evidence also supports the district court's conclusion that John and Margaret, the successor trustee, were entitled to an equitable lien for payments made to satisfy a mortgage placed against an additional 40-acre parcel held by the trust. The district court

found that, when John applied for medical assistance for Evelin, he discovered that this parcel had been inadvertently omitted from the deed conveying property to the trust, and he then transferred it to the trust. The district court found that the property was then mortgaged, the proceeds were paid to the nursing home to qualify Evelin for medical assistance, and John and Margaret contributed their personal assets to satisfy the mortgage. These findings are not clearly erroneous and support the imposition of an equitable lien. *See, e.g.*, *Lindell v. Lindell*, 150 Minn. 295, 299–300, 185 N.W. 929, 930 (1921) (holding that, after a son's death, a father was entitled to an equitable lien to secure payment of money advanced to the son for improvements on real property, against the daughter-in-law's claim to establish title).

IV

The cousins argue that, in its posttrial order, the district court erred by denying relief on their counterclaims for trespass, slander of title, and interference with contractual relations. In its initial judgment, the district court ordered a writ of recovery against Michael; in its later order, the district court found that Michael had vacated the property but left some personal property and the mobile home at the site. "[A] trespass can occur when a person or tangible object enters the plaintiff's land." *Johnson v. Paynesville Farmers Union Co-op Oil Co.*, 817 N.W.2d 693, 701 (Minn. 2012), *cert. denied*, 133 S. Ct. 1249 (Feb. 19, 2013). The cousins, however, had an existing remedy for Michael's trespass. The writ of recovery authorized the removal of property from the premises, and if moving expenses remained unpaid, a lien existed for its removal and storage, with the right to a public sale after 60 days. Minn. Stat. § 504B.365, subds. 1(b),

3(b)–(c) (2012). Therefore, the district court did not err by declining to award additional damages for trespass.

The cousins argue that they proved all elements of the tort of slander of title because Michael filed a notice of lis pendens when he had no justification for doing so, he had no claim to the property other than as a tenant, and he was maliciously attempting to interfere with the contract for deed. "The filing of an instrument known to be inoperative is a false statement that, if done maliciously, constitutes slander of title." *Paidar v. Hughes*, 615 N.W.2d 276, 280 (Minn. 2000). But malice requires that the defending party made the disparaging statement without a good-faith belief in its truth. *Kelly v. First State Bank of Rothsay*, 145 Minn. 331, 333, 177 N.W. 347, 348 (1920). The district court found that "Michael Fallgren's legal actions and contentions were pursued in good faith and not for any improper purpose." The district court also found that the notice of lis pendens had been discharged and did not contain a false statement, and that its filing caused no damages because the contract for deed took effect and the parties complied with its terms. These findings are not clearly erroneous and support the district court's denial of relief on this claim.

The cousins also challenge the district court's failure to grant relief on their claim of tortious interference with contractual relations, arguing that Michael's wrongful conduct forced them to defend their interest in the property. To succeed on this claim, a plaintiff must prove that the defendant was aware of an existing contract and intentionally procured a breach, which directly resulted in damages. *Dyrdal v. Golden Nuggets, Inc*., 672 N.W.2d 578, 587–88 (Minn. App. 2003), *aff'd*, 689 N.W.2d 779 (Minn. 2004). But

"[a] person does not interfere with a contract when he asserts in good faith a legally protected interest of his own believing that his interest may otherwise be impaired or destroyed by the performance of the contract or transaction." *Id.* at 588 (quotations omitted). The district court did not clearly err by finding that Michael pursued his claim to trust property in good faith and did not err by rejecting this claim.

Ronald and Craig additionally argue that the district court abused its discretion by denying their request for sanctions under Minn. R. Civ. P. 11 or Minn. Stat. § 549.211 (2012). An attorney presenting pleadings or motion papers to the district court certifies that the claims are not being presented for an improper purpose, such as harassment; that they are supported by existing law or a nonfrivolous argument to change the law; and that factual allegations or their denials have evidentiary support. Minn. Stat. § 549.211, subd. 2; Minn. R. Civ. P. 11.02. A district court may impose sanctions against an attorney or a party who violates these requirements. Minn. Stat. § 549.211, subd. 3; Minn. R. Civ. P. 11.03. We review a district court's determination of the need for sanctions under these provisions for an abuse of discretion. *Leonard v. Nw. Airlines*, 605 N.W.2d 425, 432 (Minn. App. 2000), *review denied* (Minn. Apr. 18, 2000).

A sanctions award under section 549.211 "requires bad faith, a frivolous claim which increases the opponent's costs, an unfounded position taken to delay the action or harass the opponent, or fraud upon the court." *Radloff v. First Am. Nat'l Bank of St. Cloud, N.A.*, 470 N.W.2d 154, 156 (Minn. App. 1991), *review denied* (Minn. July 24, 1991). Conversely, a district court should not impose rule-11 sanctions "when an attorney has an objectively reasonable basis for pursuing a factual or legal claim or when

a competent attorney could form a reasonable belief that a pleading is well-grounded in fact and law." *Gibson v. Coldwell Banker Burnet*, 659 N.W.2d 782, 787 (Minn. App. 2003) (quotation omitted). The district court's reasons for rejecting sanctions are implicit in its findings that Michael pursued his claims in good faith and that the notice of lis pendens contained no false statements. On this record, the district court did not abuse its discretion by denying the motion for sanctions.

V

The cousins argue that they are entitled to a jury trial on their legal counterclaims. *See* Minn. Const. art. I, § 4 (providing for the right to a jury trial). We review a district court's denial of a jury trial de novo. *In re Trust Created by Hill*, 499 N.W.2d 475, 490 (Minn. App. 1993), *review denied* (Minn. July 15, 1993).

"In mixed actions, based upon both a legal and an equitable cause of action, a party has a constitutional right . . . to a trial by jury on the legal cause of action." *Koeper v. Town of Louisville*, 109 Minn. 519, 521, 124 N.W. 218, 218 (1910). But "[g]enerally, if equitable issues are dispositive of the case, there is no reason to have a jury decide the legal issues." *In re Trust Created by Hill*, 499 N.W.2d at 491. Michael's initial claims, which stemmed from a challenge to the trustees' authority to sell trust property and the administration of the trust, were based in equity. *See id*. And after the district court's resolution of those claims, no disputed factual issues on respondent's legal counterclaim of trespass remained for jury determination. The district court's order provided a remedy for Michael's trespass by allowing removal of his property from the premises and recovery of associated costs.

Further, "[n]o constitutional or statutory right to a jury trial exists where there is no issue of fact." *State ex rel. Pillsbury v. Honeywell, Inc.*, 291 Minn. 322, 333, 191 N.W.2d 406, 413 (1971). We conclude that the evidence is insufficient as a matter of law to have presented a factual question for the jury on the counterclaims of slander of title and tortious interference with contractual relations. *Cf.* Minn. R. Civ. P. 50.01(a) (stating that the district court may grant a motion for judgment as a matter of law when "there is no legally sufficient evidentiary basis for a reasonable jury to find for [the nonmoving] party" on a particular issue). The cousins have failed to assert a colorable claim that the notice of lis pendens was false, a required element of a slander-of-title claim. *See Paidar*, 615 N.W.2d at 279–80 (noting that, for recovery on that claim, publication of a false instrument must have caused the plaintiff special damages). Similarly, because they have not alleged a breach of the contract for deed, they have failed to present sufficient evidence of an issue for jury resolution on the elements of a tortious-interference claim. *See Dyrdal*, 672 N.W.2d at 587–88 (noting required elements that the defendant intentionally procured a breach of contract and that the breach directly resulted in the plaintiff's injury). Therefore, the district court's failure to provide a jury trial on these claims does not provide a basis for reversal.

Affirmed.