STATE OF MINNESOTA

IN SUPREME COURT

A22-0144

Court of Appeals — Chutich, J.

In the Matter of the Trust of Robert W Moreland
a/k/a Robert William Moreland.

Filed: July 12, 2023
Office of Appellate Courts

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S Y L L A B U S

1. The court of appeals did not err when it determined that the second trust amendment substantially complied with the method of amendment provided by the terms of the original trust.

2. The district court acted within its equitable powers and the common law to strike the penalty provision of the second trust amendment and uphold the remaining provisions of that amendment.

Affirmed.

O P I N I O N

CHUTICH, Justice.

This appeal concerns the interpretation and construction of two amendments to the revocable trust of grantor Robert W. Moreland (Grantor). Grantor validly executed the trust, which was properly witnessed and notarized in 2002. Grantor executed amendments to the trust in 2016 (first trust amendment) and in 2019 (second trust amendment) that greatly increased the amount that one of Grantor's sons, respondent Robert S. Moreland (Robert), would inherit. After Grantor died in 2020, appellant Dean W. Moreland (Dean), Robert's brother, moved to invalidate the two amendments.[1] The district court ultimately struck a portion of the second trust amendment as ambiguous, but held that the remaining terms of the amendment—including the greatly increased amount inherited by Robert—would govern the distribution of assets.

On appeal, the court of appeals determined that the two amendments were validly executed, and that the district court had properly reformed the trust under Minnesota Statutes section 501C.0415 (2022), which allows reformation to correct mistakes of fact or law. The court reasoned that the district court "implicitly" made findings necessary for reformation under the statute.

Dean petitioned for review, which we granted. He contends that the court of appeals made improper findings of fact relating to the validity of the second trust amendment and

[1] Because Robert and Dean share the same last name, we refer to them by their first names.

the reformation of a trust under section 501C.0415. Because we agree with the court of appeals that (1) the second trust amendment was validly executed, and (2) the district court appropriately struck the part of the second trust amendment that was ambiguous and unenforceable while upholding another portion that governed asset distribution, we affirm the decision of the court of appeals. As explained below, however, we affirm the latter determination of the court of appeals not under section 501C.0415, but on different, equitable grounds under the common law.

FACTS

After a court trial and a post-trial hearing on a motion for partial amended findings, the district court made the following findings of fact. Grantor executed a revocable trust in 2002 that all parties agreed was validly executed. The trust was witnessed by two nonbeneficiaries and notarized by a third person. Grantor had seven children, and named one of his sons, Robert, trustee. Article II of the trust stated that the trust was amendable by delivering a written instrument signed by Grantor to the trustee.[2] The trust also provided

[2] Article II of the 2002 trust provides in full:

> The Grantor reserves and shall have the exclusive right any time and from time to time during its lifetime by instrument in writing signed by the Grantor and delivered to the Trustee to modify or alter this Agreement, in whole or in part, without the consent of the Trustee or any beneficiary provided that the duties, powers and liabilities of the Trustee shall not be changed without its consent; and the Grantor reserves and shall have the right during its lifetime, by instrument in writing, signed by the Grantor and delivered to the Trustee, to cancel and annul this Agreement without the consent of the Trustee or any beneficiary hereof. Grantor expressly reserves the right to appoint successor trustees, replace present trustees and change the beneficiaries or the rights to property due any beneficiary.

that it "shall be construed, regulated and governed by and in accordance with the laws of the State of Minnesota." Notably, the trust contained no requirement that a trust amendment be witnessed or notarized.

Upon Grantor's death, the trust assets were to be distributed among the trust beneficiaries according to "schedule A." In addition to containing a specific devise to a church, schedule A stated that the remainder of the trust assets were to be allocated to Grantor's seven children unequally in the following percentages:

Jon Robert Moreland	12%
Dean William Moreland	16%
Scott Allan Moreland	13%
Robert Scott Moreland	16%
William Brian Moreland	14%
Michael John Moreland	14%
Cheryl Ann Moreland	15%

In 2016, Grantor amended the trust. Robert testified that Grantor wanted to amend the trust because Grantor, at age 88, was going to have surgery. Concerning his children, Grantor increased Robert's share to 31 percent and reduced the other siblings' shares from between 12 and 16 percent to either 10 or 13 percent. Grantor signed this first trust amendment and delivered it to Robert. The amendment was not witnessed or notarized.

On July 23, 2019, when Grantor was 91 years old, he executed a second trust amendment. The amendment was again not witnessed or notarized but was signed by

Grantor. Robert testified that Grantor was then declining physically but not mentally. This second trust amendment changed the distribution to the children in schedule A as follows:

Jon Robert Moreland	1% or $5,000.00
Dean William Moreland	1% or $5,000.00
Scott Alan Moreland	1% or $5,000.00
Robert Scott Moreland	94%
William Brian Moreland	1% or $5,000.00
Michael John Moreland	1% or $5,000.00
Cheryl Ann Moreland	1% or $5,000.00

> The above percentages will only be paid out if they start acting [like] family again to my son Robert Scott Moreland. Failure to accomplish this, will result in the dollar amounts listed next to the percentages being paid.

We refer to these last two sentences as the "penalty provision." Robert testified that Grantor left it up to him to decide whether his siblings treated him like "family again," and would therefore be entitled to receive 1 percent of the estate instead of $5,000.

Grantor died a year later in 2020. Dean petitioned the district court to invalidate the first and second trust amendments because they were not witnessed or notarized and to remove Robert as trustee.[3] He also asked the district court to invalidate the trust amendments because of undue influence, fraud, and Grantor lacking testamentary capacity.

At the court trial, Robert and Dean testified about their relationship with Grantor and the broader family dynamics. Robert lived with Grantor beginning in 2015 and was his primary caregiver in the last 5 years of Grantor's life, including driving him to medical appointments and maintaining Grantor's home. Grantor also gave Robert power of

[3] The parties acknowledged that Grantor's real property is the only valuable remaining asset of the trust. Robert signed a listing agreement to sell the property for $1.6 million without having the property first appraised and while the petition to invalidate the amendments and remove him as trustee was pending.

attorney. Robert and Dean each testified that they are estranged and that many of the other beneficiaries, their siblings, were not in contact with Grantor or Robert for many years. Dean acknowledged that he last saw Grantor in 2001 and last talked with him in 2013.

In its initial findings of fact and order on the matter, the district court found, first, that Dean did not present evidence of undue influence, fraud, or a lack of capacity "during the execution of either amendments to the trust." Accordingly, the district court focused its analysis on the validity of the two trust amendments.

The district court found that under the plain language of Minnesota Statutes section 501C.0602(c)(1) (2022), a trust amendment is valid "by substantial compliance with a method provided in the terms of the trust." The original trust allowed Grantor to amend the trust "by instrument in writing signed by the Grantor and delivered to the Trustee." The district court found that the first trust amendment substantially complied with this method because Grantor executed a signed instrument in writing and delivered it to Robert. The trust was therefore modified in compliance with Minnesota trust law and did not require witnesses or a notary.

Turning to the second trust amendment, the district court found that the trust language was "too ambiguous to enforce." The court stated that the penalty provision was unenforceable because, given the complex family dynamic and estrangement, it was impossible to decipher what acting "like family again" meant or what Grantor's intent was.

The district court vacated the second trust amendment in its entirety and ordered that the 2002 trust and first trust amendment would govern.[4]

Robert moved for partial amended findings, arguing that only the penalty provision of the second trust amendment should be vacated because the rest of the amendment was unambiguous. The district court agreed and found that "Minnesota case law require[d]" it to "reform" the second trust amendment to effectuate the intent of Grantor, issuing an order granting Robert's motion for amended findings. In its amended order and findings of fact, the district court again concluded that the penalty provision was ambiguous, but that the distribution language was clear and enforceable. The district court "reformed" the trust by striking the penalty provision but enforcing the remainder of the second trust amendment, including the charitable devises, a 94 percent distribution to Robert, and 1 percent distributions to the other six siblings.

Dean appealed, and the court of appeals affirmed. *In re Tr. of Robert W. Moreland*, No. A22-0144, 2022 WL 4074797 (Minn. App. Sept. 6, 2022). The court agreed with the district court that under section 501C.0602(c), a trust amendment need only substantially comply with a method provided for in the terms of the trust and need not be witnessed or notarized. *Id.* at *4–6. Next, the court of appeals determined that the district court "implicitly rejected" Dean's argument that the second trust amendment was not validly

[4] The district court also removed Robert as trustee because of his failure to administer the trust effectively under Minnesota Statutes section 501C.0706(b)(3) (2022). Robert did not appeal that determination to the court of appeals, and it is not before this court.

executed, as shown by the district court's reformation and upholding of the amendment. *Id.* at *7.

Lastly, the court of appeals concluded that the district court was permitted to strike the penalty provision and reform the trust under Minnesota Statutes section 501C.0415, which governs reformation to correct mistakes, and that the district court had done so to honor Grantor's intent. *In re Tr. of Moreland*, 2022 WL 4074797, at *8. The court of appeals determined that clear and convincing evidence showed that Grantor intended to increase Robert's share and decrease the other siblings' shares through the second trust amendment. *Id.* It further determined that the terms of the trust were affected by a mistake of law because Grantor believed that the penalty provision was enforceable when it was not. *Id.* at *9. Although the district court did not "expressly determine" that a mistake of law occurred, the court of appeals concluded that it had "implicitly made that determination." *Id.*

We granted in part Dean's petition for review[5] and now affirm the decision of the court of appeals as modified.

ANALYSIS

In determining the validity and interpretation of the second trust amendment, we apply the following principles. We review a district court's interpretation of a trust de novo. *In re Tr. of Lawrence B. Schwagerl Tr. Under Agreement Dated Apr. 9, 1999*,

[5] We denied Dean's petition to the extent that he sought review of the court of appeals' decision that the trust amendments could not be valid because the amendments were not witnessed or notarized.

965 N.W.2d 772, 779 (Minn. 2021). We interpret trusts "to ascertain and give effect to the grantor's intent." *In re Pamela Andreas Stisser Grantor Tr.*, 818 N.W.2d 495, 502 (Minn. 2012). Extrinsic evidence is used to interpret a trust only after a finding of ambiguity. *See id.* We review the district court's findings of fact for clear error. *In re Tr. of Lawrence B. Schwagerl Tr.*, 965 N.W.2d at 781. But we review legal questions, including the interpretation of statutes, de novo. *Gill v. Gill*, 919 N.W.2d 297, 301 (Minn. 2018). The rules of construction of wills also apply to the construction of trusts. Minn. Stat. § 501C.0112 (2022).

In addition, Minnesota enacted its updated trust code, chapter 501C, in 2015, adopting many of the provisions of the Uniform Trust Code. *See* Minn. Stat. §§ 501C.0101, .1301 (2022). When interpreting a uniform law, we may consider other jurisdictions' interpretations of similar sections of their uniform trust codes. *See City of Rochester v. Kottschade*, 896 N.W.2d 541, 546 (Minn. 2017); *see also* Minn. Stat. § 501C.1301 ("In applying and construing sections 501C.0101 to 501C.1014, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it."); Minn. Stat. § 645.22 (2022) ("Laws uniform with those of other states shall be interpreted and construed to effect their general purpose to make uniform the laws of those states which enact them.").

Having these applicable legal principles of trust construction in mind, we turn to Dean's primary arguments. First, he contends that the court of appeals erred when it concluded that the district court implicitly rejected his argument that the second trust amendment was not validly executed. Second, he asserts that the court of appeals erred

when it concluded that a mistake of fact or law justified reformation of the second trust amendment. For the reasons given below, neither of these arguments is persuasive.

I.

Dean argues that the court of appeals erred in holding that the second trust amendment was validly executed without the district court explicitly saying so. We disagree. Although the district court failed to make a similar explicit finding concerning the second trust amendment's compliance with the 2002 trust, it rejected Dean's identical arguments challenging the validity of the first amendment's formalities. Equally important, the district court made several findings of fact showing that the second trust amendment complied with governing trust law and the method of amendment set out in the original trust.

The 2002 trust states that it is governed by Minnesota law. Minnesota law is clear that a revocable trust can be amended "by substantial compliance with a method provided in the terms of the trust." Minn. Stat. § 501C.0602(c)(1). Here, the revocable trust laid out a specific method for an amendment to be valid: (1) an instrument must be in writing and signed by the grantor; and (2) the writing must be delivered to the trustee. The district court's explicit finding that the first trust amendment "was modified in compliance with Minnesota trust law and as provided in the terms of the 2002 trust," likewise extends to the second trust amendment.

Regarding the first requirement of a written instrument signed by Grantor, the court of appeals determined that a document was not required to be witnessed or notarized to qualify as an amendment under the terms of the trust. *In re Tr. of Moreland*, 2022 WL

4074797, at *6. The second trust amendment was a similar, typed document to the first amendment, which the district court found was valid. Additionally, the district court specifically found that the written second trust amendment was signed by Grantor.

Likewise, sufficient findings showed that the second requirement was met: that the trust amendment was delivered to the trustee, Robert. Robert had the second trust amendment in his possession at the time of Grantor's death.

Although it would have been preferable for the district court to have included an explicit statement that its analysis of the validity of the second trust amendment's execution was the same as the first, the district court's clear findings of fact show that the second trust amendment substantially complied with the terms of the 2002 trust. Given these factual findings and the district court's explicit rejection of Dean's identical objections to the first amendment, the court of appeals did not err in concluding that the district court properly determined that the second trust amendment was validly executed.

II.

The second issue raised by Dean concerns the district court's decision to strike the penalty provision but enforce the remainder of the second trust amendment. Dean asserts that any reformation of the trust under Minnesota Statutes section 501C.0415, must be the result of a mistake of law or fact, and here, the district court did not explicitly find that a mistake of law occurred. Instead, the court found that the penalty provision should be struck because it is too ambiguous to enforce. Dean further argues that the court of appeals erred when it determined that the district court implicitly found that a mistake of law had occurred that allowed the district court to reform the trust under section 501C.0415.

Specifically, the court of appeals concluded that a mistake of law was present because Grantor believed the penalty provision to be enforceable when it was not. *In re Tr. of Moreland*, 2022 WL 4074797, at *9. Dean again argues that the court of appeals erred by making factual findings, specifically that a mistake of law occurred that warranted reforming the trust under section 501C.0415.

A.

We first examine section 501C.0415 and the application of that statute by the court of appeals in affirming the district court's reformation of the second trust amendment. District courts have the authority "to construe, interpret, or reform the terms of a trust, or authorize a deviation from the terms of a trust." Minn. Stat. § 501C.0202(4) (2022). Section 501C.0415 allows a district court to reform a trust to conform to the settlor's intent if the trust contains a mistake of fact or law. The statute provides:

> The court may reform the terms of a trust, even if unambiguous, to conform the terms to the settlor's intention if it is proved by clear and convincing evidence what the settlor's intention was and that the terms of the trust were affected by a mistake of fact or law, whether in expression or inducement.

Minn. Stat. § 501C.0415.

Section 501C.0415 sets forth two conditions before reformation of a trust is appropriate: (1) clear and convincing evidence of what the settlor's intention was, *and* (2) clear and convincing evidence that the terms of the trust were affected by a mistake of fact or law. Based on the conjunctive use of "and," each of these requirements must be met to reform a trust under section 501C.0415. *See State v. Irby*, 967 N.W.2d 389, 395 (Minn. 2021) (acknowledging that "and" is typically used as a conjunctive).

Minnesota statutes do not define "mistake of law." But Black's Law Dictionary defines "mistake of law" as "[a] mistake about the legal effect of a known fact or situation." *Black's Law Dictionary* 1200 (11th ed. 2019). Examples of mistakes of law in cases from other jurisdictions involving comparable provisions to section 501C.0415 are helpful to understand what the term means. *Kottschade*, 896 N.W.2d at 546. These cases show that a mistake of law involves a misunderstanding of the legal effect of a particular trust term. *See In re Matthew Larson Tr. Agreement Dated May 1, 1996*, 831 N.W.2d 388, 398 (N.D. 2013) (reforming a trust under North Dakota law when clear and convincing evidence was presented that the settlors misunderstood the phrase "brothers and sisters," believing it to mean only full-blooded siblings when state law specified that those terms included half-blooded siblings); *Ryan v. Ryan*, 849 N.E.2d 183, 184 (Mass. 2006) (affirming trust reformation under Massachusetts law when the term "heirs" did not conform to the settlors' intent because "heirs" included a surviving spouse under state law and the settlors did not intend to include any surviving spouse).

Equating an ambiguous trust provision to a mistake of law is not supported by pertinent precedent or statute. Importantly, the comment to the Uniform Trust Code, section 415, makes a distinction between a mistake of law and ambiguity, stating that "[r]eformation is different from resolving an ambiguity."[6] Unif. Tr. Code § 415 cmt.

[6] Uniform Trust Code section 415 is codified as Minnesota Statutes section 501C.0415. Although not binding, the official comments to the Uniform Trust Code may be persuasive. *See Savig v. First Nat'l Bank of Omaha*, 781 N.W.2d 335, 343 (Minn. 2010) (looking to the comments to the Uniform Probate Code to aid in interpreting the identical Minnesota statutory section).

(Unif. L. Comm'n 2000). Ambiguity involves interpreting language within the trust; reformation involves adding or deleting language "that may appear clear on its face" to better align with the grantor's intent. *Id.*

Notably, in the amended findings, the district court stated that it was unable to interpret Grantor's intent regarding the penalty provision because the provision was "far too ambiguous" and subjective. The district court struck the provision not because clear and convincing evidence existed that Grantor would have intended that result if the provision was unenforceable, but rather because the district court was "*unable to determine*" what Grantor intended. The court of appeals concluded that a mistake of law, the second condition for reformation, was present because the trust provision was not legally enforceable when Grantor thought it was. Unlike the cases cited above, the court of appeals did not point to a specific law about which Grantor was mistaken or determine that Grantor was confused about the effect of a particular term used in the trust.

Accordingly, we conclude that section 501C.0415 was not the correct provision to use in construing the second trust amendment. When a court finds that a provision is unenforceable because of ambiguous language, that ambiguity does not provide clear and convincing evidence that a grantor would intend that provision to be struck. As Dean correctly argues, such a reading would render the clear-and-convincing-evidence requirement of section 501C.0415 meaningless, an outcome we attempt to avoid. *See City of Circle Pines v. County of Anoka*, 977 N.W.2d 816, 823 (Minn. 2022) (explaining that we interpret a statute "in a manner that renders no part of it meaningless" (citation omitted) (internal quotation marks omitted)). Section 501C.0415 is instead reserved for scenarios

when clear and convincing evidence is presented that the trust instrument contains a mistake of law or fact, even if the language is unambiguous, and clear and convincing evidence is presented of what the grantor *actually intended* the trust to read. *See* Minn. Stat. § 501C.0415. Because the language of the penalty provision was so ambiguous that the district court was *unable to decipher* what Grantor intended, section 501C.0415 is inapplicable. It was incorrect for the court of appeals to hold that the trust was reformed under section 501C.0415.

B.

Our analysis does not end here, however, because the district court's order is unclear as to whether the court actually relied upon section 501C.0415 to reform the second trust amendment. The district court cited to this provision only once, and it did so for the proposition that it *could* look to extrinsic evidence to meet the clear and convincing standard necessary for trust reformation under section 501C.0415. The district court found it unnecessary, however, to look to extrinsic evidence because, after striking the penalty provision, it found that the meaning of the remainder of the second trust amendment is "plain and clear and needs no imagination to understand the intent of the grantor." Although the district court said it was "reforming" the trust, it appears to us that it did so under its common law equitable powers, rather than a specific statutory provision. The district court explicitly stated as much in its order granting amended findings: "Minnesota *case law* requires the Court, in this instance, to reform the Second Amendment to the Trust." (Emphasis added.)

Minnesota common law supports the equitable remedy of striking a provision that is unenforceable but upholding otherwise clear language in an instrument, as the district court did here. In *Sabledowsky v. Arbuckle*, 52 N.W. 920, 920–21 (Minn. 1892), for example, we struck an ambiguous trust provision that would benefit people who took "good, kind, and considerate care" of the grantor's son, but still upheld the rest of the instrument. And we have held in the context of interpreting a will that an unenforceable provision will only result in the voiding of the entire instrument if the valid and invalid provisions are so intertwined that the intent of the grantor would be defeated if the unenforceable trust provisions are excised. *In re Hartz's Est.*, 54 N.W.2d 784, 790 (Minn. 1952).[7] Indeed, "[t]he primary function of the court in exercising jurisdiction over trusts is to preserve them and to secure their administration according to their terms." *In re Campbell's Trusts*, 258 N.W.2d 856, 868 (Minn. 1977); *see also* Restatement (Third) of Prop.: Wills and Donative Transfers § 11.2(f) (Am. L. Inst. 2003) ("In rare cases of ambiguity, the evidence does not fully establish the donor's intention. In the absence of an applicable constructional preference or rule of construction . . . the document, in such cases, may be construed to carry out the donor's intention to the extent possible.").

These common law principles of equity have continued vitality. "The common law of trusts and principles of equity *supplement*" the Minnesota Trust Code, "except to the extent modified by [the Minnesota Trust Code] or another law of this state." Minn. Stat.

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[7] Although *In re Hartz's Estate* involved the interpretation of a will, the case is still relevant here because the rules of construction of wills also apply to the construction of trusts. Minn. Stat. § 501C.0112.

§ 501C.0106 (2022) (emphasis added). We will not presume "that the legislature intended to abrogate or modify a rule of the common law on the subject any further than that which is expressly declared or clearly indicated." *Getz v. Peace*, 934 N.W.2d 347, 354 (Minn. 2019) (citation omitted) (internal quotation marks omitted). No such abrogation occurred here.

As noted, section 501C.0415 applies only to specific scenarios when clear and convincing evidence of the grantor's intent and a mistake of law or fact is present. That section's enactment did not alter the common law authority allowing courts, through their equitable powers, to strike ambiguous, unenforceable provisions when those provisions are not so intertwined with the remaining trust language that the trust could not be adequately interpreted and enforced without the ambiguous language.

Here, the district court struck the unenforceable penalty provision, and no extrinsic evidence was needed to interpret the remaining, unambiguous trust language. The penalty provision was not so intertwined with the rest of the trust or amendment provisions that it could not be severed. Indeed, the district court specifically found that the distribution language could be enforced, pursuant to Grantor's intent, without the penalty provision: "Nothing is ambiguous regarding the reduction in the distribution percentages to all of grantor's children except Robert . . . [who was] the only child who had remained in constant contact with the grantor into his old age." We hold that reformation under section 501C.0415 was unwarranted here, but that, consistent with Minnesota Statutes section 501C.0106, the district court acted within its equitable powers under our common law in construing and interpreting the trust.

CONCLUSION

For the foregoing reasons, we affirm the decision of the court of appeals, but we do so on different grounds.