

*This opinion is nonprecedential except as provided by
Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A21-1634**

Katie Howard, et al.,
Respondents,

vs.

Sun Trust Financial LLC, et al.,
Appellants.

**Filed October 10, 2022
Affirmed in part, reversed in part, and remanded
Klaphake, Judge^{*}**

Rice County District Court
File No. 66-CV-20-1348

Carl E. Christensen, Christopher J. Wilcox, Christensen Law Office PLLC, Minneapolis,
Minnesota (for respondents)

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appellants)

Considered and decided by Ross, Presiding Judge; Connolly, Judge; and Klaphake,
Judge.

^{*} Retired judge of the Minnesota Court of Appeals, serving by appointment pursuant to
Minn. Const. art. VI, § 10.

NONPRECEDENTIAL OPINION

KLAPHAKE, Judge

Appellants and cross-respondents Sun Trust Financial LLC, Gulf Holdings LLC, Stephen Sands, and Nathan Sands challenge the district court's grant of summary judgment in favor of respondents Katie and Dana Howard on the Howards' quiet-title claim. In a related appeal, the Howards challenge the district court's grant of summary judgment dismissing their slander-of-title claim and assert that the district court erred by not awarding them costs and disbursements. We affirm the district court's grant of summary judgment as to the quiet-title claim, but reverse and remand the remaining issues to the district court.

DECISION

Summary judgment is appropriate if “there is no genuine issue as to any material fact and the movant is entitled to judgment as a matter of law.” Minn. R. Civ. P. 56.01. “A genuine issue of material fact exists if a rational trier of fact, considering the record as a whole, could find for the nonmoving party.” *Leeco, Inc. v. Cornerstone Bank*, 898 N.W.2d 653, 657 (Minn. App. 2017), *rev. denied* (Minn. Sept. 27, 2017). A material fact is one that will affect the outcome of a case. *O'Malley v. Ulland Bros.*, 549 N.W.2d 889, 892 (Minn. 1996). We review a grant of summary judgment *de novo*, viewing “the evidence in the light most favorable to the nonmoving party and resolv[ing] all doubts and factual inferences against the moving part[y].” *Maethner v. Someplace Safe, Inc.*, 929 N.W.2d 868, 874 (Minn. 2019) (quotation omitted).

I.

In May 2018, Katie and Dana Howard (the Howards) viewed a property for sale owned by Sun Trust Financial LLC (Sun Trust). The listing did not indicate that the property was burdened by any easements. However, Midwest Wireless Communications LLC possessed a telecommunications easement on the property which was set to expire in July 2026. After viewing the property again in June 2018, the Howards drafted a purchase agreement wherein they agreed to purchase the property for \$390,000. The Howards signed this agreement on July 10, 2018.

After the Howards signed the agreement, Sun Trust edited the purchase agreement and added handwritten representations under the section labeled “Other.” These representations included the following two sentences: “Subject to telecommunication easement lease rights of record through 2026. Subject to telecommunications easement lease rights thereafter to Gulf Holdings LLC and its assigns.” The Howards initialed their approval of the handwritten language on July 12. A representative of Sun Trust signed the agreement on July 14.

On July 23, 2018, Sun Trust conveyed a telecommunications easement burdening the property to Gulf Holdings LLC (Gulf Holdings). The conveyance granted Gulf Holdings nearly 100 years of exclusive easement rights following the expiration of Midwest’s easement in 2026. The conveyance was signed by appellant Stephen Sands, owner of Sun Trust, and appellant Nathan Sands, Stephen Sands’s nephew and the manager of Gulf Holdings. Nathan Sands also assisted Stephen Sands with the management of the

property purchased by the Howards and partook in some of the negotiations leading up to its sale.¹ Gulf Holdings recorded its easement on July 25.

On August 1, 2018, the Howards received the title commitment for the property, but failed to uncover the recorded Gulf Holdings easement. The Howards accepted a warranty deed for the property from Sun Trust on August 15 and recorded the deed on August 23. In December 2018, the Howards discovered the recorded Gulf Holdings easement burdening their property.

In June 2020, the Howards served and filed a complaint asserting six claims against the appellants, including a claim to quiet title as to the Gulf Holdings easement and a claim alleging slander of title against their property based on the recording of that easement. Following discovery, appellants and the Howards each moved for summary judgment on all claims. The district court granted the Howards summary judgment on their quiet-title claim based on the doctrine of equitable conversion, but it granted summary judgment to the appellants on the remainder of the claims, providing no analysis and dismissing them in a summary fashion.

On appeal, appellants argue that the language added to the purchase agreement representing that the sale was “[s]ubject to telecommunications easement lease rights thereafter to Gulf Holdings, LLC and its assigns” abrogated the doctrine of equitable

¹ We are concerned about the nature of the transaction between Sun Trust and Gulf Holdings and the apparent failure to expressly communicate Nathan Sands’s involvement in each transaction to the Howards. In light of our decision, however, we need not determine whether appellants acted in good faith when negotiating and executing the sale of the property with the Howards.

conversion and allowed them to burden the property with a newly created easement after Sun Trust and the Howards executed the purchase agreement. We disagree.

“Under the doctrine of equitable conversion, once parties have executed a binding contract for the sale of real estate . . . equitable title vests in the vendee and the vendor holds only legal title as security for payment of the balance of the purchase price.” *Tollefson Dev., Inc. v. McCarthy*, 668 N.W.2d 701, 704 (Minn. App. 2003). Under this rule, once a seller of land executes a purchase agreement with a buyer, the seller must “preserve the condition of title as it existed at the time of exercise. Accordingly . . . [sellers are] precluded from taking any adverse action that would materially affect the condition of title after [acceptance of an offer to purchase property].” *Albrecht v. Rite Tyme Co., Inc.*, No. A08-1694, 2009 WL 2366146, at * 5 (Minn. App. Aug. 4, 2009), *rev. denied* (Minn. Oct. 20, 2009).² Thus, after Sun Trust and the Howards executed the purchase agreement, Sun Trust lost its ability to transfer any interest in the land, including burdening the property with an easement favoring a third party; their interest was limited to the collection of the proceeds of the sale. *See Stiernagle v. County of Waseca*, 511 N.W.2d 4, 5 (Minn. 1994) (reasoning that a contract-for-deed vendor is not an owner of property because they hold only a bare legal title as a security interest).

The doctrine of equitable conversion can, however, be abrogated by agreement between the buyer and seller. *See U.S. Fire Ins. Co. v. Minn. St. Zoological Bd.*, 307 N.W.2d 490, 497 (Minn. 1981) (“[E]quitable relief cannot be granted where the rights of

² While nonprecedential opinions are not binding legal authority, we find *Albrecht* persuasive in the context of this case. *See Minn. R. Civ. App. P. 136.01*, subd. 1(c).

the parties are governed by a valid contract.”) (citing *Cady v. Bush*, 166 N.W.2d 358 (Minn. 1969)); see also 17 *Williston on Contracts*, § 50:43 (4th Ed. 2015) (“[Equitable conversion is] subject not only to any agreement broadly abrogating the doctrine in the particular transaction, but any express provision of the agreement that might have a specific effect with respect to one or more isolated aspects of the doctrine.”). Thus, we must look to the language of the contract to determine if the parties’ agreement expressed a clear intent to abrogate the doctrine of equitable conversion and allow Sun Trust to convey a nearly 100-year easement to Gulf Holdings.

“[T]he primary goal of contract interpretation is to determine and enforce the intent of the parties.” *Motorsports Racing Plus, Inc. v. Arctic Cat Sales, Inc.*, 666 N.W.2d 320, 323 (Minn. 2003). Intent should be derived from the plain language expressed in the terms of the contract and not from the subjective intent of the parties. *Caldas v. Affordable Granite & Stone, Inc.*, 820 N.W.2d 826, 835 (Minn. 2012). Only if an ambiguity is discovered should extrinsic evidence be consulted to determine the parties’ intent. *301 Clifton Place L.L.C. v. 301 Clifton Place Condo. Ass’n*, 783 N.W.2d 551, 564 (Minn. App. 2010). “Whether language in a contract is plain or ambiguous is a question of law that [appellate courts] review de novo.” *Storms, Inc. v. Mathy Constr. Co.*, 883 N.W.2d 772, 776 (Minn. 2016).

Appellants argue that the plain language of the handwritten representations added to the purchase agreement are sufficient to show that the parties intended to abrogate the doctrine of equitable conversion and allow Sun Trust to convey an easement to Gulf

Holdings after the purchase agreement had been executed. However, we determine the handwritten language to be too vague and indefinite to have any meaning at all.

A contractual term that is so vague, indefinite, and uncertain as to its meaning and the intent of the parties such that its interpretation would necessitate speculation is void and unenforceable. *Lake Minnetonka Homes, Inc. v. Sidwell*, 412 N.W.2d 360, 362 (Minn. App. 1987); *see also King v. Dalton Motors, Inc.*, 109 N.W.2d 51, 52 (Minn. 1961). The representation added to the purchase agreement that the sale was “[s]ubject to telecommunications easement lease rights thereafter to Gulf Holdings LLC and its assigns” lacks any of the terms necessary to validly show an intent of the parties to abrogate the doctrine of equitable conversion in the manner undertaken by the appellants. The language of the agreement shows no intent by the parties to allow Sun Trust to convey a *new nearly 100-year* easement to Gulf Holdings without involving the Howards. The representation purporting to abrogate the doctrine fails to include any details describing how long the easement would be burdening the property, nor does it provide any clarity on the scope of the easement or how the property would be burdened. Nor could it; the easement did not exist when the purchase agreement was drafted. These are material details that one would include in any representation that purported to abrogate the rights of a buyer following the execution of a purchase agreement. And no amount of extrinsic evidence can rectify the omission of these material details.

Thus, the representation added to the purchase agreement subjecting the purchase of the property to “easement lease rights” benefiting Gulf Holdings is too vague, indefinite, and uncertain to interpret and is thus void and unenforceable. Because no other language

in the purchase agreement expressly abrogates the doctrine of equitable conversion, we hold that Sun Trust had no legal right to unilaterally burden the property with an easement after the execution of the purchase agreement and we affirm the district court's grant of summary judgment to the Howards on their quiet-title claim. And because we void the language of the purchase agreement that appellants argue authorized Sun Trust to convey the easement to Gulf Holdings, we reverse the dismissal of the Howards' slander-of-title claim and remand to the district court to consider and analyze this claim in a manner consistent with this opinion.³

II.

In their cross-appeal, the Howards argue the district court abused its discretion by not awarding them costs and disbursements as the prevailing party.

The prevailing party in a civil case is entitled to statutory costs under Minn. Stat. § 549.02, subd.1 (2020) and reasonable disbursements paid or incurred under Minn. Stat. § 549.04, subd.1 (2020). This court reviews the district court's ruling on costs and disbursements for an abuse of discretion. *Staffing Specifix, Inc. v. TempWorks Mgmt. Servs., Inc.*, 896 N.W.2d 115, 127 (Minn. App. 2017), *aff'd on other grounds*, 913 N.W.2d 687 (Minn. 2018). The district court has discretion to determine which party qualifies as a prevailing party when considering a request for costs and disbursements.

³ The district court included no analysis or reasoning as to why it dismissed the Howards' slander-of-title claim. While a district court is not required to explain its reasoning as to why it granted or denied summary judgment on a particular claim, we believe it to be the better practice to do so. See *Morgan Assocs., Inc. v. Midwest Mut. Ins. Co.*, 519 N.W.2d 499, 501 (Minn. App. 1994), *rev. denied* (Minn. Oct. 14, 1994).

Benigni v. County. of St. Louis, 585 N.W.2d 51, 54-55 (Minn. 1998) (citing *In re Will of Gershcov*, 261 N.W.2d 335, 340 (Minn. 1977)).

Here, the district court made no findings as to which party was the prevailing one, denying both parties' motions for costs and disbursements. Because we are remanding the Howards' slander-of-title claim to be analyzed on the merits, the district court should also revisit the question of costs and disbursements and determine which party, if any, is the prevailing one following resolution of the slander-of-title claim.

Affirmed in part, reversed in part, and remanded.