STATE OF MINNESOTA
IN COURT OF APPEALS
A24-1015

Steve Enestvedt,
Appellant,

vs.

Dean Enestvedt, et al.,
Respondents.

Filed May 19, 2025
Affirmed in part, reversed in part, and remanded
Bond, Judge

Renville County District Court
File No. 65-CV-23-96

Erik F. Hansen, Elizabeth M. Cadem, Burns & Hansen, P.A., Minneapolis, Minnesota; and

J. Richard Stermer, Krystal Lynne, Stermer & Sellner, Chtd., Montevideo, Minnesota (for appellant)

Jon C. Saunders, Sarah L. Klaassen, Anderson Larson Saunders Klaassen Dahlager & Leitch, P.L.L.P., Willmar, Minnesota (for respondents)

Considered and decided by Reyes, Presiding Judge; Bond, Judge; and Florey, Judge.*

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

NONPRECEDENTIAL OPINION

BOND, Judge

This appeal arises out of a dispute over appellant's sale of a parcel of farmland in Renville County to respondents, his brother and sister-in-law. Appellant argues that the district court erred by denying his motion for summary judgment on his breach-of-contract and fraud claims and granting respondents' motion for summary judgment. We conclude that the district court erred in interpreting the parties' purchase agreement and appellant is entitled to summary judgment as a matter of law on his breach-of-contract claim. We further conclude that, because genuine issues of material fact exist precluding summary judgment for either party on appellant's fraud claim, the district court properly denied appellant's summary-judgment motion but erred in granting summary judgment to respondents on that claim. Therefore, we affirm in part, reverse in part, and remand for further proceedings.

FACTS

The following undisputed facts are taken from the summary-judgment record. Appellant Steve Enestvedt inherited a parcel of farmland in Renville County from his uncle.[1] The uncle's bequest included a condition that, before Steve could sell the property to a third party, he had to provide each of his three siblings the opportunity to purchase the property on the same terms as the offer to the third party. Respondent Dean Enestvedt is one of Steve's siblings.

[1] Because the parties share a last name, we refer to the parties by their first names.

In 2021, Steve reached a tentative agreement to sell the property to a nonrelative third party. One of the terms in the tentative agreement provided that the buyer would lease the property to Steve's daughter and son-in-law, Carrie and Juan Leal. Pursuant to the condition in his uncle's will, Steve offered to sell the property to each of his three siblings. Dean and his wife, respondent Deborah Enestvedt, accepted.

As relevant here, the purchase agreement between Steve, Dean, and Deborah provides that Steve would sell the property to Dean and Deborah for an agreed-on price, subject to the following terms:

> 1. $10,000.00 in hand . . . and $786,430.00 on or before the Closing Date. The Closing Date shall be three weeks after the updated abstracts have been received by Buyer.
>
> 2. Buyer agrees to lease the Property to Juan Leal and Carrie Leal, spouses married to each other ("Leal"), pursuant to all terms the attached "Lease" to this Agreement recognizing the lease terms. Said Lease shall be delivered to Buyer on the Closing Date.
>
> 3. Leal, at his option, may purchase the Property from Buyer, or any subsequent purchasers to Buyer's interest in the Property, free and clear from any reservations imposed by Buyer, within five (5) years of the date of closing at a price increased by 1.5% from the previous year and beginning at 101.5% of the purchase price stated herein. . . .
>
> . . . .
>
> Buyer agrees to execute the attached "Option Agreement" and deliver it to Seller by the Closing Date.
>
> 4. After five (5) years from the date of closing, Buyer, at his option, may continue to offer to sell the Property to Leal at a purchase price increased by 1.5% from the previous year.

In addition to the lease and option provisions, the purchase agreement contained a merger clause, and other terms addressing warranties, marketable title, closing costs, and taxes. The first page of the five-page purchase agreement contained a typed date of June 10, 2021. Steve, Dean, and Deborah signed the purchase agreement on page five.

Attached to the purchase agreement, at page six, was the lease referenced in the purchase agreement. The lease stated:

> This Lease is made between Dean Enestvedt and Deborah Enestvedt, spouses married to each other, ("Landlord"), and Juan Leal and Carrie Leal, spouses married to each other, pursuant to the Purchase Agreement dated May 17, 2021 between Dean Enestvedt and Deborah Enestvedt, as Buyer, and Steve Enestvedt, as Seller. . . .

The lease provided the financial terms according to which Dean and Deborah would lease the property to the Leals for crop years 2021, 2022, and 2023.

Also attached to the purchase agreement, at page seven, was the option agreement referenced in the purchase agreement. The option agreement set out a pricing schedule and provided:

> This Option Agreement is made between Dean Enestvedt and Deborah Enestvedt, spouses married to each other, and Juan Leal and Carrie Leal, spouses married to each other, pursuant to the Purchase Agreement dated May 17, 2021 between Dean Enestvedt and Deborah Enestvedt, as Buyer, and Steve Enestvedt, as Seller.
>
> Dean Enestvedt and Deborah Enestvedt agree that Juan Leal and Carrie Leal shall have the option to purchase the Property described in said Purchase Agreement, free and clear from any reservations imposed by Dean Enestvedt and Deborah Enestvedt, within five (5) years of the date of closing from Dean Enestvedt and Deborah Enestvedt or any

> subsequent purchasers to Dean Enestvedt's and Deborah Enestvedt's interest . . . .

Dean and Deborah signed the lease and option agreement on June 25. That same day, Dean and Deborah's lawyer emailed Steve's lawyer the executed purchase agreement, lease, and option agreement in a single attachment.

The Leals signed the lease and the option agreement on July 12. As required by the terms of the purchase agreement, Dean and Deborah delivered the executed option agreement to Steve before the closing date of August 18. Unbeknownst to Steve, however, Dean and Deborah also approached the Leals and asked them to sign a waiver of their right to purchase the property under the option agreement. The Leals, who had already decided not to purchase the property because doing so was not financially viable, agreed. At some point after Dean and Deborah signed the option agreement on June 25 but before the closing date, Dean, Deborah, and the Leals signed a waiver and release of option agreement (waiver agreement), which permanently relinquished the Leals' right under the option agreement to purchase the property. On August 18, Steve, Dean, and Deborah closed on the sale of the property.

About a year later, Steve approached the Leals to discuss exercising their option to purchase the property. The Leals told Steve they had signed the waiver agreement, relinquishing their option to purchase the property. Steve was upset and angry when he learned about the waiver agreement. Steven then brought this action against Dean and Deborah, asserting claims of breach of contract and fraud and seeking rescission of the purchase agreement.

The parties filed cross-motions for summary judgment. In his motion, Steve asserted that Dean and Deborah breached the purchase agreement by obtaining the waiver agreement from the Leals before closing because doing so effectively cancelled the purchase agreement's option provision and the option agreement. Had the option provision not been included in the purchase agreement, Steve would have required a higher purchase price for the property. Steve also argued that by signing the purchase agreement and option agreement after having spoken with the Leals about waiving their rights under the option agreement, and then obtaining the waiver before closing without his knowledge or consent, Dean and Deborah committed fraud. For their part, Dean and Deborah argued that they fully complied with the purchase agreement because they executed the option agreement and delivered it to Steve by the closing date, as required by the purchase agreement. They also argued that Steve had not provided sufficient evidence to support his fraud claim.

The district court denied Steve's motion and granted Dean and Deborah's, entering judgment for Dean and Deborah. The district court determined that Dean and Deborah had not breached the option provision in the purchase agreement because they fulfilled their promise to execute and deliver the option agreement by the closing date. The district court did not consider the option agreement's language for purposes of Steve's breach-of-contract claim because, in its view, the option agreement "was an agreement between [Dean and Deborah] and the Leals and not an agreement between [Dean and Deborah] and [Steve]." The district court also determined that, even if Dean and Deborah breached the purchase agreement by obtaining the Leals' waiver of their option before the closing date, any breach was not material because it did "not breach the primary purpose of the Purchase

Agreement." Finally, the district court concluded that Dean and Deborah's actions in securing the waiver were not fraudulent because the existence of the waiver was not a fact material to the transaction, and even if it were, Dean and Deborah were under no obligation to disclose it to Steve.

This appeal follows.

DECISION

Summary judgment is proper if the moving party shows that "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. We review a district court's summary judgment decisions de novo. *Visser v. State Farm Mut. Auto. Ins. Co.*, 938 N.W.2d 830, 832 (Minn. 2020). In a summary-judgment appeal, "we examine whether there are any genuine issues of material fact and whether the district court erred in its application of the law." *Kenneh v. Homeward Bound, Inc.*, 944 N.W.2d 222, 228 (Minn. 2020). "Fact issues exist when reasonable persons might draw different conclusions from the evidence presented." *Hanson v. Dep't of Nat. Res.*, 972 N.W.2d 362, 372 (Minn. 2022) (quotation omitted). We view the evidence in a light most favorable to the nonmoving party without weighing the facts. *DLH, Inc. v. Russ*, 566 N.W.2d 60, 70 (Minn. 1997).

Steve challenges both the district court's grant of summary judgment to Dean and Deborah and its denial of his own motion for summary judgment with respect to his breach-of-contract and fraud claims. We address each argument in turn.

I. The district court erred by denying Steve's motion for summary judgment and granting summary judgment in Dean and Deborah's favor on the breach-of-contract claim.

Steve contends that Dean and Deborah breached the purchase agreement because the agreement as a whole required that the terms of the option provision and option agreement be performed in full. He argues that he is entitled to summary judgment or, at the very least, there are genuine issues of material fact preventing summary judgment to Dean and Deborah on his breach-of-contract claim.

A breach-of-contract claim requires three elements: "(1) formation of a contract, (2) performance by plaintiff of any conditions precedent to his right to demand performance by the defendant, and (3) breach of the contract by defendant." *Park Nicollet Clinic v. Hamann*, 808 N.W.2d 828, 833 (Minn. 2011). A breach of contract occurs when there "is a failure, without legal excuse, to perform any promise that forms the whole or part of the contract." *Lyon Fin. Servs., Inc. v. Ill. Paper & Copier Co.*, 848 N.W.2d 539, 543 (Minn. 2014).

When a determination of breach requires interpretation of a contract, appellate courts interpret the contract's language de novo. *Dykes v. Sukup Mfg. Co.*, 781 N.W.2d 578, 581-82 (Minn. 2010). When the language of a contract is clear and unambiguous, we construe it according to its plain meaning, and do not "rewrite, modify, or limit its effect by a strained construction." *Travertine Corp. v. Lexington-Silverwood*, 683 N.W.2d 267, 271 (Minn. 2004); *see also Dykes*, 781 N.W.2d at 582. A contract is interpreted "as a whole," and reviewing courts "attempt to harmonize all [of its] clauses" and "attempt to

avoid an interpretation of the contract that would render a provision meaningless." *Chergosky v. Crosstown Bell, Inc.*, 463 N.W.2d 522, 525-26 (Minn. 1990).

The parties agree that the purchase agreement and option agreement are unambiguous, but they disagree whether the option agreement is part of the contract between Steve and Dean and Deborah. We therefore begin our analysis by determining whether the purchase agreement and option agreement are part of the same contract and must be construed together.

A contract and several writings relating to the same transaction must be construed with reference to each other. *Anderson v. Kammeier*, 262 N.W.2d 366, 370-71 n.2 (Minn. 1977); *see also Am. Nat'l Bank v. Hous. & Redevelopment Auth.*, 773 N.W.2d 333, 337 (Minn. App. 2009) (construing 13 documents in a bond transcript that were all executed in connection with the same closing to constitute the agreement); *In re Holtorf's Est.*, 28 N.W.2d 155, 157 (Minn. 1947) (recognizing that "[i]nstruments executed at the same time, for the same purpose, and in the course of the same transaction are, in the eye of the law, one instrument, and will be read and construed together, unless the parties stipulate otherwise." (quotation omitted)); *Wm. Lindeke Land Co. v. Kalman*, 252 N.W. 650, 653 (Minn. 1934) ("[I]f two or more agreements are executed at different times as parts of the same transaction they will be taken and construed together." (quotation omitted)).

Here, the purchase agreement and the option agreement expressly refer to each other. For example, the purchase agreement refers to the "attached Option Agreement." The option agreement, in turn, provides that it is being made "pursuant to the purchase agreement between [Dean and Deborah and Steve]." The two documents appear to have

been executed at or about the same time and they relate to the same transaction. The purchase agreement and option agreement, as well as the lease, are sequentially numbered. And all three documents were transmitted in a single attachment to an email from Dean and Deborah's attorney to Steve's attorney on June 25, 2021; notably, Dean and Deborah's attorney characterized the attachment containing the three documents as "the final version of the Purchase Agreement as executed by Dean and Deborah Enestvedt." Because the purchase agreement and option agreement refer to each other, relate to the same transaction, and were executed at or about the same time, we conclude that they are part of the same contract and must be construed together.

Having determined that the agreement between the parties includes both the purchase agreement and the option agreement, we now turn to the question of whether the district court properly determined that there was no breach as a matter of law. The crux of the parties' dispute is whether Dean and Deborah breached their contract with Steve by obtaining the waiver agreement from the Leals that relinquished the Leals' option to buy the property. In our de novo review, we conclude that there is no genuine issue of material fact that Dean and Deborah breached the contract.

The purchase agreement provides that "Leal, at his option, may purchase the Property" from Dean and Deborah "within five (5) years of the date of closing." It further provides that Dean and Deborah agree "to execute the attached 'Option Agreement' and deliver it to Seller by the Closing Date." In the attached option agreement, Dean and Deborah "agree[d] that [the Leals] shall have the option to purchase the property described in [the] Purchase Agreement . . . within five years of the date of closing." The language in

these provisions clearly and unambiguously contains a promise on the part of Dean and Deborah that the Leals "shall have the option to purchase the property described in [the] Purchase Agreement . . . within five years of the date of closing." It is undisputed that Dean and Deborah obtained a waiver of the option agreement from the Leals before closing, without Steve's knowledge. In doing so, they breached their promise that the Leals would have a five-year option to purchase the property. *Lyon Fin. Servs., Inc.*, 848 N.W.2d at 543 (stating that a breach of contract occurs when there "is a failure, without legal excuse, to perform any promise that forms the whole or part of the contract"). Therefore, there is no genuine issue of material fact that Dean and Deborah breached the contract.

We next consider the issue of materiality. Only a material breach would allow Steve to rescind the agreement. *See Liebsch v. Abbott*, 122 N.W.2d 578, 581 (Minn. 1963). A material breach is one that goes to the "root" or "essence" of the parties' agreement, affecting "the purpose of the contract in an important or vital way." *Kuhn v. Dunn*, 8 N.W.3d 633, 640 (Minn. 2024) (quotation omitted). Whether a breach is material is generally a question of fact. *Sitek v. Striker*, 764 N.W.2d 585, 593 (Minn. App. 2009), *rev. denied* (Minn. July 22, 2009).

We see no genuine issue of fact that the option provided to the Leals in the purchase agreement is material to the agreement, and consequently, that Dean and Deborah's action in obtaining a waiver of that option was a material breach. We are guided by the supreme court's recent decision in *Kuhn*. In *Kuhn*, the supreme court concluded that an intestate transfer of an interest in a family farm breached a consent-to-transfer provision in a contract for deed. 8 N.W.3d at 641. The supreme court held that the breach was material because

the consent-to-transfer provision "was key to ensuring that the Dunns retained meaningful control over the integrity of the family farm until the lengthy contract for deed was fully paid." *Id.* In this case, provisions relating to the Leals' option to purchase the property were prominently included in the purchase agreement. And the Leals' option to purchase the property was the singular purpose of the attached option agreement. Steve testified that he wanted the property to remain in the family and that he would not have sold the property at the discounted price had the option agreement not been included. He also put forth evidence that he sold a similar parcel of farmland at market value when that sale did not include an option. Dean and Deborah acknowledged and did not refute this evidence, and Dean conceded in his deposition that he knew he was getting the property at a discount because of the option. On this record, there is no genuine issue of material fact that the option agreement was part of the "essence" of the parties' agreement and affected "the purpose of the contract in an important or vital way." *Id.* at 640. Accordingly, Dean and Deborah's breach was material.

In sum, there are no genuine issues of material fact that Dean and Deborah materially breached their contract with Steve when they obtained the waiver agreement from the Leals. The district court erred by denying Steve's motion for summary judgment, and by granting Dean and Deborah's, on Steve's breach-of-contract claim. We therefore reverse and remand for entry of summary judgment for Steve on his breach-of-contract claim.

II. Genuine issues of material fact exist precluding summary judgment to either party on the fraud claim.

On appeal, Steve argues that the district court erred because there is no genuine issue of material fact that Dean and Deborah committed fraud by obtaining the waiver agreement. Alternatively, Steve asserts that summary judgment to Dean and Deborah was inappropriate because there is "at least one issue of disputed material fact" as to whether there was fraud.

The elements of fraud are: (1) a false representation of a past or existing material fact susceptible of knowledge, (2) made with knowledge of the representation's falsity or without knowing whether it was true or false, (3) with the intention to induce the other party to act in reliance on the representation, (4) that the representation caused the party to act in reliance on it, and (5) that the party suffered pecuniary damages as a result. *Valspar Refinish, Inc. v. Gaylord's, Inc.*, 764 N.W.2d 359, 368 (Minn. 2009). Because the false representation must be "of a past or existing material fact," it cannot consist of "predictions of future results." *Id.* at 368-69. But when a false representation relates to present intent, it "can amount to fraud when the representer had no intention of following through on his representation at the time the representation was made." *Johnson Bldg. Co. v. River Bluff Dev. Co.*, 374 N.W.2d 187, 194 (Minn. App. 1985), *rev. denied* (Minn. Nov. 18, 1985).

"A representation of a fact untruly asserted or wrongfully suppressed is material if it influenced a party's judgment or decision." *Sit v. T & M Props.*, 408 N.W.2d 182, 186 (Minn. App. 1987). Generally, one party to an agreement is under no duty to disclose material facts to the other party. *Graphic Commc'ns Local 1B Health & Welfare Fund*

"A" v. CVS Caremark Corp., 850 N.W.2d 682, 695 (Minn. 2014). However, "special circumstances may trigger a duty to disclose material facts." *Id.* Relevant here, fraud may be established if "a party *conceals* a fact material to the transaction, and peculiarly within his own knowledge, knowing that the other party acts on the presumption that no such fact exists." *U.S. Bank N.A. v. Cold Spring Granite Co.*, 802 N.W.2d 363, 373 (Minn. 2011) (quotation omitted).

The district court granted summary judgment to Dean and Deborah because it determined that, as a matter of law, Dean and Deborah were under no duty to disclose material facts to Steve. We disagree. As discussed above, it is undisputed that Steve would not have agreed to sell the property at its discounted price without the option provision and, consequently, the option provision is material to the agreement. Because the option provision is material, any waiver of that option is also material to the transaction. Dean and Deborah were therefore obligated to disclose the existence of the waiver if "special circumstances" triggered such an obligation. *Graphic Commc'ns*, 850 N.W.2d at 695.

The district court reasoned that, because it was Steve's daughter and son-in-law who signed the waiver agreement, Steve had access to the fact that the waiver had been signed. But the record contains no indication that Steve would have known to conduct his own investigation into the existence of the waiver. Both Steve and Carrie Leal testified in their depositions about the strained nature of their relationship. And Dean and Deborah confirmed they did not involve Steve in their negotiations with the Leals about the waiver agreement.

It is undisputed that the Leals did not formally sign the waiver agreement until after Dean and Deborah signed the purchase agreement and after the Leals, Dean, and Deborah had all signed the option agreement. Beyond that, however, there appears to be a factual issue as to whether, before Dean and Deborah signed the purchase agreement, they knew with certainty that the Leals would waive their option.[2] If they did, Dean and Deborah may have had a duty to disclose the existence of the waiver to Steve because they were the only parties to the transaction who knew about the waiver, and they knew Steve did not have the same knowledge.

Because there are genuine issues of material fact as to whether Dean and Deborah knew that the Leals intended to waive their option before Dean and Deborah signed the purchase agreement with Steve, and as to whether Dean and Deborah had an obligation to disclose that fact to Steve, neither party was entitled to summary judgment on Steve's fraud claim. Therefore, the district court correctly denied Steve's summary-judgment motion but erred by granting summary judgment in favor of Dean and Deborah. We reverse and remand for further proceedings not inconsistent with this opinion.

Affirmed in part, reversed in part, and remanded.

[2] The record, consisting mainly of depositions of the parties and the Leals, is unclear as to the date Dean and Deborah actually signed the purchase agreement, the date they first approached the Leals about the waiver, and the date they secured the Leals' agreement to waive their option.