

*This opinion is nonprecedential except as provided by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
A24-0438**

M. Elizabeth Benedict,
Respondent,

vs.

John Beckfeld,
Appellant,

US Bank National Association,
Respondent.

**Filed December 16, 2024
Affirmed
Schmidt, Judge**

Hennepin County District Court
File No. 27-CV-22-9032

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Considered and decided by Smith, Tracy M., Presiding Judge; Frisch, Judge; and Schmidt, Judge.

NONPRECEDENTIAL OPINION

SCHMIDT, Judge

In this appeal from a partition action, appellant challenges the district court's order approving the sale of a property jointly owned by appellant and respondent. Appellant argues the district court erred by: (1) allowing more than 50% of the property's purchase price to be financed by a mortgage in violation of Minn. Stat. § 558.17 (2022); (2) not allowing appellant to clear out the property before it was marketed; and (3) appointing a referee who had a conflict of interest because they also acted as the real estate agent to sell the property. We affirm.

FACTS

The subject property consists of a single-family home with several outbuildings on a 2.78-acre lot located in Minnetrista. Since August 2010, appellant John Beckfeld and respondent M. Elizabeth Benedict jointly owned the property. After the parties' relationship ended, Benedict no longer wished to own the property with Beckfeld. Benedict initiated an action requesting that the property be partitioned by sale with an equitable division of the proceeds. At the time Benedict initiated the partition action and throughout the proceeding, a large quantity of Beckfeld's personal items—including a boat, cars, automotive parts, and other debris—were scattered around the property.

Benedict moved the district court to appoint a referee to facilitate an appraisal. Benedict recommended real estate agent Graham Smith because he was "familiar with the property, and would be able to sell the property at its fair market value or above." Beckfeld did not object to the partition action or the court's appointment of Smith as the referee.

The court found that a private sale of the property was in the best interests of the parties and appointed Smith as the referee “to perform a comparative market analysis of the property with at least two disinterested appraisals.” Consistent with the statute, the district court ordered the appraisals to “be filed with the court and a hearing noticed before a sale of the property may be confirmed.” *See* Minn. Stat. § 558.17. The district court also ordered that “[n]o sale may be for less than the value fixed by the appraisal.”

The referee obtained two appraisals from disinterested parties. The first appraiser assumed Beckfeld’s personal items would be removed and valued the property at \$505,000. The second appraiser assumed Beckfeld’s personal items would remain and valued the property “as is” at \$450,000. Beckfeld offered no alternative appraisals.

Listing the property for sale was delayed due to Beckfeld’s personal property cluttering the grounds. The court repeatedly encouraged Beckfeld to remove his belongings so that the property could be quickly released to a buyer when sold and sold for the maximum price. At the time the property was being valued and marketed, Beckfeld asserted that he could not remove his personal property because of an existing order for protection (OFP)¹ and because he did not know where to move his belongings.

The referee listed the property “as is” for \$450,000 and received offers of \$450,000 and of \$375,000. The referee accepted the \$450,000 offer and executed a purchase agreement, which provided that the sale would be completed with 3% cash and 97% mortgage financing. The next month, Benedict moved the court to approve the sale.

¹ The OFP allowed Beckfeld to access the property during certain time periods and, as later amended, with specific conditions.

At a case management conference, Beckfeld stated that he found buyers to purchase the home for him. The court gave him three weeks to match the \$450,000 offer.

A month later, the district court held a hearing to approve the sale. Beckfeld stated that he wanted to use a straw buyer to buy the property. The district court allowed Beckfeld an additional two weeks to present an alternative offer. Beckfeld again cited the OFP as the reason that he had yet to remove his possessions from the property. The district court discussed several options for Beckfeld to remove his personal items and urged Benedict to vacate the property so that Beckfeld could more freely access his belongings.

At the next review hearing, Beckfeld informed the district court that his anticipated straw buyer would not purchase the property due to existing federal tax liens. Beckfeld requested more time to resolve the tax issues, which the court denied. As for removing Beckfeld's possessions, the district court explained that once Benedict vacated the property, the court would modify the OFP to allow Beckfeld unrestricted access to the property and give him a few more weeks to remove his items before closing.

The court held another review hearing. Benedict notified the court that she would be completely moved out by the next day and Beckfeld could then have full access to the property to remove his possessions. Beckfeld waged several objections. First, Beckfeld objected to Smith acting as both the referee and the real estate agent, arguing that the statute precluded Smith from serving as a referee because he was not a disinterested party. The district court disagreed, noting that the court appointed the referee a year ago. Second, Beckfeld objected to the sale, claiming that the property should be remarketed after he removed his possessions. The court disagreed, reasoning that the proceedings had been

delayed several times in attempts to allow Beckfeld to remove his possessions and that the proposed purchase price of the property was reasonable. Finally, Beckfeld objected to the sale, claiming it violated the partition statute because the statute required a “purchase money mortgage” of no more than 50% of the purchase price. *See* Minn. Stat. § 558.17. The district court reserved ruling on this objection and requested further briefing.

After receiving the briefing, the district court issued an order approving the sale. The court rejected Beckfeld’s financing argument, determining that a “‘purchase money contract’ refers to seller financing not to a traditional mortgage.” The court noted that a traditional mortgage brings all of the money to closing and, thus, there is no risk to the parties with the financing. The district court entered judgment.

Beckfeld appeals.

DECISION

Chapter 558 of the Minnesota Statutes governs an action to partition real property. Minn. Stat. §§ 558.01-.32 (2022). Real property may be partitioned in different ways, including partition by private sale. *Neumann v. Anderson*, 916 N.W.2d 41, 47-48 (Minn. App. 2018), *rev. denied* (Minn. July 17, 2008). The district court “may exercise its general equitable powers to effect the most advantageous plan which the nature of the particular case admits.” *Carlson v. Olson*, 256 N.W.2d 249, 255 (Minn. 1977). We review a district court’s “equitable determinations for abuse of discretion.” *City of N. Oaks v. Sarpal*, 797 N.W.2d 18, 23 (Minn. 2011). We will not set aside a district court’s findings of fact unless they are clearly erroneous. *Glenwood Inv. Props., L.L.C. v. Carroll A. Britton Fam. Tr.*, 765 N.W.2d 112, 117 (Minn. App. 2009).

Beckfeld argues the district court abused its discretion by (1) not limiting the mortgage financing to no more than 50% of the purchase price; (2) not allowing him to remove his possessions before marketing and selling the property; and (3) allowing Smith to serve as both the referee and the real estate agent. We address each argument in turn.

I. The district court did not abuse its discretion by approving the sale with mortgage financing of more than 50% of the purchase price.

Minnesota’s partition statute allows a district court to “order sale of real estate for cash, part cash and a purchase money mortgage of not more than 50 percent of the purchase price, or on contract for deed.” Minn. Stat. § 558.17. The purchase agreement here required the buyer to pay 3% of the sale price in cash and 97% in traditional mortgage financing. Beckfeld argues that allowing 97% mortgage financing runs afoul of the statutory requirements because the transaction was not limited to a “purchase money mortgage of not more than 50 percent of the purchase price[.]” We disagree.

The purchase agreement contemplates that the buyer will pay for the property with cash—\$450,000—even if the buyer is securing that cash through traditional mortgage financing. Thus, contrary to Beckfeld’s assertion, the district court’s approval of the sale complied with section 558.17 by ordering “sale of real estate for cash[.]” *See id.* The court correctly determined that there is no risk to the parties receiving their appropriate share if “all the money is brought to closing, which it will be with a traditional mortgage.” The district court did not abuse its discretion in approving the sale with financing mechanisms intended to satisfy the sale in cash.

II. The district court did not abuse its discretion by approving the sale of the property “as is” with Beckfeld’s personal property on site.

Beckfeld argues that the district court erred in approving an “as is” sale when the second appraisal indicated that the property could sell for a higher price if Beckfeld’s possessions were removed before marketing the property. Beckfeld asserts that he should have been allowed additional time to remove his possessions to ensure a sale for “the highest and best price.” We are not persuaded.

The district court gave Beckfeld many opportunities and ample time to remove his possessions from the property before it was appraised, marketed, and sold. For example, the court delayed the marketing and sale of the property to allow Beckfeld an opportunity to remove his personal belongings. The referee, appointed in January 2023, did not list the property until November 2023 to allow Beckfeld time to remove his personal items. The district court also went to great lengths to encourage Beckfeld to remove his possessions to help maximize the sale price. Ultimately, the referee marketed the property “as is” because the referee believed that Beckfeld would never remove his personal items.

The record supports that the district court “effect[ed] the most advantageous plan which the nature of the particular case admits.” *Carlson*, 256 N.W.2d at 255. The court gave Beckfeld numerous opportunities and more than sufficient time to remove his possessions from the property. Beckfeld failed to do so. Given the circumstances of this particular case, we conclude that the district court did not abuse its discretion in approving the sale of the property “as is” for \$450,000.

III. Any error in Smith acting as the referee and the real estate agent was harmless.

Beckfeld argues the district court erred in approving the sale where Smith acted as the referee and as the real estate agent. Beckfeld contends that Smith's dual roles violate a statute that provides that "the referees . . . shall [not] be interested, directly or indirectly, in any purchase of the premises sold[.]" Minn. Stat. § 558.18.²

We conclude that any conceivable error was harmless. *Kallio v. Ford Motor Co.*, 407 N.W.2d 92, 98 (Minn. 1987) ("Although error may exist, unless the error is prejudicial, no grounds exist for reversal."). The purchase price of \$450,000 was consistent with an independent appraisal with Beckfeld's personal possessions on the property. As noted, Beckfeld continually failed to remove his personal possessions from the property before marketing. The \$450,000 offer was also the highest received.

The record does not support Beckfeld's contention that the referee was motivated to expedite the sale. Rather, the record demonstrates that the partition action continued for over a year and a half and the referee agreed to several delays with the closing date, some of which came at Beckfeld's request. The district court appropriately found that "[t]here is no evidence in the record that the appraisals are not fair or accurately reflect market value or that the purchase price is unreasonable." We conclude that Beckfeld was not prejudiced by Smith acting as both the referee and as the real estate agent.

Affirmed.

² We question whether a referee is prohibited from also acting as a real estate agent, given the statute's title is "Persons prohibited from purchasing." Minn. Stat. § 558.18. A referee that acts as a real estate agent is trying to sell the property, not purchase it. But we need not resolve that issue because any possible error was harmless.