STATE OF MINNESOTA
IN COURT OF APPEALS
A07-0515
A07-1252

Jerald Alan Hammann,
Appellant,

vs.

Falls/Pinnacle, LLC,
a Delaware limited liability company, et al.,
Respondents.

Filed April 8, 2008
Affirmed
Peterson, Judge

Hennepin County District Court
File No. 27 CV 06 8335

Jerald Alan Hammann, 3131 Excelsior Boulevard, Suite 701, Minneapolis, MN 55416 (pro se appellant)

Dean B. Thomson, Theodore V. Roberts, Fabyanske, Westra, Hart & Thomson, P.A., 800 LaSalle Avenue, Suite 1900, Minneapolis, MN 55402 (for respondents)

Considered and decided by Peterson, Presiding Judge; Stoneburner, Judge; and Wright, Judge.

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

PETERSON, Judge

In these consolidated appeals, appellant challenges summary judgment in favor of respondents on appellant's claims seeking sales commissions and other damages in

connection with the sales of condominium units and the award of attorney fees, costs, and sanctions to respondents. We affirm.

FACTS

Respondents Falls/Pinnacle LLC et al. planned to convert two apartment buildings into condominiums. On April 17, 2005, Falls/Pinnacle and its sales agent, Kemper Realty, held a meeting with residents of the apartment buildings to discuss the planned conversions. Appellant Jerald Hammann, who rented an apartment in one of the buildings, attended the meeting. On April 20, respondents began distributing to each tenant, including appellant, notices of conversion and purchase-agreement forms as required under Minn. Stat. § 515B.4-111 (2004). Paragraph 14 of the purchase-agreement forms included a blank space where the name of a person serving as a purchaser's broker could be filled in and stated, in part, "In the event the sale closes as provided herein, Seller agrees to pay Purchaser's Broker a cooperating broker's commission in the amount set forth in the Broker Registration form executed by Purchaser's broker pursuant to the terms thereof." The broker-registration form directed brokers to "[b]ring your customer to The Falls/Pinnacle sales center and register them at the time of the first visit" and provided:

> A commission will not be paid if any customer meets any of the following conditions:
> a. Customer is a resident of The Falls/Pinnacle at the time of Conversion or throughout the Resident Program.
> b. Customer has contacted The Falls/Pinnacle sales center and not identified you as their Real Estate Agent.
> c. Customer has signed a reservation or purchase agreement without being previously registered as your customer.

Appellant had some involvement or alleged involvement with sales of certain units and asserted that he was entitled to sales commissions as a result of this involvement, but no commissions were paid to him.

Appellant sued respondents, claiming that he was entitled to commissions for the sales transactions for Falls unit 404 and Pinnacle units 1801, 2001, 2101, 2104, 2201, and 2301. He asserted statutory claims and claims for breach of contract, for tortious interference with contract and with prospective economic relations or business expectation, and for consequential damages and lost profits. The district court granted summary judgment to respondents on all claims and also granted respondents attorney fees, costs, and monetary sanctions. Appellant filed separate appeals from the summary judgment and from the award of fees, costs, and sanctions, and this court consolidated the appeals.

D E C I S I O N

This court will review the district court's grant of summary judgment to determine whether there are genuine issues of material fact and whether the district court erred in applying the law. *State by Cooper v. French*, 460 N.W.2d 2, 4 (Minn. 1990).

I.

Appellant claimed that he is entitled to real estate commissions as the buyer's agent for seven separate sales transactions. The district court determined that these claims failed because appellant is a licensed real estate agent whose right to commissions is governed by statute, and appellant did not satisfy the statutory requirement that there be a written agreement to pay a commission. *See* Minn. Stat. §§ 82.17-.18 (2006)

(defining terms and limiting real estate broker's right to bring court action). Under the statute,

> No person required by this chapter to be licensed shall be entitled to or may bring or maintain any action in the courts for any commission, fee or other compensation with respect to the purchase, sale, lease or other disposition or conveyance of real property . . . *unless there is a written agreement* with the person required to be licensed.

Minn. Stat. § 82.18, subd. 2 (emphasis added). This statute must be strictly construed "to protect innocent persons from unethical or overreaching conduct by real estate brokers." *Teachout v. Wilson*, 376 N.W.2d 460, 464 (Minn. App. 1985), *review denied* (Minn. Dec. 30, 1985).

Chapter 82 provides that no person shall act as a real estate broker unless licensed. Minn. Stat. § 82.41, subd. 1 (2006); *see* Minn. Stat. § 82.29, subds. 1, 4 (2006) (requiring that applicants for license pass test and providing requirements as to broker's examination). "Real estate broker" is defined as any person who "*for another and for commission*, fee, or other valuable consideration . . . offers or attempts to negotiate a sale" or other transaction of real estate. Minn. Stat. § 82.17, subd. 18 (emphasis added). Appellant claims that he is entitled to commissions for negotiating sales for others. Therefore, chapter 82 requires that he be licensed, and to bring an action for a commission, he must have a written agreement.

The district court determined that appellant's claims for commissions were barred because appellant did not have any written agreement. Appellant cites several documents that he contends are agreements to pay him commissions. We have carefully examined

each of the documents, and we conclude that none of them satisfies the requirement under Minn. Stat. § 82.18, subd. 2, that appellant must have a written agreement to pay commissions.

Appellant argues that the Minnesota Common Interest Ownership Act (MCIOA), Minn. Stat. §§ 515B.1-101 to .4-118 (2006), preempts or nullifies his obligation to comply with the requirements of Minn. Stat. § 82.18 governing real estate brokers. That act states:

> The principles of law and equity, including the law of corporations, the law of real property, the law relative to capacity to contract, principal and agent, eminent domain, estoppel, fraud, misrepresentation, duress, coercion, mistake, receivership, substantial performance, or other validating or invalidating cause *supplement the provisions of this chapter, except to the extent inconsistent with this chapter*.

Minn. Stat. § 515B.1-108 (emphasis added).

Appellant has not shown that section 82.18 is inconsistent with the MCIOA. Therefore, instead of being preempted or nullified by the MCIOA, section 82.18 supplements the MCIOA. Appellant cites National Association of Realtors regulations that he contends demonstrate an inconsistency, but he has not shown how these regulations can establish a principle of law that makes a statute that governs real estate brokers inapplicable to him.

Appellant also argues that he was not required to comply with chapter 82 because he acted as a principal in certain transactions, rather than as an agent. Appellant contends that under caselaw, a principal to a transaction does not need to comply with chapter 82. *See PMH Props. v. Nichols*, 263 N.W.2d 799, 802 n.3 (Minn. 1978) (stating, in relevant

part, that an agreement that does not comply with the statutory requirement of a writing does not make the agreement unenforceable as between the parties but instead bars an action brought by the broker). But even if appellant were correct that he does not need a written commission agreement for transactions in which he acts as a principal, under the terms of the broker-registration form, no commission will be paid for a sale to a customer who is a resident of The Falls/Pinnacle at the time of conversion, and appellant was a resident at that time. Therefore, he is not entitled to a commission for a sale that he participates in as a principal.

Appellant also contends that the district court failed to consider alleged implied promises to pay a commission. But this court has held that the written-agreement requirement "would be defeated if a broker could recover compensation under an unjust enrichment or quasi-contract theory." *Krogness v. Best Buy Co.*, 524 N.W.2d 282, 287 (Minn. App. 1994) (citing earlier codification of Minn. Stat. § 82.18, subd. 2, containing same relevant language), *review denied* (Minn. Jan. 25, 1995).

Appellant argues for the first time on appeal that (1) under the doctrine of substantial compliance, to the extent the forms used in the transactions were deficient, the deficiencies must be ignored; (2) Minn. Stat. § 82.18, subds. 2, 3, are ambiguous; and (3) respondents lack standing to assert that appellant failed to comply with Minn. Stat. § 82.18. Because these arguments were not presented to the district court, we will not address them. *See Thiele v. Stich*, 425 N.W.2d 580, 582 (Minn. 1988) (holding that appellate courts will not consider matters not presented to and considered by district court). Finally, appellant argues that he complied with the disclosure provisions in

Minn. Stat. § 82.18, subd. 3. But complying with Minn. Stat. § 82.18, subd. 3, does not eliminate the need to also comply with Minn. Stat. § 82.18, subd. 2.

II.

On May 22, 2005, appellant and Michael Fritz signed the purchase agreement for unit 2101. Paragraph 2(a) of the purchase agreement provided that the earnest money would be credited to the total purchase price at closing. But on September 22, 2005, appellant, respondents, and FTK Properties signed exhibit A to the purchase agreement, which was an amendment that provided that Fritz would be removed from the purchase agreement and the earnest money Fritz deposited would be refunded to him. Exhibit A states:

> Seller agrees to allow Michael Fritz to be removed from the purchase agreement and refund earnest money deposits made by Michael Fritz and or on behalf of Michael Fritz. The remaining Purchaser, Jerry Hammann, is obligated to uphold all conditions of the existing purchase agreement. In such event that the remaining purchaser Jerry Hammann is unable to uphold his obligations as set forth in the purchase agreement, Seller reserves the right to cancel the purchase agreement and retain earnest money deposits as liquidated damages as indicated in Paragraph 17 of the purchase agreement.

Exhibit A also explicitly provides that in case of conflict, the terms and provisions of exhibit A prevail.

On May 23, 2005, Larry Treakle signed a purchase agreement for unit 2301, and appellant signed it the next day as a joint purchaser. In August or September, appellant asked Treakle to remove his name, and respondents and appellant signed exhibit A to this

purchase agreement, which provided that the seller allowed Treakle to be removed from the agreement and the earnest money deposits that he made were refunded to him.

Appellant alleged breach-of-contract claims asserting that respondents violated paragraph 2(a) of the purchase agreements for units 2101 and 2301 by returning earnest money to Fritz and Treakle. The district court rejected this claim because the plain terms of the amendments, which were incorporated into and modified the original purchase agreements, provided that respondents would release Fritz and Treakle from their obligations under the purchase agreements and return their earnest money. The district court ruled that returning the earnest money was not a breach of either purchase agreement.

A court must read a contract as a whole, with the intent of the parties ascertained by all of the language rather than relying on isolated words or phrases. *Telex Corp. v. Data Prods. Corp.*, 271 Minn. 288, 293, 135 N.W.2d 681, 685 (1965). "The determination of whether a contract is ambiguous is a question of law." *Current Tech. Concepts, Inc. v. Irie Enters., Inc.*, 530 N.W.2d 539, 543 (Minn. 1995). "A breach of contract is the nonperformance of any duty of immediate performance." *Nw. Nat'l Ins. Co. v. Carlson*, 711 N.W.2d 821, 824 (Minn. App. 2006).

Appellant signed exhibit A to both contracts. We conclude that the amendments are not ambiguous and required the return of the earnest money deposited by the buyers who were removed from the purchase agreements. Respondents acted pursuant to the contract when they returned the earnest money. There was no breach.

Appellant also argues that respondents' failure to promptly return his earnest money for unit 2301 after the purchase agreement was canceled was a breach of the cancellation agreement. But when respondents attempted to return the earnest money for unit 2301, appellant refused to accept it. During his deposition, appellant testified that he was called in to pick up his earnest-money check on Friday, November 18, 2005, and he intended to receive the money at that time, but then he refused to take the money. In light of this testimony, there is not a genuine issue of fact whether there was a breach of contract.

III.

The district court granted summary judgment on the claims of tortious interference with contract and attempted tortious interference with contractual relations that appellant asserted in his complaint. "For a claim of tortious interference with a contract to survive, plaintiff must show (1) the existence of a contract, (2) that defendant knew of the contract, (3) that defendant intentionally procured a breach of the contract without justification, and (4) that plaintiff suffered injuries as a direct result of the breach." *Howard v. Minn. Timberwolves Basketball Ltd. P'ship*, 636 N.W.2d 551, 559 (Minn. App. 2001), *review denied* (Minn. Feb. 19, 2002). All five elements must be proved. *Bebo v. Delander*, 632 N.W.2d 732, 738 (Minn. App. 2001), *review denied* (Minn. Oct. 16, 2001).

Appellant alleges that respondents interfered with an October 21, 2005 contract between appellant and Donald Deyo for the purchase of unit 2301. Instead of purchasing the unit according to the contract with appellant, Deyo purchased it directly from

respondents. Appellant argues that this happened because respondents refused to permit him to use his choice of title company as the closing agent in violation of Minn. Stat. § 507.45 (2006). The district court found that this interference claim failed as a matter of law because appellant failed to show that respondents acted with the intention of inducing Deyo to breach his contract with appellant and that the requirement that he use a particular title company was without justification.

On appeal, the only evidence that appellant cites to support his claim that respondents refused to permit him to close on the purchase of unit 2301 with his desired closing agent is an e-mail that he sent to Deyo in which he states, "I do not expect [respondents] to permit the movement of my transaction with them to this other title company." This statement of appellant's opinion about what he expected respondents to do is not evidence that respondents refused to permit appellant to use his choice of title company as the closing agent for unit 2301 or that they did so with the intention of procuring a breach of appellant's contract with Deyo. The district court correctly concluded that appellant's interference claims failed as a matter of law.

IV.

Appellant challenges the grant of summary judgment on his claims under Minn. Stat. § 515B.4-111(d) (2006), which is part of the MCIOA. Under this act, tenants of residential units that are being converted to common-interest communities have certain statutory rights. *Id.*

Appellant argues that respondents violated Minn. Stat. § 515B.4-111(d) by refusing to perform interior upgrades for tenants who exercised their purchase option and

by refusing to pay commissions to a real estate agent representing a tenant. Non-tenants who purchased units were entitled to an upgrade of the unit, although they also had to pay a higher purchase price. Also, agents who represented non-tenants were entitled to commissions if they followed the procedures set out in respondents' broker's agreement.

Section 515B.4-111(d) states:

> For 60 days after delivery or mailing of the notice [of conversion], the holder of the lessee's interest in the unit on the date the notice is mailed or delivered shall have an option to purchase that unit on the terms set forth in the purchase agreement attached to the notice. The purchase agreement shall contain no terms or provisions which violate any state or federal law relating to discrimination in housing. If the holder of the lessee's interest fails to purchase the unit during that 60-day period, the unit owner may not offer to dispose of an interest in that unit during the following 180 days at a price or on terms more favorable to the offeree than the price or terms offered to the holder.

On April 20, 2005, appellant held a lessee's interest only in unit 1703. The district court ruled that because appellant did not offer evidence that respondents offered to sell unit 1703 to a third party at a better price or on better terms than were offered to appellant and because appellant had not alleged any damages in connection with unit 1703, his claims as to this unit fail as a matter of law. The district court also ruled that because appellant did not hold a lessee's interest in any other units, he lacked standing to assert claims with respect to other units.

Appellant argues that his rights as a tenant were transferred from unit 1703 to unit 2101. But under the statute, appellant's rights as a tenant apply only to a lessee's interest that appellant held on the date that the notice of conversion was mailed, and it is

undisputed that on that date, appellant held a lessee's interest only in unit 1703. Even if appellant was permitted to transfer his lessee's interest to unit 2101, the transfer did not occur until after the date that the notice of conversion was mailed. Therefore, appellant did not have rights under section 515B.4-111(d) with respect to unit 2101.

Appellant also argues that he has standing under Minn. Stat. § 515B.4-116(a) (2006) to assert a right to relief under any circumstance in which he was adversely affected by a violation of chapter 515B, even if a right granted under the statute was not granted to him. Section 515B.4-116(a) states that "if a declarant or any other person violates any provision of this chapter, or any provision of the declaration, bylaws, or rules and regulations any person or class of persons *adversely affected* by the failure to comply has a claim for appropriate relief." (Emphasis added.) Even if appellant is correct that he may assert a claim for relief for any violation of chapter 515B that adversely affects him, he still must show that there has been a violation of chapter 515B. The conduct that he claims violated the statute is respondents' refusal to permit upgrades to unit 2101 if a tenant purchased the unit but to allow upgrades if someone who was not a tenant purchased the unit. But this conduct violates the statute only if the holder of the lessee's interest in unit 2101 on the date that the notice of conversion was mailed failed to purchase the unit and during the following 180 days, respondents offered to provide upgrades for another buyer that they would not provide for the holder of the lessee's interest. There is no evidence that the holder of the lessee's interest in unit 2101 on the date that the notice of conversion was mailed failed to purchase the unit. Therefore,

appellant has not shown that there was a violation with respect to unit 2101 or that he was adversely affected by a violation.

Appellant also asserts claims under Minn. Stat. § 559.24 (2006). But because he has cited no legal authority in support of these claims, and prejudicial error is not apparent on mere inspection, we will not address this argument. *See Schoepke v. Alexander Smith & Sons Carpet Co.*, 290 Minn. 518, 519-20, 187 N.W.2d 133, 135 (1971) ("An assignment of error based on mere assertion and not supported by any argument or authorities in appellant's brief is waived and will not be considered on appeal unless prejudicial error is obvious on mere inspection.").

V.

Appellant asserted claims for consequential damages and impairment of profit-producing activities. Appellant sought to recover damages in the form of "lost move-in date equity" based on three canceled purchase agreements for property in another development. "[D]amages recoverable in contract actions are those arising naturally from the breach or those which can reasonably be supposed to have been contemplated by the parties when making the contract as the probable result of that breach." *Lassen v. First Bank Eden Prairie*, 514 N.W.2d 831, 838 (Minn. App. 1994), *review denied* (Minn. June 29, 1994). The district court ruled that appellant's claims failed as a matter of law because appellant did not provide any evidence showing that damages from canceled purchase agreements for property in real estate developments that are not related to respondents could reasonably have been contemplated by respondents when contracting with appellant.

Appellant also claimed that respondents' "actions or lack of actions" have reduced his "creditworthiness" by preventing him from staying current with his payments to other creditors, thereby resulting in a reduced credit score. The district court ruled that appellant failed to produce evidence showing that his alleged reduced creditworthiness was a natural and probable consequence of respondents' actions and failed to establish the existence of damages or provide a basis for calculating the amount of damages with a reasonable degree of certainty and exactness.

On appeal, appellant argues only that the district court's rationale for dismissing his claims related to the impact of respondents' behavior on his other business activities was based on the contractual nature of appellant's actions, but several of his claims were based in tort or statute and the claimed damages would be permissible for those claims. This argument does not identify what claims appellant contends were improperly dismissed or cite any authority that indicates that the claims were improperly dismissed, and it is not apparent on mere inspection that the district court erred in concluding that appellant failed to produce evidence that established the existence of damages related to appellant's other business activities. Therefore, appellant's arguments regarding his claims for consequential damages and impairment of profit-producing activities are waived. *Schoepke*, 290 Minn. at 519-20, 187 N.W.2d at 135.

VI.

Appellant argues that the district court erred in refusing to permit him to amend his complaint. A district court's denial of a motion to amend will not be reversed except for a clear abuse of discretion. *Fabio v. Bellomo*, 504 N.W.2d 758, 761 (Minn. 1993).

The district court should freely grant a motion to amend unless it would prejudice the other party. *Id.*

Appellant argues only that (1) the district court's decision to deny his motion to amend "may have been based on respondents' fraud upon the court regarding the scope of their summary judgment motion," which prevented the court "from realizing that it could not fully adjudicate the matter in the respondents' favor because the admissions on file showed that there were additional claims"; and (2) "additional statutory claims, unjust enrichment claims and claims relating to the return of appellant's earnest money were disclosed in appellant's deposition testimony." Appellant has not identified any basis for this court to conclude that the district court abused its discretion when it denied his motion to amend.

VII.

An appellate court will reverse a district court's award or denial of attorney fees only upon a showing of an abuse of discretion. *Becker v. Alloy Hardfacing & Eng'g Co.*, 401 N.W.2d 655, 661 (Minn. 1987). The reasonable value of counsel's work is a question of fact, and the district court findings will be upheld unless clearly erroneous. *Amerman v. Lakeland Dev. Corp.*, 295 Minn. 536, 537, 203 N.W.2d 400, 400-01 (1973).

A party may recover attorney fees when they are authorized by contract or statute. *Barr/Nelson, Inc. v. Tonto's, Inc.*, 336 N.W.2d 46, 53 (Minn. 1983). In making the award, the district court should consider "all relevant circumstances, including the time and labor required; the nature and difficulty of the responsibility assumed; the amount involved and the results obtained; the fees customarily charged for similar legal services;

the experience, reputation, and ability of counsel; and the fee arrangement existing between counsel and the client." *State by Head v. Paulson*, 290 Minn. 371, 373, 188 N.W.2d 424, 426 (1971). The district court must explain concisely and clearly the reasons for the award of attorney fees. *Anderson v. Hunter, Keith, Marshall & Co.*, 417 N.W.2d 619, 629 (Minn. 1988).

Appellant entered into a series of purchase agreements with respondents, each of which expressly provided for the recovery of attorney fees and costs as follows:

> Attorneys' Fees. In the event of any arbitration concerning this transaction or litigation arising therefrom, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees, inclusive of court costs and attorneys' fees incurred in any trial or appellate proceeding.

Respondents sought attorney fees and costs based on purchase agreements for five units. The district court allowed attorney fees based on purchase agreements for unit 404, which appellant purchased for himself; unit 2101, which appellant purchased with FTK Properties; and unit 2301, which appellant did not purchase, but he used the purchase agreement for unit 2301 as a basis for arguing that he was entitled to commissions.

Respondents requested a total of $50,969.53 in attorney fees and costs and submitted an affidavit that contained an outline of the work performed by attorneys and paralegals, hourly billing rates, the number of hours worked, and an explanation why the amounts were reasonable. Appellant submitted a response. The district court ruled that 43% of counsel's time and labor was spent defending the claims related to units 404, 2101, and 2301. Accordingly, the district court awarded respondents $21,917 (43% of

$50,969.53) as attorney fees and costs pursuant to the purchase agreements for units 404, 2101, and 2301.

Appellant argues that respondents asserted in the first paragraph of their motion for summary judgment that he purchased two units and prevailed in part because of that assertion. They then sought attorney fees under five purchase agreements and were awarded attorney fees pursuant to three of the purchase agreements. Appellant contends that the district court erred in not estopping respondents from making these contradictory arguments and further erred in awarding attorney fees under more than two purchase agreements.

The district court's attorney-fee award was based in part on the purchase agreement for unit 2301, even though appellant later canceled that purchase agreement, because appellant cited that purchase agreement in support of his claims for commissions and thus was estopped from arguing that the purchase agreement should not be used as a basis for awarding attorney fees. The purpose of equitable estoppel "is to prevent the inequitable assertion or enforcement of claims or rights which might have existed or have been enforceable by other rules of law unless prevented by the estoppel." *Village of Wells v. Layne-Minn. Co.*, 240 Minn. 132, 141, 60 N.W.2d 621, 627 (1953). Appellant repeatedly cited the purchase agreement for unit 2301 in support of his claims, and the district court did not err in ruling that he is now estopped from avoiding the application of its attorney-fees provision.

Appellant argues that his claims related to commissions for unit 404 presented very limited facts and no new law. He contends that the claims required substantially less

than one-seventh of respondents' time and that the district court overweighed attorney fees associated with this purchase agreement. The district court examined respondents' claims in detail and clearly explained its analysis and decision. We also note that the court disallowed the attorney-fee requests related to two other units that appellant did not purchase. Appellant's bare assertions do not show an abuse of discretion in awarding attorney fees.

Finally, appellant argues that an award of attorney fees was improper because respondents still held his earnest-money deposit. The district court noted that appellant is entitled to a refund of $16,650 of his earnest money, which respondents offered to appellant but he refused to accept. Appellant did not assert a claim for this earnest money in his complaint, and no decision regarding the earnest money is before us. But the fact that respondents may owe appellant a refund of the earnest money does not demonstrate that the district court abused its discretion in making the attorney-fee award.

VIII.

Appellant challenges the district court's award of sanctions under Minn. R. Civ. P. 11. The district court found that sanctions were warranted under rule 11, but in light of the substantial attorney fees and costs that it awarded to respondents, the district court limited the sanction award to $1,000. The district court also stated that to the extent that it may have erred in respondents' favor in the award of attorney fees and costs, it would increase the award of sanctions to that extent, so that appellant would still owe respondents $22,917, which the court deemed necessary to serve the compensation and deterrence purposes of rule 11.

A district court's decision regarding a motion for sanctions under rule 11 will not be reversed unless there is an abuse of discretion. *Gibson v. Coldwell Banker Burnet*, 659 N.W.2d 782, 787 (Minn. App. 2003). This court will review de novo the construction of statutes and rules, including rule 11. *In re Rollins*, 738 N.W.2d 798, 803 (Minn. App. 2007).

Under Minn. R. Civ. P. 11.02, an attorney or unrepresented party who submits pleadings or motions to the court certifies that to the best of that person's knowledge and after reasonable inquiry, the claims and contentions have proper legal and factual bases and are not made for an improper purpose. "If, after notice and a reasonable opportunity to respond, the court determines that Rule 11.02 has been violated, the court may . . . impose an appropriate sanction upon the attorneys, law firm, or parties that have violated Rule 11.02 or are responsible for the violation." Minn. R. Civ. P. 11.03. The fact that appellant appeared pro se in district court does not preclude sanctions under rule 11 because the rule explicitly applies to unrepresented parties. Minn. R. Civ. P. 11.02. While courts may be reluctant to sanction pro se parties, it is appropriate when the party's conduct warrants a sanction. *Liedtke v. Fillenworth*, 372 N.W2d 50, 52 (Minn. App. 1985), *review denied* (Minn. Sept. 13, 1985).

After appellant filed his complaint, respondents served a notice of motion and a motion for rule 11 sanctions. Appellant continued to pursue his claims, and, after the district court granted summary judgment, respondents served their request for sanctions, along with their motion for contract-based attorney fees. The district court addressed

appellant's claims in detail, found that each of the claims lacked merit, and ruled that appellant did not have a good-faith basis in law or in fact to bring the claims.

Appellant disputes the district court's findings regarding the claims he made under Minn. Stat. § 82.18. The district court found that in their notice of motion and motion, respondents warned appellant that no commissions were due appellant because (1) he failed to allege in his complaint that he was a licensed real estate agent; (2) he had no written agreement to act as a real estate agent for any purchaser; (3) he did not comply with the disclosure requirements of section 82.18; and (4) he did not comply with the conditions under which respondents would pay a real estate agent. The court found that notwithstanding this warning, appellant argued that oral agreements could form the basis for his commission claims, that irrelevant documents supported his claims, that he was exempt from chapter 82 requirements for brokers because he was acting as an accountant, and that his failure to comply with respondents' express conditions for payment of sales commissions to real estate agents did not matter. The district court found that these arguments misrepresented the law, were utterly absurd, and showed that appellant acted in bad faith.

The district court also ruled that appellant had no good-faith basis to assert that respondents breached their contract with appellant in connection with units 2101 and 2301. Fritz and appellant originally signed a purchase agreement for unit 2101, but appellant later signed an amendment that allowed respondents to remove Fritz from the purchase agreement and refund to him the earnest money. The district court found that

appellant had no basis in law or in fact to claim that respondents breached the contract with appellant by returning the earnest money to Fritz.

Appellant signed a purchase agreement for unit 2301 and paid earnest money, but he later executed a cancellation of the agreement. When respondents tendered the earnest money to him, he refused to accept. The district court found that appellant had no basis to pursue a breach-of-contract claim based on an allegation that the refund was untimely and that his refusal to accept the refund operated as a rescission of the cancellation agreement and reinstatement of the purchase agreement.

The district court found that appellant's contract claims for consequential damages in the form of lost move-in-date equity in connection with an unrelated development and lost creditworthiness were without merit because the alleged damages could not have been contemplated by respondents when they contracted with appellant. The district court concluded that because respondents had warned appellant in their rule 11 motion that these claims were without merit, the only reasonable explanation for continuing to pursue the claims was that appellant acted in bad faith. The district court also found that all of appellant's claims under chapter 515B involved apartments for which he had no lessee's interest, as required under the statute, and thus were not based on good faith.

Finally, with respect to appellant's claims for tortious interference with contractual relations, the district court found:

> None of [appellant's] allegations even remotely resembled a legitimate claim for interference with [appellant's] contractual relations. All the claims were untenable because [appellant] failed to show a scintilla of evidence that [respondent] intended to interfere with [appellant's]

> contractual relations. In addition, other required elements for tortious interference claims were not shown.

On appeal, appellant disputes the district court's characterizations of his actions, but he has not shown that the district court's award of sanctions as to all of these claims was an abuse of discretion.

Affirmed.