UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

BKY No. 02-50651
ADV No. 04-5008

In re:

Jerry Raymond Reno, Sr.,

Debtor.

Randall L. Seaver, Trustee

Plaintiff

PLAINTIFF'S NOTICE OF MOTION AND MOTION FOR SUMMARY JUDGMENT

vs.

Jerry Reno, Jr. and Stephanie Michelizzi,

Defendants

TO: Defendants and their attorney, Arthur M. Albertson, 101 West Second Street, Suite 107, Duluth, Minnesota, 55802

1. The Plaintiff herein moves the court for partial summary judgment and gives notice of hearing herewith.

2. The Court will hold a hearing on this motion at 2:00 pm on November 3, 2004, in Courtroom No. 2, U.S. Courthouse, 515 West First Street, Duluth, MN 55802.

3. Any response to this motion must be filed and delivered not later than October 27, 2004 which is 7 days before the date of the hearing (including Saturdays, Sundays and holidays), or filed and served by mail not later than October 24, 2004 which is 10 days before the date of the hearing (including Saturdays, Sundays and holidays). UNLESS A RESPONSE OPPOSING THE MOTION IS TIMELY FILED, THE COURT MAY GRANT THE MOTION WITHOUT A HEARING.

4. This court has jurisdiction over this motion pursuant to 28 U.S.C. §§157 and 1334, Bankruptcy Rule 5005 and Local Rule 1070-1. This proceeding is a core proceeding. The petition commencing this voluntary Chapter 7 case was filed on August 9, 2002. The case is now pending in this court.

5. The motion arises under Bankruptcy Rule 7056 and Fed. R. Civ. Proc. 56. This motion is filed under Bankruptcy Rule 9014 and Local Rules 9006-1 and 9013. Plaintiff seeks summary judgment against the Defendants as to all Counts of the Complaint in this matter.

6. This motion is based upon the Memorandum of Law in Support of Plaintiff's Motion for Summary Judgment, the Affidavit Roger B. Seaver and the Exhibits thereto, and all the files herein.

WHEREFORE, the Plaintiff seeks summary judgment against the Defendant, Jerry Reno, Jr., as follows:

1. Avoiding, pursuant to 11 U.S.C. § 544 and Minn. Stat. §§ 513.44, 513.45 the transfer, by the Debtor to the Defendant, Jerry Reno, Jr., of an interest in real property commonly referred to as 3919 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and is legally described as:

   SE 1/4 of SE 1/4 of SW 1/4, Section 23, Township 50, Range 15 West, EXCEPT the Southerly 459.72' thereof.

   ("Property").

   and;

2. Entering judgment in favor of Plaintiff against Defendant, Jerry Reno, Jr. in the amount of $30,000.00 as recovery of the transfer pursuant to 11 U.S.C. § 550 and Minn. Stat. § 513.47, and;

3. Awarding Plaintiff his costs and disbursements in this matter, and;

4. Such other and further relief as the court deems just and equitable.

FULLER, SEAVER & RAMETTE, P.A.

Dated: September 30, 2004

By:___/e/ Roger B. Seaver_____
Roger B. Seaver 251227
Randall L. Seaver 152882
12400 Portland Avenue South, Suite 132
Burnsville, MN 55337
(952) 890-0888

Attorneys for Plaintiff

VERIFICATION

I, Randall L. Seaver, Trustee for the Bankruptcy Estate of Jerry Raymond Reno, Sr., the moving party named in the foregoing notice of hearing and motion, declare under penalty of perjury that the foregoing is true and correct according to the best of my knowledge, information and belief.

Executed on September 30, 2004

_____/e/ Randall L. Seaver_____
Randall L. Seaver

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

BKY No. 02-50651
ADV No. 04-5008

In re:

Jerry Raymond Reno, Sr.,

Debtor.

Randall L. Seaver, Trustee

Plaintiff

AFFIDAVIT OF ROGER B. SEAVER

vs.

Jerry Reno, Jr. and Stephanie Michelizzi,

Defendants

STATE OF MINNESOTA)
) ss.
COUNTY OF DAKOTA)

Roger B. Seaver, being first duly sworn, deposes and states as follows:

1. I am one of the attorneys for the Trustee in the above matter and have personal knowledge of the facts contained herein.

2. Attached hereto as Exhibit 1 is a true and correct copy of Plaintiff's First Request for Admissions to Defendants.

3. Attached hereto as Exhibit 2 is a true and correct copy of a Certificate of Service for the discovery served upon the Defendants' Attorney, including Plaintiff's First Request for Admissions to Defendants.

4. Attached hereto as Exhibit 3 is a true and correct copy of the cover page and page 19 of the transcript of the Rule 2004 examination of Jerry Reno, Jr. taken February 5, 2004.

5. More than 30 days have passed since the Defendants were served with Plaintiff's First Request for Admissions to Defendants and the Defendants have not replied to Plaintiff's First Request for Admissions to Defendants.

6. Attached hereto as Exhibit 4 is a true and correct copy of a deed, dated August 16, 2000 and recorded September 14, 2000, which transferred to the Defendants, Richard Osborne, Debtor's step-son, and Dana Osborne, wife of Richard Osborne, the debtor's fee interest in property commonly referred to as 3919 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and is legally described as:

> SE 1/4 of SE 1/4 of SW 1/4, Section 23, Township 50, Range 15 West, EXCEPT the Southerly 459.72' thereof.
>
> ("Property").

7. Attached hereto as Exhibit 5 is a true and correct copy of the settlement statement, signed by the Debtor and the Defendants, which was prepared in conjunction with the transfer of the Property.

8. Attached hereto as Exhibit 6 is a true and correct copy of the cover sheet and pages 32, 34, 36, 37, and 39-44 of the transcript of the Rule 2004 Examination of Debtor Jerry Raymond Reno, Sr. taken on February 5, 2004.

9. Attached hereto as Exhibit 7 is a true and correct copy of Claim No. 1 filed in this bankruptcy case.

10. Attached hereto as Exhibit 8 is a true and correct copy of Claim No. 2 filed in this bankruptcy case.

11. Attached hereto as Exhibit 9 is a true and correct copy of Claim No. 4 filed in this bankruptcy case.

12. Attached hereto as Exhibit 10 is a true and correct copy of Claim No. 7 filed in this bankruptcy case.

13. Attached hereto as Exhibit 11 is a true and correct copy of Claim No. 8 filed in this bankruptcy case.

14. Attached hereto as Exhibit 12 is a true and correct copy the first page and pages 3 and 44 of the Debtor's bankruptcy schedules filed in this matter.

FURTHER YOUR AFFIANT SAYETH NOT.

Roger B. Seaver

Subscribed and sworn to before me this 30 day of September, 2004.

Notary Public

KARI L. FOGARTY
NOTARY PUBLIC-MINNESOTA
My Comm. Expires Jan. 31, 2005

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

BKY No. 02-50651
ADV No. 04-5008

In re:

Jerry Raymond Reno, Sr.,

Debtor.

Randall L. Seaver, Trustee

Plaintiff

PLAINTIFF'S FIRST REQUEST FOR ADMISSIONS TO DEFENDANTS

vs.

Jerry Reno, Jr. and Stephanie Michelizzi,

Defendants

TO: Defendants and their attorney, Arthur M. Albertson, 101 West Second Street, Suite 107, Duluth, Minnesota, 55802.

Attached hereto as Exhibit A are the cover sheet and pages 23, 32, 34, and 37 from the 2004 Examination of Jerry Raymond Reno, Sr. taken on February 5, 2004.

The Plaintiff, Randall L. Seaver, Bankruptcy Trustee, requests pursuant to Bankruptcy Rule 7036 incorporation Fed. R. Civ. P. 36, that the Defendants, Jerry Reno, Jr. and Stephanie Michelizzi, make the following admissions within thirty (30) days from the date of service of this Request for Admissions.

"Property" means that real property commonly referred to as 3919 Getchell Rd, Hermantown, MN and described as:

> SE 1/4 of SE 1/4 of SW 1/4, Section 23, Township 50, Range 15 West, EXCEPT the Southerly 459.72' thereof.

.

"You" or "Defendant" or "Defendants" means Jerry Reno, Jr. and Stephanie Michelizzi.

EXHIBIT 1

1. That the Debtor, Jerry Raymond Reno, Sr., was insolvent, , as defined by 11 U.S.C. §101(32), on the dates of August 1, 2000 through August 30, 2000.

2. That the Debtor, Jerry Raymond Reno, Sr., was insolvent, , as defined by Minn. Stat. 513.42, on the dates of August 1, 2000 through August 30, 2000.

3. That, in return for the "gift of equity" included in the transfer of the Property to you by the Debtor, Jerry Raymond Reno, Sr., you transferred nothing of value to Jerry Raymond Reno, Sr.

4. That, in return for the Debtor's payment of $3,000.00 in costs associated with the closing of the transfer of the Property, you transferred nothing of value to Jerry Raymond Reno, Sr.

FULLER, SEAVER & RAMETTE, P.A.

Dated: June__3__, 2004

By:__/e/ Roger B. Seaver_____

Roger B. Seaver 0251227
Randall L. Seaver 152882
12400 Portland Avenue South, Suite 132
Burnsville, MN 55337
(952) 890-0888

Attorneys for Plaintiff

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

BKY No. 02-50651
ADV No. 04-5008

In re:

Jerry Raymond Reno, Sr.,

Debtor.

Randall L. Seaver, Trustee

Plaintiff

vs.

Jerry Reno, Jr. and Stephanie Michelizzi,

Defendants

UNSWORN CERTIFICATE OF SERVICE

I, Roger B. Seaver, declare under penalty of perjury that on June 3, 2004 I mailed a copy of Plaintiff's Interrogatories to Defendants, Request for Production of Documents, Plaintiff's First Request for Admissions to Defendant, Jerry Reno, Jr. along with all exhibits thereto first class mail, postage prepaid to each entity named below at the address stated below for each entity:

Arthur M. Albertson
101 West Second Street
Suite 107
Duluth, MN 55802

Attorney for Defendants

FULLER, SEAVER & RAMETTE, P.A.

Dated: June 3, 2004

By:___/e/ Roger B. Seaver_____
Roger B. Seaver 251227
12400 Portland Avenue South, Suite 132
Burnsville, MN 55337
(952) 890-0888

EXHIBIT 2

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

BKY No. 02-50651

Jerry Raymond Reno, Sr.,

Debtor

COPY

DEPOSITION

The following is the deposition of JERRY RENO, JUNIOR, taken before Laurie Webster, RPR, Notary Public, pursuant to Notice of Taking Deposition, at the US Courthouse, Room 139, 515 West First Street, Duluth, Minnesota, commencing at approximately 10:23 a.m., February 5, 2004.

EXHIBIT 3

1 Q. Okay.
2 A. He left his trust into somebody else.
3 Q. You said he was losing money. How did you
4 know that? Did he just -- did he tell you or --
5 A. Not paying -- not paying some wages, not
6 paying for the materials that he charges. I mean, he --
7 it got so bad that -- when I left, I was used to going
8 to a account or going to a lumber yard and just ordering
9 the stuff and taking it, but then it got to a point I
10 couldn't do that no more.
11 Q. Do you -- were there people calling him and
12 asking for money then and stuff?
13 A. Constantly.
14 Q. And when was -- when did -- when was it that
15 you saw that happen? In 1999?
16 A. Yeah. Right after I came back.
17 Q. And that -- would that have been early,
18 middle, or late '99?
19 A. I -- late.
20 Q. Okay. I figured you wouldn't remember a
21 month, so I'd make it easier with the early, middle,
22 late.
23 A. Yeah.
24 Q. Do you remember who he got most of the calls
25 from or letters?

MB Form No. 5-M – WARRANTY DEED Minnesota Uniform Conveyancing Blanks (6/1/87) Miller-Davis Co. St. Paul, MN

Individual(s) to Joint Tenants

Certificate of Value Filed 00795956

No delinquent taxes and transfer entered; Certificate of Real Estate Value (X) filed ( ) not required
Certificate of Real Estate Value No. _____
August 31, 2000
(Date)
Gordon D. McFaul, St. Louis County Auditor
by M Letica County Auditor
Deputy

Office of the County Recorder
St. Louis County, Minnesota
Recorded on 09/14/2000
at 03:50PM
Document No. 00795956
Mark A. Monacelli
County Recorder
By BETH TALBOT DEPUTY
AFR 13400
00795956
DO NOT REMOVE

DEED TAX DUE: $ 247.50

Date: August 16, 2000

FOR VALUABLE CONSIDERATION, Jerry R. Reno and Barbara R. Reno, husband and wife,

(marital status)

Grantor, hereby conveys and warrants to Jerry R. Reno, Jr. and Stephanie A. Michelizzi,

Grantees, as joint tenants, real property in St. Louis County, Minnesota, described as follows:

SE 1/4 of SE 1/4 of SW 1/4, Section 23, Township 50 North, Range 15 West EXCEPT the Southerly 459.72' thereof.

ABSTRACT PROPERTY

395-10-6375
DIV

together with all hereditaments and appurtenances belonging thereto, subject to the following exceptions: SUBJECT to easements, reservations, restrictions and conditions of record, if any.

Check box if applicable:

- [X] The Seller certifies that the seller does not know of any wells on the described real property.
- [ ] A well disclosure certificate accompanies this document.
- [ ] I am familiar with the property described in this instrument and I certify that the status and number of wells on the described real property have not changed since the last previously filed well disclosure certificate.

Jerry R. Reno

Barbara R. Reno

Affix Deed Tax Stamp Here

STATE OF MINNESOTA
COUNTY OF ST. LOUIS } ss.

This instrument was acknowledged before me on this 16 day of August, 2000,
Date

by Jerry R. Reno and Barbara R. Reno, husband and wife.

NOTARIAL STAMP OR SEAL (OR OTHER TITLE OR RANK):
PATRICIA G. BODIN
NOTARY PUBLIC - MINNESOTA
MY COMM. EXPIRES JANUARY 31, 2005

SIGNATURE OF NOTARY PUBLIC OR OTHER OFFICIAL

Check here if part or all of the land is Registered (Torrens) [ ]

Tax Statements for the real property described in this instrument should be sent to (include name and address of Grantee):

Jerry R. Reno, Jr.
3919 Getchell Road
Duluth, MN 55811

THIS INSTRUMENT WAS DRAFTED BY (NAME AND ADDRESS):

James F. Bodin
Attorney-at-Law
309 Alworth Building
Duluth, Minnesota 55802

SLCTC
AFR #. 13400
Cash 19.50 Chg

CITY OF HERMANTOWN
SUBDIVISION REGULATIONS MET
City Clerk
8-24-2000
Date

EXHIBIT 4

OMB NO. 2502-0265

B. TYPE OF LOAN

1. [ ] FHA 2. [ ] FmHA 3. [ ] Conv. Unis. 4. [ ] VA 5. [ ] Conv. Ins.	6. FILE NUMBER S6067	7. LOAN NUMBER	8. MORTGAGE INS CASE NUMBER

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "[POC]" were paid outside the closing; they are shown here for informational purposes and are not included in the totals. 5.0 10-96 (3/S6067.HUD/S6067)

D. NAME AND ADDRESS OF BORROWER	E. NAME AND ADDRESS OF SELLER	F. NAME AND ADDRESS OF LENDER
Jerry R. Reno, Jr and Stephanie A. Michelizzi 3919 Getchell Rd Hermantown, MN 55811	Jerry R. Reno, Sr and Barbara R. Reno	MILA, Inc. 3400 188th St. SW.,STE305 Lynnwood, WA 98037

G. PROPERTY LOCATION	H. SETTLEMENT AGENT 41-0964937	I. SETTLEMENT DATE
3919 Getchell Rd Hermantown, MN 55811 St. Louis County, Minnesota	St. Louis County Title Co. PLACE OF SETTLEMENT 309 Alworth Building Duluth, MN 55802	August 16, 2000

J. SUMMARY OF BORROWER'S TRANSACTION		K. SUMMARY OF SELLER'S TRANSACTION	
100. GROSS AMOUNT DUE FROM BORROWER		400. GROSS AMOUNT DUE TO SELLER	
101. Contract Sales Price	75,000.00	401. Contract Sales Price	75,000.00
102. Personal Property		402. Personal Property	
103. Settlement Charges to Borrower line1400	4,098.83	403.	
104.		404.	
105.		405.	
Adjustments for items paid by Seller in advance		Adjustments for items paid by Seller in advance	
106. City/town Taxes to		406. City/town Taxes to	
107. County Taxes to		407. County Taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. GROSS AMOUNT DUE FROM BORROWER	79,098.83	420. GROSS AMOUNT DUE TO SELLER	75,000.00
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER		500. REDUCTIONS IN AMOUNT DUE TO SELLER	
201. Deposit or earnest money		501. Excess Deposit (see instructions)	
202. Principal Amount of New Loan(s)	48,750.00	502. Settlement Charges to Seller line1400	773.50
203. Existing Loan(s) Taken Subject to		503. Existing Loans Taken Subject to	
204.		504. Payoff 1st Mtg to US Bank/3020015543293-	12,522.01
205.		505. Payoff of second mortgage loan	
206.		506.	
207.		507. 2nd 1/2 R.E. Taxes;St. Louis Auditor/395-10	1,415.43
208.		508.	
209. Gift of Equity	27,000.00	509. Gift of Equity	27,000.00
Adjustments for items unpaid by Seller		Adjustments for items unpaid by Seller	
210. City/town Taxes to		510. City/town Taxes to	
211. County Taxes 07-01-00 to 08-16-00	47.18	511. County Taxes 07-01-00 to 08-16-00	47.18
212. Assessments to		512. Assessments to	
213. Seller contribution	3,000.00	513. Seller contribution	3,000.00
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER	78,797.18	520. TOTAL REDUCTION AMOUNT DUE SELLER	44,758.12
300. CASH AT SETTLEMENT FROM/TO BORROWER		600. CASH AT SETTLEMENT TO/FROM SELLER	
301. Gross Amt Due from Borrower (line 120)	79,098.83	601. Gross Amount Due to Seller (line 420)	75,000.00
302. Less Amt Paid by/for Borrower (line 220)	(78,797.18)	602. Less Reductions Due Seller (line 520)	(44,758.12)
303. CASH [X] FROM [ ] TO BORROWER	301.65	603. CASH [X] TO [ ] FROM SELLER	30,241.88

he undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement & any attachments referred to herein.

BORROWER Jerry R. Reno, Jr

BORROWER Stephanie A. Michelizzi

SELLER Jerry R. Reno, Sr

SELLER Barbara R. Reno

EXHIBIT 5

HD-1 (3-86) RESPA, HB 4305.2

L. SETTLEMENT CHARGES	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
700. Total Sales/Brokers Commissions Based on Price $		
Division of Commission (line 700) as follows:		
701. $ to		
702. $ to		
703. Commission Paid at Settlement		
704.		
800. ITEMS PAYABLE IN CONNECTION WITH LOAN		
801. Loan Origination Fee % to		
802. Loan Discount % to		
803. Appraisal Fee to MILA, Inc.	150.00	
804. Credit Report to Precision	58.00	
805. Tax Service Fee to		
806. Flood Certification to		
807. Brokers Fee to Precision	1,440.00	
808. Lenders loan fee to Mila, Inc.	595.00	
809. Processing fee to Precision	340.00	
810. Application fee to Precision	150.00	
811. Yield Spread Prem. pd by MILA to Precision POC $975.00b		
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE		
901. Interest from 08-16-00 to 09-01-00 @$ 17.590625/day(16 days %)	281.45	
902. Mortgage Insurance Premium for months to		
903. Hazard Insurance Premium for 1.0 years to		
904. to		
905.		
1000. RESERVES DEPOSITED WITH LENDER		
1001. Hazard Insurance months @ $ per month		
1002. Mortgage Insurance months @ $ per month		
1003. City/town Taxes months @ $ per month		
1004. County Taxes months @ $ per month		
1005. Assessments months @ $ per month		
1006. months @ $ per month		
1007. months @ $ per month		
1008. Aggregate Adjustment		
1100. TITLE CHARGES		
1101. Settlement or Closing Fee to SLCTC	250.00	
1102. Abstract or Title Search to SLCTC		265.00
1103. Overnight Mail to SLCTC	30.00	
1104. Second Update to SLCTC	40.00	
1105. Document Preparation to SLCTC		75.00
1106. Notary Fees to		
1107. Attorney's Fees to		
(includes above item numbers:)		
1108. Title Insurance to SLCTC $428.75 to SLCTC	428.75	
(includes above item numbers: Includes Exam Fee)		
1109. Lender's Coverage $ 49,000.00 EPA,Comp.ARM &		
1110. Owner's Coverage $ 75,000.00 Enviroment		
1111.		
1112.		
1113.		
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES		
1201. Recording Fees: Deed $ 19.50 ;Mortgage $ 39.00 ;Releases $ 58.50	58.50	58.50
1202. City/County Tax/Stamps: Deed $ 247.50 ;Mortgage $		247.50
1203. State Tax/Stamps: Deed $;Mortgage $ 112.13	112.13	
1204. Recording Service Fee to SLCTC	15.00	15.00
1205. Division fee to St. Louis Auditor		112.50
1300. ADDITIONAL SETTLEMENT CHARGES		
1301. Survey to SLCTC new legal	150.00	
1302. Pest Inspection to		
1303.		
1304.		
1305.		
1400. TOTAL SETTLEMENT CHARGES (Enter On Lines 103, Section J and 502, Section K)	4,098.83	773.50

By signing page 1 of this statement, the signatories acknowledge receipt of a completed copy of page 2 of this 2 page statement.

(3/S6067.HUD/S6067)
Certified to be a true copy

St. Louis County Title Co.
Settlement Agent

ORIGINAL

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

BKY No. 02-50651

Jerry Raymond Reno, Sr.,

Debtor

DEPOSITION

The following is the deposition of JERRY RENO, SENIOR, taken before Laurie Webster, RPR, Notary Public, pursuant to Notice of Taking Deposition, at the US Courthouse, Room 139, 515 West First Street, Duluth, Minnesota, commencing at approximately 12:43 p.m., February 5, 2004.

EXHIBIT 6

A. I'm in contact with them right now.

Q. You're in contact with them right now?

A. Yeah.

Q. Okay. And so --

A. I haven't paid nothing on it, no.

Q. So this was a 1999 tax obligation?

A. Yes.

Q. So you would have filed the returns in 2000, correct?

A. Yes.

Q. Okay. And you didn't, obviously, pay the taxes that you had to?

A. No.

Q. And why was that?

A. Didn't have the money.

Q. Didn't have the money to pay them.

Okay. I'm moving forward to sheet two of two. It's still schedule E, creditor's unsecured holding claims. We've got the Minnesota Internal Revenue Service withholding tax obligation. What year -- we don't see a date here. What year would this claim have accrued? In other words, when did your obligation to pay the Minnesota IRS withholding tax arise?

MS. TRACEY: What's the dollar amount on

1 Q. Okay. So -- and then we're seeing another
2 one of a Minnesota Department of Revenue tax obligation
3 for 1999, and so you would have had to pay that in 2000
4 for $2002?
5 A. Yes.
6 Q. Okay. So would you say it was a -- early
7 2000 when you became insolvent? I'm just guessing that
8 because these would have been due.
9 A. Yeah. 2000 is when I was struggling trying
10 to --
11 Q. Okay. So early 2000?
12 A. -- trying to hang on, I guess.
13 Q. Do you know the approximate amount --
14 approximate amounts of these first two items here, the
15 Minnesota Department of Economic Security and the IRS
16 Minnesota?
17 A. No, I don't.
18 Q. Okay. And I just want to make sure we have
19 that answer on the record. You -- looking at these tax
20 obligations and these bills for tax obligations would
21 have been due in early 2000, so it was early 2000 that
22 you were insolvent; that you were owing more than you
23 had?
24 A. Yeah. I believe it is. Yeah. We were
25 struggling.

have started incurring debts on there? It just says that it's a revolving charge.

A. Yeah. I believe I had those for quite a few years.

Q. Would that have been in 1998, 1999?

MS. TRACEY: Probably for sure because I think when I was going through stuff in the basement, I found, you know, some things back that far.

THE WITNESS: '96, '97, guessing.

BY MR. SEAVER:

Q. Okay. And Arrowhead Concrete Works, it shows judgment creditor and business supplier. When would --

A. I worked with them for years buying concrete from them.

Q. They've got a -- you listed a claim for $6900 here, approximately. $6,931. When did that claim arise? In other words, when did you begin owing them that money? Was it 1999, 2000?

A. Probably in 2000.

Q. Okay. Would it have been early, middle, or late?

A. Probably early --

Q. Okay.

A. -- 2000.

Q. All right. And how about Arrowhead Supply? ell -- we've got a business supplier and it's $13,261.

A. That's been kind of a revolving account or -- I -- probably 15 years.

Q. Okay. When did you quit paying them? I ess that's probably when this claim started building?

A. Yeah. I -- it's hard for me to say an exact ate because --

Q. If you can just give me like, say, early 999, late 1999, something that easy.

A. Say early '99 maybe.

Q. Okay.

A. But it could have been for three, four ifferent jobs.

Q. Okay. And the next one we've got is AT&T, nd it just shows services and it just shows a claim of 274.

A. It would be telephone.

Q. Mm-hmm.

A. Probably for couple months of telephone service or a month. I really --

Q. Okay. So since this was filed in 2002, that's probably from 2002 then?

A. Yes.

Q. Okay. And when did you make the business

A. Because I didn't -- didn't -- pretty much had them always paid up.

Q. And then that stopped?

A. Yeah.

Q. And so you're saying that you stopped keeping them paid off in, say, 1999 or 2000?

A. Yes.

Q. Okay. So if it was in 2000, it would have been early 2000?

A. Yes.

Q. So probably either late '99 or early 2000?

A. Yes.

Q. Okay. And then Blue Water Diversified, Inc., you've got them listed as a business loan guarantor for -- $25,000 is their claim. When did they guarantee a business loan?

A. Probably around '99. Most of this is all done in '99, 2000 when I was --

Q. So most all these --

A. -- trying to keep everything going.

Q. So most of these claims arose in either late 1999 or early 2000?

A. Yes.

Q. Okay. Let me just go to some of the bigger ones then. I'm on -- in the lower left-hand corner,

1 it'll say sheet three of 19, and I've got Dale and Linda
2 Reno, unsecured business loan, $28,000. When would they
3 have loaned that money to you?
4 A. That would have been -- that was a loan that
5 was with -- I believe it's with D&J Diversified when we
6 took a loan together.
7 Q. Okay. So when would that have arisen? When
8 would your obligation to repay and your inability to do
9 so have arisen?
10 A. That would have been, again, '99, 2000.
11 Q. Okay. And again, if you say 2000, you're
12 meaning early 2000, right?
13 A. Early. Yes.
14 Q. All right. I'm going to move ahead to sheet
15 four of 19. And I'm looking at Greenwood Trust Company.
16 What did they provide?
17 A. I'm going to assume it's a credit card.
18 Q. Okay.
19 A. That's what I would have to guess.
20 Q. And how about this Donna Tracey, pending
21 litigation. Was she suing you?
22 A. Yes.
23 Q. Okay.
24 A. Suing JR Construction.
25 Q. And what was the -- that's pretty much suing

1 you, though, right?
2 A. Yes.
3 Q. Okay. And what was the outcome of that
4 litigation?
5 A. I have a judgment against me for 25,000.
6 Q. Okay. When did that -- when did that
7 litigation end?
8 A. 2001.
9 Q. Did you settle or did it go to court?
10 A. Went to court --
11 Q. Okay.
12 A. -- I believe.
13 Q. Who was your attorney on that?
14 A. I didn't have an attorney. I believe what
15 happened with it is they were going after the
16 contractor's fund, and then they were denied, and then
17 they filed a judgment against me.
18 Q. All right. Okay. I'm going to move ahead to
19 sheet five of 19. We've got a personal loan here from
20 Ed Admodt. Am I saying that right, or Ed Admodt?
21 A. Admodt.
22 Q. Admodt. Okay. A personal loan in the amount
23 of $50,000. When would you have received that?
24 A. That had to -- I'm -- I would guess it would
25 have been about '99.

1 Q. And did you make any payments on it?
2 A. No.
3 Q. So you didn't pay Ed back at all?
4 A. No.
5 Q. Okay. And F&M Bank Superior, corporate debt
6 secured by corporate assets, and we show it for
7 $187,000.
8 A. Yes.
9 Q. Is that debt still outstanding?
10 A. No. I just signed over the -- signed the --
11 MS. TRACEY: You signed the deed back to the
12 bank.
13 THE WITNESS: Signed the deed for the
14 building back to the bank. They took the motor
15 home and a couple of trucks.
16 BY MR. SEAVER:
17 Q. When did they take --
18 A. And the Cat and dozer.
19 Q. I'm sorry. When did they take all this?
20 A. 2001.
21 MS. TRACEY: The black book.
22 BY MR. SEAVER:
23 Q. Okay. I'm getting -- I have a letter from
24 F&M that I'm going to go over. In that letter, it
25 indicates that you signed over some documents, and is

1 that the --

2 A. I just signed them here about couple weeks

3 ago.

4 Q. And what were those documents that you

5 signed?

6 A. It was to quitclaim the building.

7 Q. We'll come back to that. I'll -- I'll keep

8 going on this so we won't have to pull another exhibit

9 and bring it in and pull it back out again.

10 But that -- that $187,000 claim, that's what

11 was resolved in the letter that -- one of the letters

12 that you gave me?

13 A. Yes. I believe so. Yes.

14 Q. Okay.

15 A. They said by the time everything was done, I

16 owed like 247,000 or something.

17 Q. Okay. I'm moving ahead to sheet six of 19 on

18 schedule F. First U.S.A. Bank Wilmington, revolving

19 charge, 13,143. Is that a credit card?

20 A. Yes.

21 Q. Okay. And again, would it have been, say,

22 late 1999 that you quit paying on it?

23 A. Yes.

24 Q. Okay. H&H Lumber, business supplier, 11,000.

25 Same thing, late 1999?

1 A. Yes.
2 Q. Okay. John Bergman, Esko, Minnesota. This
3 is sheet eight of 19, deposit for work. When were you
4 supposed to perform the work for Mr. Bergman?
5 A. We were -- well, we went and took the
6 footings and stuff in for his garage and was starting to
7 build the garage and didn't complete it.
8 Q. Okay. Would that, again, been, say, late
9 1999?
10 A. Yes.
11 Q. Okay. And Karen Goerts, it shows that she'd
12 have an unsecured claim for 68,000. What would that be
13 for?
14 A. It's for money that's -- I borrowed from her.
15 She -- she paid on a lot of JR Construction bills in
16 2000. And then the other moneys were -- been rotating
17 for probably the last 15 years, I imagine --
18 Q. Okay.
19 A. -- where she's been paid and borrowed and
20 paid and borrowed. She was kind of helping, trying to
21 finance the business.
22 Q. Okay. This one I don't understand,
23 Lapp Libra Thompson et al, as attorneys representing
24 Robert and Lori Fisher in pending litigation for $8000.
25 Why would they have a claim against you? Is this the --

FORM B10 (Official Form 10) (4/98)

UNITED STATES BANKRUPTCY COURT District of Minnesota

PROOF OF CLAIM

RECEIVED
2003 JAN 21 AM 9:41
U.S. BANKRUPTCY COURT
DULUTH, MN
#1

Name of Debtor
JERRY RAYMOND RENO SR

Case Number
02-50651

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
PIONEER NATIONAL BANK OF DULUTH

Name and address where notices should be sent:
C/O JOHN H BRAY
222 WEST SUPERIOR STREET
SUITE 200
DULUTH MN 55802

Telephone number: **(218) 722-0528**

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

☐ Check box if you have never received any notices from the bankruptcy court in this case.

☐ Check box if the address differs from the address on the envelope sent to you by the court.

THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies debtor:

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated: _____

1. Basis for Claim

☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☑ Other **JUDGMENT**

☐ Retiree benefits as defined in 11 U.S.C. § 1114(a)
☐ Wages, Salaries and compensations (Fill out below)

Your SS #: ____ ____ ____

Unpaid compensation for services performed

from _____ (date) to _____ (date)

2. Date debt was incurred:
05/27/1992

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ **28,320.47**

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below.

☑ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.

☐ Check this box if your claim is secured by collateral (including a right to setoff).

Brief Description of Collateral:

☐ Real Estate ☐ Motor Vehicle
☐ Other _____

Value of Collateral: $ **0.00**

Amount of arrearage and other charges at time case filed included in secured claim, if any: $ **0.00**

6. Unsecured Priority Claim.

☐ Check this box if you have an unsecured priority claim

Amount entitled to priority $ **0.00**

Specify the priority of the claim:

☐ Wages, salaries, or commissions (up to $4,650), * earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).
☐ Up to $2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
☐ Taxes or penalties of governmental units - 11 U.S.C. § 507(a)(8).
☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)

**Amounts are subject to adjustment on 4/1/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

7. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

8. Supporting Documents: *Attach copies of supporting documents*, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security ag EXHIBIT 7
DO NOT SEND ORIGINAL DOCUME
explain. If the documents are voluminou

9. Date-Stamped Copy: To receive
enclose a stamped, self-addressed envelope and copy of this proof of claim.

THIS SPACE IS FOR COURT USE ONLY

Date
01/17/2003

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

JOHN H BRAY, ATTORNEY FOR CREDITOR

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

FORM B10 (Official Form 10) (04/04)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA (DULUTH)

PROOF OF CLAIM

RECEIVED

RECEIVED

2004 AUG 32 AM 11: 23

2004 SEP -1 AM 11: 36

U.S. BANKRUPTCY COURT DULUTH, MN

Name of Debtor	Case Number
JERRY RAYMOND RENO SR	02-50651

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
HARTELS GARBAGE & RECYCLING SVCS

Name and Address where notices should be sent:

HARTELS GARBAGE & RECYCLING SVCS
4011 OLD MIDWAY ROAD
DULUTH MN 55810-9751

218-729-5446
Telephone Number:

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
☐ Check box if you have never received any notices from the bankruptcy court in this case.
☐ Check box if the address differs from the address on the envelope sent to you by the court.

02-50651

4908740

2

THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies debtor: 26376

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated:_____

1. Basis for Claim
☐ Goods sold
☒ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☐ Other _____

☐ Retiree benefits as defined in 11 U.S.C. §1114(a)
☐ Wages, salaries, and compensation (fill out below)
Last four digits of SS #: _____
☐ Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred: 11/99 TO 9/01

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ 899.04 (unsecured) _____ (secured) _____ (priority) $899.04 (Total)

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below.
☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.
☐ Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other_____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Nonpriority Claim $_____
☐ Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

7. Unsecured Priority Claim.
☐ Check this box if you have an unsecured priority claim

Amount entitled to priority $_____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,925),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4).
☐ Up to $ 2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(__).
**Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

8. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
9. Supporting Documents: *Attach copies of supporting documents, such as promissory notes, purchase* orders, invoices, itemized statements of running ac ty agreements, and evidence of perfection of lien. ne documents are not available, explain. If the docume
10. Date-Stamped Copy: To receive an ack a stamped, self-addressed envelope and copy of this p

EXHIBIT 8

Send claims to:

U.S. Bankruptcy Court
416 U.S. Courthouse
515 West First Street
Duluth, MN 55802

Date 8/30/04

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
Dan Hartel / President

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

FOR CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2004

004714 73710004724014

FORM B10 (Official Form 10) (04/04)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA (DULUTH)

PROOF OF CLAIM

RECEIVED

Name of Debtor
JERRY RAYMOND RENO SR

Case Number
02-50651

2004 AUG 32 AM 11:26

U.S. BANKRUPTCY COURT

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
PIONEER NATIONAL BANK

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

Name and Address where notices should be sent:

PIONEER NATIONAL BANK
331 NORTH CENTRAL AVENUE
DULUTH MN 55807-2501

☐ Check box if you have never received any notices from the bankruptcy court in this case.

☐ Check box if the address differs from the address on the envelope sent to you by the court.

Telephone Number:

02-50651

4908778

4

2004 SEP 1 AM 11:38

THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies debtor: 104045

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated: _____

1. Basis for Claim

☐ Goods sold
☐ Services performed
☒ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☐ Other _____

☐ Retiree benefits as defined in 11 U.S.C. §1114(a)
☐ Wages, salaries, and compensation (fill out below)
Last four digits of SS #: _____
☐ Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred: 9-24-99

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ 24,680.95 (unsecured) _____ (secured) _____ (priority) 24,680.95 (Total)

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below.

☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.

☐ Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other_____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Nonpriority Claim $ 24,680.95

☒ Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

7. Unsecured Priority Claim.

☐ Check this box if you have an unsecured priority claim

Amount entitled to priority $_____

Specify the priority of the claim:

☐ Wages, salaries, or commissions (up to $4,925),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4).
☐ Up to $ 2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(__).

**Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

8. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

9. Supporting Documents: *Attach copies of supporting documents*, such as promissory notes, purchase orders, invoices, itemized statements of running ity agreements, and evidence of perfection of lien he documents are not available, explain. If the docu

EXHIBIT 9

10. Date-Stamped Copy: To receive an a stamped, self-addressed envelope and copy of thi a

Send claims to:

U.S. Bankruptcy Court
416 U.S. Courthouse
515 West First Street
Duluth, MN 55802

Date 8-31-04

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
Heather Dalmstad, Loan Process Mgr

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

FOR CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2004

004711 73710004721017

PIONEER NATIONAL BANK OF DULUTH 331 NORTH CENTRAL AVENUE DULUTH, MN 55807 **LENDER'S NAME AND ADDRESS** "You" means the Lender, its successors and assigns.	JERRY R. RENO BARBARA R. RENO 3954 REINKE RD. DULUTH, MN 55811 **BORROWER'S NAME AND ADDRESS** "I" includes each Borrower above, together and separately.	Loan Number 104045 Date SEPTEMBER 24, 1999 Maturity Date SEP. 15, 2004 Loan Amount $ 28,308.84 Renewal Of 99406

TERMS FOLLOWING A ☐ APPLY ONLY IF CHECKED

NOTE - For value received, I promise to pay to you, or your order, at your address above, the principal sum of: TWENTY EIGHT THOUSAND THREE HUNDRED EIGHT AND 84/100* Dollars $ 28,308.84, plus interest from SEPTEMBER 24, 1999 at the rate of 8.150 % per year until SEPTEMBER 15, 2004.

☐ **LOAN ADMINISTRATIVE FEE** - I also agree to pay a loan administrative fee of $ _____, and it will be ☐ paid in cash. ☐ paid pro rata over the loan term. ☐ withheld from the proceeds. (If this fee is withheld from the proceeds, the amount is included in the principal sum.) Upon prepayment in full (or acceleration), I will not be entitled to a rebate of part of the loan administrative fee.

☐ **VARIABLE RATE** - The rate above may then change so as always to be _____ the following index rate: _____. The interest rate may not change more than _____ % each _____.

The annual interest rate in effect on this note will not at any time be more than _____ % or less than _____ %. The interest rate in effect on this note may change (as often as) _____ (assuming there is a change in the base rate) and an increase in the interest rate will cause an increase in ☐ the amount of each scheduled payment. ☐ the amount due at maturity. ☐ the number of payments.

PAYMENT - I will pay this note as follows:

(a) ☐ Interest due: _____

Principal due: _____

(b) ☒ This note has 60 payments. The first payment is $ 345.10 and is due OCT. 15, 1999. A payment of $ 345.10 is due on the 15TH day of each MONTH.

The final payment of the entire unpaid balance of principal and interest will be due SEPTEMBER 15, 2004.

INTEREST - Interest accrues on a ACTUAL/365 basis.

☒ **LATE CHARGE** - If a payment is not paid in full on or before the tenth day after its due date, I will be charged a late fee of 5% of the amount of the payment or $ 5.00, whichever is greater. ☐ This amount may then increase so as to always be the highest amount allowed by law under Minnesota Statutes § 47.59.

☐ **RETURN CHECK CHARGE** - I agree to pay a service charge for each returned check or returned automatic payment request. The amount of the service charge will generally be $20.00, but if you use a law enforcement agency to collect payment and the service charge is used to reimburse the law enforcement agency, the amount of the service charge will be $25.00.

THE PURPOSE OF THIS LOAN IS - CONSUMER: RENEW BALLOON

SECURITY - You have certain rights that may affect my property as explained on page 3. This loan ☒ is ☐ is not further secured.

(a) ☒ This loan is secured by A REAL ESTATE MORTGAGE, dated SEPTEMBER 24, 1999.

(b) ☒ Security Agreement - I give you a security interest in the Property described below. The rights I am giving you in this Property and the obligations this agreement secures are defined on page 3 of this agreement. A REAL ESTATE MORTGAGE ON THE PROPERTY LOCATED AT 3919 GETCHELL RD.,DULUTH,MN 55811 LEGALLY DESCRIBED ON THE MORTGAGE DEED OF EVEN DATE.

This Property will be used for CONSUMER purposes.

ANNUAL PERCENTAGE RATE The cost of my credit as a yearly rate.	FINANCE CHARGE The dollar amount the credit will cost me.	AMOUNT FINANCED The amount of credit provided to me or on my behalf.	TOTAL OF PAYMENTS The amount I will have paid when I have made all scheduled payments.	I have the right to receive at this time an itemization of the Amount Financed. YES - I want _____ an itemization. NO - I do not want _____ an itemization.
8.158%	$ 9,357.84	$ 28,308.84	$ 37,666.68	

My **Payment Schedule** will be:

Number of Payments	Amount of Payments	When Payments Are Due
59	$ 345.10	MONTHLY BEGINNING OCTOBER 15, 1999
1	$ 17,305.78	SEPTEMBER 15, 2004
	$	
	$	

"e" means an estimate.

$ 19.50 Filing Fees

$ _____ Nonfiling Insurance

☐ This note has a demand feature. ☐ This note is payable on demand and all disclosures are based on an assumed maturity of one year.

☐ **Variable Rate** (Check one) { ☐ My loan contains a variable rate feature. Disclosures about the variable rate feature have been provided to me earlier. ☐ The annual percentage rate may increase during the term of this transaction if _____.

Any increase will take the form of _____.

If the rate increases by _____ % in _____, the _____

CREDIT INSURANCE - Credit life insurance and credit disability insurance are not required to obtain credit, and will not be provided unless I sign and agree to pay the additional costs. I may buy any insurance from anyone I choose or I may use existing insurance.

Type	Premium	Term
Credit Life		
Credit Disability		
Joint Credit Life		

I ☐ do ☒ do not want credit life insurance.
I ☐ do ☒ do not want credit disability insurance.
I ☐ do ☒ do not want joint credit life insurance.
I ☐ do ☐ do not want _____ insurance.

X _____ DOB
X _____ DOB

PROPERTY INSURANCE - I may obtain property insurance from anyone I want that is acceptable to you. If I get the insurance from or through you I will pay $ _____ for _____ of coverage.

ITEMIZATION OF AMOUNT FINANCED

AMOUNT GIVEN TO ME DIRECTLY	$
AMOUNT PAID ON MY (LOAN) ACCOUNT	$
	$
AMOUNTS PAID TO OTHERS ON MY BEHALF:	
to Insurance Companies	$
to Public Officials	$
PAYOFF NOTE #99406	$ 28,308.84
	$
	$
(less) PREPAID FINANCE CHARGE(S)	$
Amount Financed	$ 28,308.84

(Add all items financed and subtract prepaid finance charges.)

SINGLE INTEREST INSURANCE - I may obtain single interest insurance from anyone I want that is acceptable to you. If I get the insurance from or through you I will pay $ _____ for _____ of coverage.

ADDITIONAL TERMS OF THE NOTE

DEFINITIONS - "I," "me" or "my" means each Borrower who signs this note and each other person or legal entity (including guarantors, endorsers, and sureties) who agrees to pay this note (together referred to as "us"). "You" or "your" means the Lender and its successors and assigns.

APPLICABLE LAW - This note and any agreement securing this note is governed by the laws of the state of Minnesota. The federal Truth-in-Lending disclosures on page 1 are disclosures only and are not intended to be terms of this agreement. If any part of this note cannot be enforced, the rest of this note will remain effective. Any change to this note or any agreement securing this note must be in writing and signed by you and me.

PAYMENTS - You will apply each payment I make on this loan first to any charges I owe other than principal and interest, then to interest that is due, and finally to principal that is due. The actual amount of my final payment will depend on the interest rates (if variable) and my payment record. If any payment due under this loan does not equal or exceed the amount of interest due, you may, at your option, increase the amount of the payment due and all future payments to an amount that will pay off this loan in equal payments over the remaining term of this loan.

PREPAYMENT - I may prepay all or part of this loan at any time. If I prepay part of the loan, I must still make each future payment in the original amount when due until I pay this note in full.

INTEREST - Interest accrues on the principal remaining unpaid from time to time, until paid in full. If "Variable Rate" is checked on page 1, I will pay interest at the rates in effect from time to time. Decreases in the interest rate for this note will have the opposite effect on payments that increases would have. The interest rate(s) and other charges on this loan will never exceed the highest rate or charge allowed by law for this loan. You will figure a change in the interest rate by using the index rate in effect at the time the interest rate is to change. Changes in the index between scheduled changes in the interest rate will not affect the interest rate. If the index specified on page 1 ceases to exist, you may substitute a similar index for the original.

INDEX - If the interest rate on this note is variable and is related to an index, then the index you select will function only as a tool for setting the rate on this note. You do not guaranty, by selecting any index, that the interest rate on this note will have a particular relationship to the interest rate you charge on any other loans or any type or class of loans with your other customers.

ACCRUAL METHOD - You will calculate the amount of interest that I will pay on this loan using the interest rate and accrual method stated on page 1. For interest calculation, the accrual method will determine the number of days in a year. If no accrual method is stated, then you may use any reasonable accrual method for calculating interest.

POST-MATURITY INTEREST - Interest will accrue on the principal balance remaining unpaid after final maturity at the rate in effect at maturity. Final maturity occurs:
(a) If the note is payable on demand, on the date you make demand for payment;
(b) If the note is payable on demand with alternate payment date(s), on the date you make demand for payment or on the final alternate payment date, whichever is earlier;
(c) On the date of the last scheduled payment of principal; or
(d) On the date you accelerate the due date of this loan (demand immediate payment).

REAL ESTATE OR RESIDENCE SECURITY - If this loan is secured by real estate or a residence that is personal property, the existence of a default and your remedies for such a default will be determined by: (a) applicable law, (b) the terms of any separate instrument creating the security interest, and (c) this agreement to the extent not prohibited by law and not contrary to the terms of the separate security agreement.

DEFAULT - Subject to any limitations in the "REAL ESTATE OR RESIDENCE SECURITY" paragraph above, I will be in default on this loan and any agreement securing this loan if any of the following occurs:
(a) I fail to make a payment in full when due;

REMEDIES - Subject to any limitations in the "REAL ESTATE OR RESIDENCE SECURITY" paragraph on this page, if I am in default on this loan or any agreement securing this loan, you may:
(a) Accelerate the due date (require immediate payment) of unpaid principal, earned interest and all other agreed charges I owe you under this loan;
(b) Use the right of set-off as explained below;
(c) Demand more security or new parties obligated to pay this loan (or both) in return for not using any other remedy;
(d) Make a claim for any and all insurance benefits or refunds that may be available on my default;
(e) Use any remedy you have under state or federal law; and
(f) Use any remedy given to you in any agreement securing this loan.

By choosing any one or more of these remedies you do not give up your right to use another remedy later. By deciding not to use any remedy if I default, you do not give up your right to consider the event a default if it happens again.

COSTS OF COLLECTION AND ATTORNEYS' FEES - I agree to pay you your reasonable costs to collect this debt or use or protect your rights pertaining to any security. This includes attorneys' fees and court costs. This provision also shall apply if I file a petition or any other claim for relief under any bankruptcy rule or law of the United States, or if such petition or other claim for relief is filed against me by another.

SET-OFF - You may set off any amount due and payable under this note against any right I have to receive money from you.

"Right to receive money from you" means:
(a) Any deposit account balance I have with you;
(b) Any money owed to me on an item presented to you or in your possession for collection or exchange; and
(c) Any repurchase agreement or other nondeposit obligation.

"Any amount due and payable under this note" means the total amount of which you are entitled to demand payment under the terms of this note at the time you set off. This total includes any balance the due date for which you properly accelerate under this note.

If my right to receive money from you is also owned by someone who has not agreed to pay this note, your right of set-off will apply to my interest in the obligation and to any other amounts I could withdraw on my individual request or endorsement.

Your right of set-off does not apply to an account or other obligation unless my rights arise because of my ownership interest. It also does not apply to any Individual Retirement Account or other tax-deferred retirement account.

You will not be liable for the dishonor of any check when the dishonor occurs because you set off this debt against any of my accounts. I agree to hold you harmless (generally, I will assume all liability and relieve you from all responsibility) from any claims that occur as a result of your use of your right of set-off.

OTHER SECURITY - Any present or future agreement securing any other debt I owe you also will secure the payment of this loan. Property securing another debt will not secure this loan if it is my principal dwelling and you fail to provide any required notice of right of rescission. Also, property securing another debt will not secure this loan to the extent it is household goods.

OBLIGATIONS INDEPENDENT - My obligation to pay this loan is independent of the obligation of any other person who has also agreed to pay it. You may, without notice, release me or any of us, give up any right you may have against any of us, extend new credit to any of us, or renew or change this note one or more times and for any term, and I will still be obligated to pay this loan.

You may, without notice, fail to perfect your security interest in, impair, or release any security and I will still be obligated to pay this loan.

WAIVER - I waive (to the extent permitted by law) demand, presentment, protest, notice of dishonor and notice of protest.

PRIVACY - From time to time you may receive credit information about me from

ADDITIONAL TERMS OF THE SECURITY AGREEMENT

SECURED OBLIGATIONS - This security agreement secures this loan (including all extensions, renewals, refinancings and modifications) and any other debt I have with you now or later. Property described in this security agreement will not secure other debts if you fail to give any required notice of the right of rescission with respect to the Property.

Also, this security agreement will not secure other debts if this security interest is in household goods and the other debt is a consumer loan. This security agreement will last until it is discharged in writing.

For the sole purpose of determining the extent of a purchase money security interest arising under this security agreement:

(a) Payments on any nonpurchase money loan also secured by this agreement will not apply to the Purchase Money Loan; and

(b) Payments on the Purchase Money Loan will apply first to the nonpurchase money portion of the loan, if any, and then to the purchase money obligations in the order in which the items were acquired.

No security interest will be terminated by application of this formula. "Purchase Money Loan" means all or part of the loan money is used to acquire any property securing the loan and all extensions, renewals, consolidations and refinancings of the loan.

PROPERTY - "Property" includes all property that is listed in the security agreement on page 1. If a general description is used, the word Property includes all my property fitting the general description. Property also means all benefits that arise from the described Property (including all proceeds, insurance benefits, payments from others, interest, dividends, stock splits and voting rights). It also means property that now or later is attached to, is a part of, or results from the Property.

OWNERSHIP AND DUTIES TOWARD PROPERTY - Unless a co-owner(s) of the Property signed a third party agreement, I represent that I own all the Property. I will defend the Property against any other claim. I agree to do whatever you require to perfect your interest and keep your priority. I will not do anything to harm your position.

I will keep the Property in my possession (except if pledged and delivered to you). I will keep it in good repair and use it only for its intended purposes. I will keep it at my address unless we agree otherwise in writing.

I will not try to sell or transfer the Property, or permit the Property to become attached to any real estate, without your written consent. I will pay all taxes and charges on the Property as they become due. I will inform you of any loss or damage to the Property. You have the right of reasonable access in order to inspect the Property.

INSURANCE - I agree to buy insurance on the Property against the risks and for the amounts you require. I will name you as loss payee on any such policy. (Generally, loss payee is the person to be paid in case of loss or damage to property.) You may require added security on this loan if you agree that insurance proceeds may be used to repair or replace the Property. If the insurance proceeds do not cover the amounts I still owe you, I will pay the difference. I will buy the insurance from a firm authorized to do business in Minnesota. The firm will be reasonably acceptable to you. I will keep the insurance until all debts secured by this agreement are paid.

DEFAULT AND REMEDIES - If I am in default, in addition to the remedies listed in the note portion of this document and subject to any of the limitations in the "REAL ESTATE OR RESIDENCE SECURITY" paragraph, you may (after giving notice and waiting a period of time, if required by law):

(a) Pay taxes or other charges, or purchase any required insurance, if I fail to do these things (but you are not required to do so). You may add the amount you pay to this loan and accrue interest on that amount at the interest rate(s) in effect from time to time, on this note until paid in full;

(b) Require me to gather the Property and any related records and make it available to you in a reasonable fashion;

(c) Take immediate possession of the Property, but in doing so you may not breach the peace or unlawfully enter onto my premises. You may sell, lease or dispose of the Property as provided by law. (If the Property includes a manufactured home, you will begin the repossession by giving me notice and an opportunity to cure my default, if required by law.) You may apply what you receive from the sale of the Property to your expenses and then to the debt. If what you receive from the sale of the Property is less than what I owe you, you may take me to court to recover the difference (to the extent permitted by law); and

(d) Keep the Property to satisfy the debt.

Notice of your intended sale or disposition of the Property is reasonable if it is sent to me at my last known address by first class mail 10 days before the intended sale or disposition. I agree to inform you in writing of any change in my address.

FILING - A copy of this security agreement may be used as a financing statement when allowed by law.

ASSUMPTIONS - This security agreement and any loan it secures cannot be assumed by someone buying the Property from me. This will be true unless you agree in writing to the contrary. Without such an agreement, if I try to transfer any interest in the Property, I will be in default on all obligations that are secured by this security agreement.

THIRD PARTY AGREEMENT

For the purposes of the provisions within this enclosure, "I," "me" or "my" means the person signing below and "you" means the Lender identified on page 1.

I agree to give you a security interest in the Property that is described on page 1. I agree to the terms of this note and security agreement but I am in no way personally liable for payment of the debt. This means that if the Borrower defaults, my interest in the Property may be used to satisfy the Borrower's debt. I agree that you may, without releasing me or the Property from this Third Party Agreement and without notice or demand upon me, extend new credit to any Borrower, renew or change this note or security agreement one or more times and for any term, or fail to perfect your security interest in, impair, or release any security (including guaranties) for the obligations of any Borrower.

I HAVE RECEIVED A COMPLETED COPY OF THIS NOTE AND SECURITY AGREEMENT.

NAME _____

X

NOTICE TO COSIGNER

You (the cosigner) are being asked to guaranty this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You also may have to pay late fees or collection costs, which increase this amount.

The creditor can collect this debt from you without first trying to collect from the borrower. The creditor can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become part of *your* credit record.

This notice is not the contract that makes you liable for the debt.

Attach FTC "Preservation of Consumer Claims and Defenses" Notice if Applicable

COPY

NOTE NUM	BR	NAME	CL	MPI	RSP	S/U
104045	01	JERRY R RENO SR	08	1M	SN	S

H:218-279-3465 B:218-279-3465
BARBARA R RENO
H:218-348-3855
4270 GETCHELL RD
HERMANTOWN MN 55811-1470
SSN: 476-68-9926

STATUS: IN-FORECLOSURE

NOTE DATE:	09/24/99N	MATURITY DATE:	09/15/04
ORIGINAL AMOUNT:	28,308.84	TIMES P/D 01-29:	4
ORIGINAL RATE:	8.1500	TIMES P/D 30-59:	8
LINE NUMBER:	10097981	TIMES P/D 60-89:	3
PURPOSE CODE:	182	TIMES P/D 90-OV:	18
EARNED INTEREST:	4,280.01		

PAYMENT SCHEDULE

START DATE	PYMT FREQ	NUM PYMTS	P/I PAYMENT	ESCROW PAYMENT	RATE
10/15/99	M	59	345.10	.00	
09/15/04	M	1	17,305.78	.00	

COLLATERAL

CODE: 0010 QUANTITY: VALUE:
DESC: CML RES @ 3919 GETCHELL RD, 55811
IDENT: RENTAL PROPERTY

MISCELLANEOUS

PIN 395-10-6375
SLC
PROP ADD: 3919 GETCHELL RD, 55811

DATE	DESCRIPTION	TRAN AMOUNT	PYMTS MADE	PAID THRU	TRACE #	TRANSACTION BREAKDOWN PRINCIPAL	INTEREST	ESCROW	PRINCIPAL BALANCE
09/24/99	ACTIVATION ADVANCE	28,308.84			200006694	28,308.84	.00	.00	28,308.84
10/25/99	LATE CHARGE	17.25			AUTO	.00	.00	.00	28,308.84
11/08/99	REGULAR PAYMENT	362.35	1	10/15/99	100002980	77.91	284.44	.00	28,230.93
11/08/99	REGULAR PAYMENT	362.35	1	11/15/99	300008720	345.10	.00	.00	27,885.83
					L/C:	17.25			
11/24/99	REGULAR PAYMENT	345.10	1	12/15/99	300005292	245.48	99.62	.00	27,640.35
12/28/99	REGULAR PAYMENT	362.35	1	01/15/00	300007688	152.52	209.83	.00	27,487.83
02/02/00	REGULAR PAYMENT	362.35	1	02/15/00	200008565	141.40	220.95	.00	27,346.43
02/22/00	REGULAR PAYMENT	345.10	1	03/15/00	200009745	222.98	122.12	.00	27,123.45
04/25/00	LATE CHARGE	17.25			AUTO	.00	.00	.00	27,123.45
05/18/00	REGULAR PAYMENT	770.95	2	05/15/00	200006381	232.86	520.84	.00	26,890.59
					L/C:	17.25			
06/26/00	LATE CHARGE	17.25			AUTO	.00	.00	.00	26,890.59
07/25/00	LATE CHARGE	17.25			AUTO	.00	.00	.00	26,890.59
08/07/00	REGULAR PAYMENT	726.57	2	07/15/00	8300000200	205.72	486.35	.00	26,684.87
		POSTED DATE:		08/10/00	L/C:	34.50			
08/07/00	PRINCIPAL DECREASE	726.57		**REVERSED**		.00	.00	.00	26,684.87
08/07/00	PRINCIPAL DECREASE	726.57		**REVERSAL**		.00	.00	.00	26,684.87
		POSTED DATE:		08/10/00					
08/25/00	LATE CHARGE	17.25			AUTO	.00	.00	.00	26,684.87
09/25/00	LATE CHARGE	17.25			AUTO	.00	.00	.00	26,684.87
09/29/00	REGULAR PAYMENT	590.33	2	09/15/00	200007321	257.29	315.79	.00	26,427.58
					L/C:	17.25			
10/25/00	LATE CHARGE	17.25			AUTO	.00	.00	.00	26,427.58
11/20/00	REGULAR PAYMENT	724.70	2	11/15/00	300007864	383.36	306.84	.00	26,044.22
					L/C:	34.50			
12/26/00	LATE CHARGE	17.25			AUTO	.00	.00	.00	26,044.22
01/25/01	LATE CHARGE	17.25			AUTO	.00	.00	.00	26,044.22
02/26/01	LATE CHARGE	17.25			AUTO	.00	.00	.00	26,044.22
03/19/01	REGULAR PAYMENT	1,432.15	4	03/15/01	300009810	688.38	692.02	.00	25,355.84
					L/C:	51.75			
04/25/01	REGULAR PAYMENT	345.10	1	04/15/01	100000006	135.62	209.48	.00	25,220.22
05/25/01	LATE CHARGE	17.25			AUTO	.00	.00	.00	25,220.22

06/25/01	LATE CHARGE	17.25		AUTO	.00	.00	.00	25,220.22
07/05/01	REGULAR PAYMENT	725.00	2 06/15/01	200008106	290.68	399.82	.00	24,929.54
				L/C:	34.50			
07/25/01	LATE CHARGE	17.25		AUTO	.00	.00	.00	24,929.54
08/27/01	LATE CHARGE	17.25		AUTO	.00	.00	.00	24,929.54
09/17/01	REGULAR PAYMENT	1,070.00	3 09/15/01	300011690	623.59	411.91	.00	24,305.95
				L/C:	34.50			
10/25/01	LATE CHARGE	17.25		AUTO	.00	.00	.00	24,305.95
12/05/01	PRINCIPAL ADVANCE	375.00						24,680.95

FORM B10 (Official Form 10) (04/04)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA (DULUTH)

PROOF OF CLAIM

RECEIVED
2004 SEP -7 AM 9:43
U.S. BANKRUPTCY COURT
02-50651
4908741

Name of Debtor
JERRY RAYMOND RENO SR

Case Number
02-50651

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
HERMANTOWN FED CRED UN HERMANTOWN

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.

Name and Address where notices should be sent:
HERMANTOWN FED CRED UN HERMANTOWN
~~5116 MILLER TRUNK HIGHWAY~~
HERMANTOWN MN 55811-1241 218-729-7733

Hermantown Federal Credit Union
4477 LaVaque Road
Hermantown, MN 55811-1318

Telephone Number

☐ Check box if you have never received any notices from the bankruptcy court in this case.
☐ Check box if the address differs from the address on the envelope sent to you by the court.

#7

THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies debtor:

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated:_____

1. Basis for Claim
☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☒ Other Visa credit card

☐ Retiree benefits as defined in 11 U.S.C. §1114(a)
☐ Wages, salaries, and compensation (fill out below)
Last four digits of SS #: _____
☐ Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred: 10-4-91

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $1917.29 (unsecured) _____ (secured) _____ (priority) $1917.29 (Total)

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below.
☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.
☐ Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other_____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Nonpriority Claim $_____
☐ Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

7. Unsecured Priority Claim.
☐ Check this box if you have an unsecured priority claim

Amount entitled to priority $_____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,925),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4).
☐ Up to $ 2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(__).
**Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

8. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
9. Supporting Documents: *Attach copies of* orders, invoices, itemized statements of running agreements, and evidence of perfection of lie documents are not available, explain. If the doc
10. Date-Stamped Copy: To receive an stamped, self-addressed envelope and copy of this proof of claim.

EXHIBIT 10

Send claims to:
U.S. Bankruptcy Court
416 U.S. Courthouse
515 West First Street
Duluth, MN 55802

Date 9/3/04

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

Scott Fenk President

Hermantown Federal Credit Union
4477 LaVaque Road
Hermantown, MN 55811-1318

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

FOR CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2004

004742 73710004752013

- VISA - Bankrupt

INSTALLMENT LOAN

BOOK NO. 14430 DATE OF LOAN 10-4-91

M. Jerry Reno, Sr - 2509 W. Superior St Duluth 55806

TERMS OF LOAN $ 5% PER ~~MONTH FOR~~ of Bal. MONTHS. INTEREST AT THE RATE OF 12.5 % PER YEAR

4452-6100-0980-7885

MEMO	DATE	INTEREST PAID	PRINCIPAL	BALANCE
	6-20-02	Chg'd-off		1960.22
		Shares	42.93	1917.29

Hermantown Federal Credit Union
4477 LaVaque Road
Hermantown, MN 55811-1318

VISA application ☐ Individual Account ☐ Joint Account ☐ KPO Member Account Number 14430

If you are applying for credit in your name only, do not complete portion on co-applicant.

APPLICANT NAME (LAST-FIRST-MIDDLE)		CO-APPLICANT NAME (LAST-FIRST-MIDDLE)	
Reno Jerry R SR		Barbara R. Reno	
HOME ADDRESS (STREET & NO.) 3909 Getchell Rd	HOW LONG? 15 yr	HOME ADDRESS (STREET & NO.) 3909 Getchell Rd	HOW LONG? 7 yr
CITY—STATE—ZIP Hermantown Mn 55811		CITY—STATE—ZIP Duluth MN	
PREVIOUS HOME ADDRESS	HOW LONG?	PREVIOUS HOME ADDRESS 1410 Swan Lk Rd	HOW LONG? 10 yr.
HOME PHONE NO. 729-8302 / BIRTH DATE 7-14-56 / NO. OF DEPENDENTS 2 / AGES 13 + 17		HOME PHONE NO. 729-8302 / BIRTH DATE 7-28-47 / RELATIONSHIP TO APPLICANT Wife	
SOCIAL SECURITY NO. 476-68-9926 / DRIVERS LICENSE NO. AND STATE R-500-402-730-557 Mn		SOCIAL SECURITY NO. 476-70-1375 / DRIVERS LICENSE NO. AND STATE R-500-081-751-592	
BUSINESS PHONE NO. 348-3855 / GROSS ANNUAL SALARY $ 14000 to 20000 / NET MONTHLY PAY $ 800 to 2400 seasonal		BUSINESS PHONE NO. 722-8364 / GROSS ANNUAL SALARY $ 18000 / NET MONTHLY PAY $ 1450	
EMPLOYER JR Construction / POSITION	HOW LONG? 10 yr.	EMPLOYER Duluth Clinic / POSITION Med. Aide	HOW LONG? 8 yr
BUSINESS ADDRESS 3909 Getchell Rd		BUSINESS ADDRESS 400 E Third ST	
PREVIOUS EMPLOYER Brandahls / POSITON Carpenter	HOW LONG? 5 yr.	PREVIOUS EMPLOYER St Paul Ramsey / POSITION Med Center	HOW LONG? 2 yr
PREVIOUS BUSINESS ADDRESS		PREVIOUS BUSINESS ADDRESS St Paul MN.	

Alimony, child support, or separate maintenance income need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Alimony, child support, separate maintenance received under: court order ☐ written agreement ☐ oral understanding ☐

Other income: $1125 per mth Source(s) of other income: Rental

Is any income listed in this Section likely to be reduced in the next two years? May increase ☐ Yes (Explain in detail on a separate sheet) No ☒ another rental property

Alimony, child support, separate maintenance received under: court order ☐ written agreement ☐ oral understanding ☐

Other income: $____ per ____ Source(s) of other income: ____

Is any income listed in this Section likely to be reduced in the next two years? ☐ Yes (Explain in detail on a separate sheet) No ☐

OUTSTANDING DEBTS (Include charge accounts, installment contracts, credit cards, rent, mortgages, etc. Use separate sheet if necessary.)

MORTGAGEE OR LANDLORD	PAYMENT ADDRESS	APPROX. MARKET VALUE	ORIGINAL AMOUNT	BALANCE DUE	MO. PMT./RENT
Own	3909 Getchell	42,000	$	$ 0	$ 0
AUTOS OWNED — MAKE / YEAR / LICENSE NUMBER		FINANCED BY			MONTHLY PMT.
Ford Truck 85		Owned	$ 12000.00	0	0
Blazer 84			$ 4700	$ 0	$ 0
NAME AND ADDRESS (OTHER DEBTS)		ACCOUNT NUMBER			
Sears		02-50697-75210-4	$ 1200	$ 800	$ 20
Pioneer Bank			$ 15000	$	$ 300
HSCU			$ 10000	$ [illegible]	$ [illegible]
HSCU - Homeimprovement			$	$ [illegible]	$ [illegible]
			$	$	$

CHECKING/SHARE DRAFT ACCT. NO.	LOCATION	SAVINGS ACCOUNT NOS.	LOCATION	$ TOTAL
14430	HSCU	14430	HSCU	

NAME OF NEAREST RELATIVE NOT LIVING WITH YOU	ADDRESS (CITY—STATE—ZIP)	RELATIONSHIP
Lorraine Berger	3915 Getchell Rd	Mother-In-law

Are you a co-maker, endorser, or guarantor on any loan or contract? Yes ☐ No ☒ If "yes" for whom? To whom?

Are there any unsatisfied judgments against you? Yes ☐ No ☒ Amount $ If "yes" to whom owed?

Other obligations — (E.g., liability to pay alimony, child support, separate maintenance. Use separate sheet if necessary.)

No

Have you ever had a car or other personal property repossessed by a dealer or finance company, filed for bankruptcy, or been a party to a wage assignment or collection suit, or have you ever been declined on a loan application to this credit union? ☐ Yes ☒ No
If your answer to any part of the question is yes, please give details.

COMPLETE THE FOLLOWING ONLY IF YOU RESIDE IN A COMMUNITY PROPERTY STATE (ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON OR WISCONSIN); OR IF ANOTHER PERSON WILL BE JOINTLY LIABLE ON THE ACCOUNT.

Married ☒ Separated ☐ Unmarried ☐

This statement is submitted to obtain credit and I(We) certify that all information herein is true and complete. I(We) also authorize the credit union to verify or obtain further information the credit union may deem necessary concerning my(our) credit standing. If this application is approved and a credit card(s) issued, the undersigned applicant(s) by signing, using or permitting another to use the credit card(s) agree(s) that the applicant(s) will be bound by the terms and conditions accompanying the credit card(s) and all amendments.

APPLICANT'S SIGNATURE / DATE	CO-APPLICANT'S SIGNATURE / DATE
X Jerry R Reno Sr	X Barbara Reno

FOR CREDIT UNION USE ONLY

CREDIT LIMIT $ 1200.00

CREDIT CARD ACCOUNT NO. ____

COMMENTS/CONDITIONS ____

APPROVED ☒ REJECTED ☐ Date 10-4-91

CREDIT COMMITTEE OR LOAN OFFICER Brenda Peterson

Printed in U.S.A. by Union Labor

5116 Miller Trunk Hwy
Hermantown, MN 55811
(218) 729-7733

Date _____ 19 ____

CREDIT CARD AGREEMENT

NOTICE: See reverse side for important information regarding your rights to dispute billing errors.

In this Agreement the words *you* and *your* mean each and all of those who sign this Agreement. *Card* means a VISA credit card and any duplicates and renewals the Credit Union issues. *Account* means your VISA credit card line of credit account with the Credit Union. *Credit Union* means the Credit Union whose name appears in this Agreement.

1. Using the Account. If you are approved for a VISA account, the Credit Union will establish a line of credit for you and notify you of its amount when the card is sent to you. You agree not to let your account balance exceed your approved credit limit. Each payment you make on the account will restore your credit limit by the amount of the payment which is applied to the principal amount of purchases and cash advances. You may request an increase in your credit limit only by written application which is approved by the Credit Union. The Credit Union has the right to reduce or terminate your credit limit at any time.

2. Using the Card. You may use the card issued to you to make purchases in person, and by mail or telephone from merchants and others who accept VISA cards. In addition, you may obtain cash advances from the Credit Union, from other financial institutions participating in the VISA program and from automated teller machines (ATMs), such as VISA ATM Network, that provide access to the VISA system. (Not all ATMs provide such access.) You will need to use your Personal Identification Number (PIN) to obtain a cash advance from an ATM.

3. Responsibility. You agree to pay all charges (purchases and cash advances) to your account made by you or anyone whom you authorized to use your account. Your obligation to pay the amount owed on your account continues until paid in full even though an agreement, divorce decree or other court judgment to which the Credit Union is not a party may direct someone else to pay the account balance.

If more than one person signs this Agreement, each is individually responsible for all amounts owed on the account and all are jointly responsible for all amounts owed. This means the Credit Union can enforce this Agreement against any of you individually or all of you together.

4. Finance Charges. In order to avoid a finance charge on purchases made since your last statement date, you must pay the Total New Balance shown on your statement within 25 days of the statement closing date. Otherwise finance charge on purchases is calculated from the beginning of the next statement period on previously billed but unpaid purchases and on new purchases from the date they are posted to your account. Cash advances are always subject to finance charge from the date they are posted to your account. The finance charge (interest) on purchases and cash advances is calculated at the periodic rate of 1.333% per month which is an **ANNUAL PERCENTAGE RATE** of 16.0%. Separate finance charges for purchases and cash advances are determined by multiplying the periodic rate by the separate average daily balances for purchases and cash advances. Each average daily balance is determined by taking the beginning balance (of cash advances or purchases) in your account each day, adding any new purchases or cash advances (whichever is applicable) and subtracting any payments or credits. The results are the daily balances. All the daily balances for the statement cycle are added and the total is divided by the number of days in the statement cycle to arrive at the average daily balance for the cycle.

5. Other Charges. The following other charges will be added to your account, as applicable: An Annual Fee of $10.00 per year.

6. Monthly Payment. Each month you must pay at least the minimum payment shown on your statement within 25 days of the statement closing date. You may, of course, pay more frequently, pay more than the minimum payment, or pay the Total New Balance in full. If you make extra payments or larger payments, you are still required to make at least the minimum payment each month your account has a balance. The minimum payment is 5% of your Total New Balance but not less than $20.00, plus the amount of any prior minimum payments that you have not paid. In addition, at any time your Total New Balance exceeds your credit limit, you must immediately pay the excess upon demand.

7. Security Interest. If you give the Credit Union a specific pledge of shares by signing a separate pledge of shares for this account, your account will be secured by your pledged shares.

be in default if something happens which the Credit Union believes may substantially reduce your ability to repay what you owe. When you are in default, the Credit Union has the right to demand immediate payment of your full account balance without notice. If immediate payment is demanded, you will continue to pay finance charge, at the periodic rate charged before default, until what you owe has been paid, and any shares that were given as security will be applied towards what you owe. To the extent permitted by law, you will also be required to pay the Credit Union's collection expenses, including court costs and reasonable attorney's fees.

9. Liability for Unauthorized Use. You may be liable for the unauthorized use of your credit card. You will not be liable for unauthorized use that occurs after you notify the Credit Union orally or in writing, of the loss, theft, or possible unauthorized use. In any case, your liability will not exceed $50.

10. Lost Card Notification. If you believe your credit card has been lost or stolen, immediately inform the Credit Union by calling: 1-614-248-4239.

11. Changing or Terminating Your Account. The Credit Union may change the terms of this Agreement from time to time after giving you any advance notice required by law. Your use of the card after receiving notice of a change will indicate your agreement to the change. To the extent the law permits, and indicated in the notice to you, the change will apply to your existing account balance as well as to future transactions.

Either the Credit Union or you may terminate this Agreement at any time, but termination by you or the Credit Union will not affect your obligation to pay the account balance plus any finance and other charges you owe under this Agreement. The cards you receive remain the property of the Credit Union and you must recover and surrender to the Credit Union all cards upon request or upon termination of this Agreement whether by you or the Credit Union.

12. Credit Information. You authorize the Credit Union to investigate your credit standing when opening or reviewing your account. You authorize the Credit Union to disclose information regarding your account to credit bureaus and creditors who inquire about your credit standing.

13. Returns and Adjustments. Merchants and others who honor the Card may give credit for returns or adjustments, and they will do so by sending the Credit Union a credit slip which will be posted to your account. If your credits and payments exceed what you owe the Credit Union, the amount will be applied against future purchases and cash advances. If the amount is $1 or more, it will be refunded upon your written request or automatically after six months.

14. Foreign Transactions. Purchases and cash advances made in foreign countries and foreign currencies will be billed to you in U.S. dollars. The conversion rate to dollars will be made in accordance with the operating regulations for international transactions established by VISA International, Inc.

15. Merchant Disputes. The Credit Union is not responsible for the refusal of any merchant or financial institution to honor the card. The Credit Union is subject to claims and defenses (other than tort claims) arising out of goods or services you purchase with the card if you have made a good faith attempt but have been unable to obtain satisfaction from the merchant or service provider, and (a) your purchase was made in response to an advertisement the Credit Union sent or participated in sending to you; or (b) your purchase cost more than $50 and was made in your state or within 100 miles of your home.

16. Effect of Agreement. This Agreement is the contract which applies to all transactions on your account even though the sales, cash advances, credit or other slips you sign or receive may contain different terms.

17. No Waiver. The Credit Union can delay enforcing any of its

FORM B10 (Official Form 10) (04/04)

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA (DULUTH)

PROOF OF CLAIM

RECEIVED

2004 SEP 13 PM 3:34

U.S. BANKRUPTCY COURT

02-50651

4908767

#8

THIS SPACE IS FOR COURT USE ONLY

Name of Debtor
JERRY RAYMOND RENO SR

Case Number
02-50651

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. §503.

Name of Creditor (The person or other entity to whom the debtor owes money or property):
MN POWER UTILITIES DULUTH

Name and Address where notices should be sent:

MN POWER UTILITIES DULUTH
30 WEST SUPERIOR ST
DULUTH MN 55802-2030

Telephone Number: 1-800-228-4966

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.
☐ Check box if you have never received any notices from the bankruptcy court in this case.
☐ Check box if the address differs from the address on the envelope sent to you by the court.

Account or other number by which creditor identifies debtor:
79455

Check here if this claim ☐ replaces ☐ amends a previously filed claim, dated:_____

1. Basis for Claim
☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☒ Other PROVIDE ELECTRICAL SERVICE

☐ Retiree benefits as defined in 11 U.S.C. §1114(a)
☐ Wages, salaries, and compensation (fill out below)
Last four digits of SS #: _____
☐ Unpaid compensation for services performed from _____ (date) to _____ (date)

2. Date debt was incurred:
10/6/99 TO 8/2/02

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ 1,765.62 (unsecured) _____ (secured) _____ (priority) 1,765.62 (Total)

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below.
☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges.

5. Secured Claim.
☐ Check this box if your claim is secured by collateral (including a right of setoff).

Brief Description of Collateral:
☐ Real Estate ☐ Motor Vehicle
☐ Other_____

Value of Collateral: $_____

Amount of arrearage and other charges at time case filed included in secured claim, if any: $_____

6. Unsecured Nonpriority Claim $_____
☐ Check this box if: a) there is no collateral or lien securing your claim, or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority.

7. Unsecured Priority Claim.
☐ Check this box if you have an unsecured priority claim

Amount entitled to priority $_____
Specify the priority of the claim:
☐ Wages, salaries, or commissions (up to $4,925),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).
☐ Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4).
☐ Up to $ 2,225* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
☐ Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).
☐ Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).
☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a)(__).
**Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.*

8. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.
9. Supporting Documents: *Attach copies* EXHIBIT 11 ase orders, invoices, itemized statements of runn ity agreements, and evidence of perfection of the documents are not available, explain. If the d
10. Date-Stamped Copy: To receive a a stamped, self-addressed envelope and copy of

Send claims to:

U.S. Bankruptcy Court
416 U.S. Courthouse
515 West First Street
Duluth, MN 55802

Date
9-7-04

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):
Jeneen B Klein JENEEN B. KLEIN, CUSTOMER INFO.REP.

Penalty for presenting fraudulent claim: Fine of up to $500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

FOR CHAPTER 7, 11 or 12 CASES filed on or after April 1, 2004

004680 73710004690012

```
Enter changes
     MISC            MISCELLANEOUS PERSONS ON AN ACCOUNT 09/07/04 14:14:29
*Name JR CONSTRUCTION_______________ * ________________________________________
*ACCT 79455_____ * 2_ AR 11 BC 14                     Phone _____ ___ ____
 CR 43 ............ WO REF MIS MLP BKCY 09/07/04
 Main Customer: JR CONSTRUCTION         Social Security: ___ __ ____
 Primary Phone: _____ ___ ____          Work Phone - Ex: _____ ___ ____ _____
 Employer Name: ACCOUNTANT: DON WILKE_______________
                                     Dup Bill
          *Quick Name            *Type (Y,N)    SS Id        Phone
 ----------------------------- ----- ----- ----------- --------------
 RENO,JERRY_____________________   Z     N   476 68 9926 _____ ___ ____
                      President Employer    HM ADD 3954 REINKE RD______________
          Person ID: 94919      Work Phone  _____ ___ ____ _____
 RENO,BARBARA___________________   V     N   471 70 1375 _____ ___ ____
                 Vice President Employer    HM ADD 3954 REINKE RD______________
          Person ID: 94920      Work Phone  _____ ___ ____ _____
 ______________________________    _     _   ___ __ ____ _____ ___ ____
                                Employer    ____________________________________
          Person ID:
                                Work Phone  _____ ___ ____ _____
*Tran: _______ Act: _ Key: ____________________________________________________
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
      help  quit  retrn main  ACCT  PER   bkwrd frwrd                   CC
```

P00001-0001354 1oz BRE CHW UPY

minnesota power
AN ALLETE COMPANY

Questions If you have any questions about this bill, please call your representative at Minnesota Power, (218) 722-2625 or toll free (800) 228-4966, or write us at 30 WEST SUPERIOR STREET DULUTH, MN 55802. Visit our Website at www.mnpower.com

Name: JR CONSTRUCTION

Account: 79455 | **Bill Date:** September 24, 2002

Please Pay $1,765.62 **Immediately**

Billing Summary

Bill Number
17445335
Notice Bill 6

2509-11 W SUPERIOR ST
DULUTH MN 55806-1834

2514 W 1ST ST
DULUTH MN 55806-1807

Total Amount Due	$1,765.62
Previous Balance	$1,765.62
Previous Balance Due	$1,765.62
Amount Due	**$1,765.62**

Message Center

This is our final request for the amount of $1,765.62. You must pay this amount immediately. If you cannot pay, we are willing to work out arrangements with you if you call or come in before the due date. If we do not hear from you by the due date, we have the right to use every available legal method to collect what you owe, including turning the bill over to a collection agency. To make arrangements, call (800) 228-4966.

Please return this stub with your payment. Please do not staple, fold, tape, or paper clip your check to the payment stub.

minnesota power
AN ALLETE COMPANY

Account Number: 79455
Payment Due: 10/09/2002

☐ Please check this box for phone/name corrections. Print corrections on reverse side.

	Charges	**Amount Paid**
Utility	$1,765.62	
Amount Due	$1,765.62	

0001139 S1 T6

JR CONSTRUCTION
2509 W SUPERIOR ST
DULUTH MN 55806-1834

MINNESOTA POWER
P.O. BOX 1001
DULUTH MN 55806-1001

0100001765620000000000000000176562 00000794550 6

ACCFH ACCOUNT FINANCIAL HISTORY 09/07/04 12:26:46

*Name JR CONSTRUCTION_____ * _____

*ACCT 79455_____ * 2_ AR 11 BC 14 Phone _____ ___ ____

CR 43 ..... WO REF MIS MLP BKCY 10/07/02

Dollars Written OFF

TranDate	Type	Serv	Tran Amt	UB/NUB	Cur Amt	CB	Dep
10/14/02	WO	U	1,765.62-	0.00	1,765.62-	0.00	
09/17/02	LPC	U	26.09	1,765.62	26.09	1,765.62	
08/16/02	LPC	U	2.72	1,739.53	2.72	1,739.53	
07/18/02	LPC	U	2.68	1,736.81	2.68	1,736.81	
06/17/02	LPC	U	2.64	1,734.13	2.64	1,734.13	
05/17/02	LPC	U	2.60	1,731.49	2.60	1,731.49	
04/19/02	CLOSE	U	36.64	1,728.89	36.64	1,728.89	
04/19/02	LPC	U	25.01	1,692.25	25.01	1,692.25	
03/21/02	AUTOTR	U	0.00	1,667.24	0.00	1,667.24	
	Bill	U	269.61	1,667.24	269.61	1,667.24	
	LPC	U	20.65	1,397.63	20.65	1,397.63	
02/22/02	Bill	U	232.49	1,376.98	232.49	1,376.98	
02/20/02	LPC	U	16.91	1,144.49	16.91	1,144.49	
02/15/02	Pay	U	250.00-	1,127.58	250.00-	1,127.58	
01/22/02	Bill	U	410.52	1,377.58	410.52	1,377.58	
	LPC	U	14.29	967.06	14.29	967.06	
12/21/01	Bill	U	434.78	952.77	434.78	952.77	
12/19/01	LPC	U	7.66	517.99	7.66	517.99	
11/21/01	Bill	U	265.53	510.33	265.53	510.33	
	LPC	U	1.00	244.80	1.00	244.80	
11/19/01	Pay	U	780.00-	243.80	780.00-	243.80	
10/29/01	CanP	U	425.00	1,023.80	425.00	1,023.80	
	NSFCHG	U	15.00	598.80	15.00	598.80	
	NSFPAY	m	0.00	583.80	0.00	583.80	
10/22/01	Bill	U	255.40	583.80	255.40	583.80	
	LPC	U	4.86	328.40	4.86	328.40	
10/16/01	Pay	cU	425.00-	323.54	425.00-	323.54	
09/21/01	Bill	U	331.36	748.54	331.36	748.54	
	LPC	U	6.17	417.18	6.17	417.18	
09/17/01	Pay	U	710.00-	411.01	710.00-	411.01	
08/22/01	Bill	U	409.31	1,121.01	409.31	1,121.01	
	LPC	U	10.51	711.70	10.51	711.70	
07/23/01	Bill	U	400.20	701.19	400.20	701.19	
	LPC	U	4.44	300.99	4.44	300.99	
07/17/01	Pay	U	300.00-	296.55	300.00-	296.55	
06/21/01	Bill	U	316.06	596.55	316.06	596.55	
	LPC	U	4.14	280.49	4.14	280.49	
06/08/01	Pay	U	350.00-	276.35	350.00-	276.35	
05/22/01	Bill	U	337.05	626.35	337.05	626.35	
	LPC	U	4.28	289.30	4.28	289.30	

*Tran: _____ Act: _ Key: _____

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---

help quit retrn main ACCFO ACCFH top frwrd USAFA NSAFA

ACCFA ACCOUNT ARCHIVED FINANCIAL HISTORY 09/07/04 12:38:50

*Name JR CONSTRUCTION_____ * _____

*ACCT 79455_____ * 2_ AR 11 BC 14 Phone _____ ___ ____

CR 43 ..... WO REF MIS MLP BKCY 09/07/04

TranDate	Type	Serv	Tran Amt	Arc	UB/NUB	Cur Amt	Arc	CB	Dep
05/02/01	Pay	U	350.00-		285.02	350.00-		285.02	
04/23/01	Bill	U	323.86		635.02	323.86		635.02	
04/20/01	LPC	U	4.60		311.16	4.60		311.16	
04/06/01	Pay	U	350.00-		306.56	350.00-		306.56	
03/21/01	Bill	U	310.02		656.56	310.02		656.56	
	LPC	U	1.26		346.54	1.26		346.54	
03/14/01	CanP	U	138.84		345.28	138.84		345.28	
	NSFCHG	U	15.00		206.44	15.00		206.44	
	NSFPAY	m	0.00		191.44	0.00		191.44	
03/13/01	Pay	U	321.29-		191.44	321.29-		191.44	
02/26/01	Pay	cU	138.84-		512.73	138.84-		512.73	
02/20/01	Bill	U	325.46		651.57	325.46		651.57	
	LPC	U	4.82		326.11	4.82		326.11	
01/23/01	Bill	U	180.37		321.29	180.37		321.29	
	LPC	U	2.08		140.92	2.08		140.92	
01/11/01	Pay	U	143.90-		138.84	143.90-		138.84	
12/20/00	Bill	U	136.68		282.74	136.68		282.74	
	LPC	U	2.16		146.06	2.16		146.06	
12/06/00	Pay	U	160.19-		143.90	160.19-		143.90	
11/21/00	Bill	U	143.90		304.09	143.90		304.09	
	LPC	U	2.37		160.19	2.37		160.19	
10/20/00	Bill	U	83.55		157.82	83.55		157.82	
	LPC	U	1.10		74.27	1.10		74.27	
10/10/00	Pay	U	149.25-		73.17	149.25-		73.17	

****** End of Data ******

*Tran: _____ Act: _ Key: _____

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---

help quit retrn main ACCFO ACCFH top frwrd USAFA NSAFA

FORM B1

United States Bankruptcy Court District of MINNESOTA	VOLUNTARY PETITION
Name of Debtor (If individual, enter Last, First, Middle) RENO, JERRY RAYMOND SR	Name of Joint Debtor (Spouse) (Last, First, Middle)
All Other Names used by the debtor in the last 6 years (Include married, maiden, and trade names) asf JR CONSTRUCTION OF HERMANTOWN INC ASF D AND J DIVERSIFIED SERVICES INC	All Other Names used by the joint debtor in the last 6 years (Include married, maiden, and trade names)
Soc. Sec./Tax I.D. No. (If more than one, state all) S.S.# 476-68-9926	Soc. Sec./Tax I.D. No. (If more than one, state all)
Street Address of Debtor (No. and street, city, state, and zip code) 802 WEST 5TH STREET DULUTH MN 55806	Street Address of Joint Debtor (No. and street, city, state, and zip code)
County of Residence or of the Principal Place of Business: ST LOUIS	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (If different from street address)	Mailing Address of Joint Debtor (If different from street address)
Location of Principal Assets of Business Debtor (If different from street address above)	Venue: (Check any applicable box) ☒ Debtor has been domiciled or has had a residence, principal place business, or principal assets in this District for 180 days immediately proceeding the date of this petition or for a longer part of such 180 days than in any other District. ☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.

Information Regarding the Debtor (Check the Applicable Boxes)

Type of Debtor (Check any applicable box)
- ☒ Individual(s)
- ☐ Corporation
- ☐ Partnership
- ☐ Other _____
- ☐ Railroad
- ☐ Stockbroker
- ☐ Commodity Broker

Chapter or Section of Bankruptcy Code Under Which the Petition is Filed (Check one box)
- ☒ Chapter 7
- ☐ Chapter 11
- ☐ Chapter 13
- ☐ Chapter 9
- ☐ Chapter 12
- ☐ Sec. 304 - Case ancillary to foreign processing

Nature of Debts (Check one box)
- ☐ Consumer / Nonbusiness
- ☒ Business

Small Business (Chapter 11 only)
- ☐ Debtor is a small business as defined in 11 U.S.C. Sec. 101
- ☐ Debtor is and elects to be considered a small business under 11 U.S.C. Sec. 1121(e) (Optional)

Filing Fee (Check one box)
- ☒ Filing fee is attached
- ☐ Filing fee is to be paid in installments. (Applicable to individuals only.) Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form No. 3

Statistical / Administrative Information (Estimates Only)
- ☐ Debtor estimates that funds will be available for distribution to unsecured creditors.
- ☒ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

1 - 15	16 - 49	50 - 99	100 - 199	200 - 999	1000 - over
☐	☐	☐	☒	☐	☐

Estimated Assets (Check one box)

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☒	☐	☐	☐	☐	☐	☐	☐

Estimated Liabilities (Check one box)

$0 to $50,000	$50,001 to $100,000	$100,001 to $500,000	$500,001 to $1 million	$1,000,001 to $10 million	$10,000,001 to $50 million	$50,000,001 to $100 million	More than $100 million
☐	☐	☐	☐	☒	☐	☐	☐

THIS SPACE FOR COURT USE ONLY

Date: AUG - 9 2002
Time: 1:04 pm
Judge: Judge Kishel
Deputy:
Case #: 02-51
Patrick C. De Muth, Clerk
U.S. Bankruptcy Court
District of Minnesota

EXHIBIT 12

FORM B6 - Cost

UNITED STATES BANKRUPTCY COUR.
DISTRICT OF MINNESOTA

In re JERRY RAYMOND RENO SR,
Debtor

Case No.

Chapter 7

SUMMARY OF SCHEDULES

Indicate as to each schedule whether that schedule is attached and state the number of pages in each. Report the totals from Schedules A, B, D, E, F, I, and J in the boxes provided. Add the amounts from Schedules A and B to determine the total amount of the debtor's assets. Add the amounts from Schedules D, E and F to determine the total amount of the debtor's liabilities.

NAME OF SCHEDULE	ATTACHED (YES/NO)	NO. OF SHEETS	AMOUNTS SCHEDULED ASSETS	LIABILITIES	OTHER
A - Real Property	YES	1	$ 0.00		
B - Personal Property	YES	4	$ 13,759.00		
C - Property Claimed As Exempt	YES	1			
D - Creditor Holding Secured Claims	YES	1		$ 0.00	
E - Creditors Holding Unsecured Priority Claims	YES	3		$ 13,221.16	
F - Creditors Holding Unsecured Nonpriority Claims	YES	20		$ 1,048,486.03	
G - Executory Contracts and Unexpired Leases	YES	1			
H - Codebtors	YES	1			
I - Current Income of Individual Debtor(s)	YES	1			$ 1,127.00
J - Current Expenditures of Individual Debtor(s)	YES	1			$ 1,221.00
Total Number of sheets In ALL Schedules		34			
		Total Assets	$ 13,759.00		
			Total Liabilities	$ 1,061,707.19	

7. Gifts

None ☒

List all gifts or charitable contributions made with **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than $200 in value per individual family member and charitable contributions aggregating less than $100 per recipient. (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

NAME AND ADDRESS OF PERSON OR ORGANIZATION	RELATIONSHIP TO DEBTOR IF ANY	DATE OF GIFT	DESCRIPTION AND VALUE OF GIFT

8. Losses

None ☐

List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case **or since the commencement of this case.** (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

DESCRIPTION AND VALUE OF PROPERTY	DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS
SUBSTANTIAL GAMBLING LOSSES	

9. Payments related to debt counselling or bankruptcy

None ☐

List all payments made or property transferred by or on behalf of the debtor to any person, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within **one year** immediately preceding the commencement of this case.

NAME AND ADDRESS OF PAYEE	DATE OF PAYMENT, NAME OF PAYER IF OTHER THAN DEBTOR	AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY
PAID JOHN HEDTKE $2,500 FOR THIS PROCEEDING		

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

BKY No. 02-50651
ADV No. 04-5008

Jerry Raymond Reno, Sr.,

Debtor.

Randall L. Seaver, Trustee

Plaintiff

vs.

Jerry Reno, Jr. and Stephanie Michelizzi,

Defendants

MEMORANDUM IN SUPPORT OF PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT

FACTUAL BACKGROUND

Less than one year prior to filing his Bankruptcy Petition, the Debtor and the Debtor's spouse transferred a parcel of real estate, held in their names, to Defendants, Jerry Reno, Jr. and Stephanie Michelizzi. Jerry Reno, Jr. is the Debtor's son. The purchase price on the settlement statement for the sale of the property is $75,000. The same settlement statement, however, indicates that, as a part of the purchase the Debtor gave to the Defendants a "gift of equity" in the amount of $27,000.00, effectively reducing the purchase price and the value received by the Debtor for the Property by that amount. Also set forth in the same settlement statement is an entry indicating that the Debtor made a "seller's contribution" in the amount of $3,000.00 towards the costs of closing the transaction. The effect of the "gift of equity" coupled with the "seller's contribution" was to allow the Defendants to purchase a parcel of property purportedly worth at least $75,000.00 for an effective purchase price of $45,000.00.

The Trustee discovered the transfer and commenced this adversary proceeding to avoid the transfer and to recover value of the "gift of equity" and the "seller's contribution." The

Trustee has entered into a Settlement Agreement with Stephanie Michelizzi, one of the Defendants in this matter. On September 28, 2004, this court entered its order approving that Settlement Agreement. It is the Trustee's intention, in compliance with said Settlement Agreement, to dismiss Stephanie Michelizzi from this matter. As such, the Trustee is only seeking Summary Judgment against the Defendant Jerry Reno, Jr.

After service of the Summons and Complaint the Trustee served discovery on the Defendants which included Requests for Admissions. The Defendants failed to respond to the Requests for Admissions which, pursuant to the Federal Rules of Civil Procedure, made applicable by the Rules of Bankruptcy Procedure resulted in the Requests for Admissions being admitted. The Trustee now brings this Summary Judgment motion seeking an order avoiding the transfer and ordering recovery of the value of the "gift of equity" and the "seller's contribution."

UNDISPUTED FACTS

The following facts are established through public records or the testimony of one of the Debtors and, therefore, are not in dispute:

1. On or about August 16, 2000, the Debtor executed a deed ("Deed") which transferred his fee interest in a developed parcel of real estate to the Defendants, Jerry Reno, Jr., son of the Debtor and Stephanie Michelizzi, then wife of Jerry Reno, Jr. The property transferred is commonly referred to as 3919 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and is legally described as:

   > SE 1/4 of SE 1/4 of SW 1/4, Section 23, Township 50, Range 15 West, EXCEPT the Southerly 459.72' thereof.

   ("Property"). See Exhibit 4 to the Affidavit of Roger B. Seaver submitted herewith.

2. The August 16, 2000 deed evidencing the Transfer was recorded in the Office of the St. Louis County Recorder on September 14, 2000 as Document No. 00795956 ("Transfer"). See Exhibit 4 to the Affidavit of Roger B. Seaver submitted herewith.

3. The settlement statement prepared with regards to the sale of the Property indicated a sale price for the Property of $75,000. After subtracting out the "gift of equity" and the "seller's contribution" the Debtor received $45,000.00 in return for the transfer of the Property to the Defendants. See Exhibit 5 to the Affidavit of Roger B. Seaver submitted herewith.

4. That the Debtor, Jerry Raymond Reno, Sr., was insolvent, as defined by 11 U.S.C. §101(32), on the dates of August 1, 2000 through August 30, 2000. See Exhibit 1 to the Affidavit of Roger B. Seaver submitted herewith which is a copy of the Requests for Admissions served upon the Defendants to which no response was received within 30 days and are therefore admitted.

5. That the Debtor, Jerry Raymond Reno, Sr., was insolvent, , as defined by Minn. Stat. 513.42, on the dates of August 1, 2000 through August 30, 2000. See Exhibit 1 to the Affidavit of Roger B. Seaver submitted herewith which is a copy of the Requests for Admissions served upon the Defendants to which no response was received within 30 days and are therefore admitted.

6. That, in return for the "Sellers Contribution" included in the transfer of the Property to the Defendants by the Debtor, in the amount of $3,000.00, which further reduced the amount the Debtor received in return for the Property, the Defendants transferred nothing of value to Jerry Raymond Reno, Sr. See Exhibit 1 to the Affidavit of Roger B. Seaver submitted

herewith which is a copy of the Requests for Admissions served upon the Defendants to which no response was received within 30 days and are therefore admitted.

7. That, in return for the "Gift of Equity" in the amount of $27,000.00 included in the Debtor's transfer of the Property to the Defendants, the Defendants transferred nothing of value to Jerry Raymond Reno, Sr. See Exhibit 1 to the Affidavit of Roger B. Seaver submitted herewith which is a copy of the Requests for Admissions served upon the Defendants to which no response was received within 30 days and are therefore admitted.

8. The Debtor did not receive reasonably equivalent value in return for the Transfer. See Exhibit 1 to the Affidavit of Roger B. Seaver submitted herewith which is a copy of the Requests for Admissions served upon the Defendants to which no response was received within 30 days and are therefore admitted.

9. At the time of the Transfer, the Debtor was unable to pay his debts as they became due. See Exhibit 6 and Exhibits 7-11 to the Affidavit of Roger B. Seaver submitted herewith and the discussion herein.

10. The Debtor was insolvent at the time of the Transfer. See Exhibit 6 and Exhibits 7-11 to the Affidavit of Roger B. Seaver submitted herewith and the discussion herein.

11. At least one creditor of the Debtor existed at the time of the Transfer. See Exhibit 6 and Exhibits 7-11 to the Affidavit of Roger B. Seaver submitted herewith and the discussion herein.

12. On August 9, 2002, the Debtor filed his voluntary Chapter 7 Bankruptcy petition. See Exhibit 12 to the Affidavit of Roger B. Seaver submitted herewith.

LEGAL ARGUMENT

A. Standard for Summary Judgment.

Summary judgment is properly regarded, not as a disfavored procedural shortcut, but an integral part of the Federal Rules, designed to "secure the just, speedy and inexpensive determination of every action." *Celotex Corp. V. Catrett,* 477 U.S. 317, 327 (1986) (quoting Fed. R. Civ. P. 1). Summary judgment will be granted if there is no issue to any material fact, and the moving party is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). Summary judgment must be entered if, after adequate discovery time, the party against whom relief is sought fails to make a sufficient showing to establish the existence of an element essential to its case upon which it will bear the burden of proof in trial. *Celotex Corp. V. Catrett,* 477 U.S. 317, 327 (1986) (quoting Fed. R. Civ. P. 56.01).

The moving party must advise the court of all evidence which it believes demonstrates the absence of a genuine issue of material fact, an that it is entitled to judgment as a matter of law. *Celotex*, supra, *City of Mt. Pleasant, Iowa v. Associated Elec. Co-op, Inc.,* 838 F.2d 268, 273 (8th Cir. 1988).

Once the movant has made its showing the burden shifts to the non-moving party who must establish by its own affidavits, or other admissible evidence, that there are specific and genuine issues of material fact warranting a trial. *Celotex*, at 324. The non-moving party must present specific, significant, and probative evidence supporting its case. *Johnson v. Enron Corp.*, 906 F.2d 1234, 1237 (8th Cir. 1990).

B. Defendants' Admissions

Some of the necessary elements for the avoidance of the Transfer by the Trustee are shown though admissions by the Defendants. These admissions arise from the fact that, on June

3, 2004, the Trustee served discovery, including Requests for Admissions, upon the Defendants' attorney, Arthur M. Albertson. See Exhibits 1 and 2 to the Affidavit of Roger B. Seaver submitted herewith. To date, no response to any of the discovery, including the Requests for Admissions have been received. See, Paragraph 5 of the Affidavit of Roger B. Seaver submitted herewith. Pursuant to Federal Rule of Bankruptcy Procedure 7036 which incorporates Federal Rule of Civil Procedure 36, the requests for admissions are admitted unless responses denying said requests for admissions are received within 30 days after service.

C. Fraudulent Transfer.

The Trustee, for purposes of avoiding the transfer of the Property under Minn. Stat. § 513.44(a)(2), is asserting the rights of avoidance that would be available to a creditor who, pursuant to 11 U.S.C. § 544(a), extends credit to the debtor at the time of commencement of the case. For purposes of recovery under Minn. Stat. § 513.45(a), the Trustee is asserting the rights of avoidance available to a creditor holding an unsecured claim pursuant to 11 U.S.C. § 544(b)(1).

1. There was a transfer of an interest in the Property of the Debtor.

Pursuant to Minn. Stat. § 513.46 a transfer of real property occurs "when the transfer is so far perfected that a good-faith purchaser of the asset from the debtor against whom applicable law permits the transfer to be perfected cannot acquire an interest in the asset that is superior to the interest of the transferee. . .." The Debtor executed a deed on August 16, 2000 wherein he transferred his fee interest in the Property to the Defendants. That deed was recorded on September 14, 2000 in the office of the St. Louis Recorder as Document No. 00795956. See Exhibit 4 to the Affidavit of Roger B. Seaver submitted herewith. The recording of the deed perfected the transfer to the extent that a good-faith purchaser of the asset from the debtor against

whom applicable law permits the transfer to be perfected could not acquire an interest in the asset that is superior to the interest of the Defendants.

2. The Transfer was fraudulent pursuant to Minn. Stat. § 513.44(a)(2) .

A fraudulent transfer is defined by Minn. Stat. § 513.44(a)(2) as a transfer made "without receiving a reasonably equivalent value in exchange for the transfer . . . and the debtor . . . intended to incur, or believed or reasonably should have believed that the debtor would incur, debts beyond the debtor's ability to pay as they became due."

As discussed above, a transfer, for purposes of fraudulent transfer analysis, occurred. This leaves the trustee, according to Minn. Stat. § 513.44, with two remaining elements to prove in order to avoid the transfer of the Property to the Defendants.

The first element of the test is whether the Debtor received reasonably equivalent value in return for the transfer. In this case the Debtor did not receive "reasonably equivalent value" for the transfer of the Property to the Defendants. The Debtor and the Defendants accepted $75,000.00 as the value of the Property. This is evidenced by the fact that it is the sales price for the Property on the HUD-1 settlement statement. See Exhibit 5 to the Affidavit of Roger B. Seaver submitted herewith. The ultimate amount received by the Debtor for the transfer of the Property was reduced, through a "gift of equity" in the amount of $27,000.00 and a "seller's contribution" in the amount of $3,000.00, to $45,000.00, or roughly 60% of the value of the Property. This is not "reasonably equivalent value." Further, the Defendants have admitted that they transferred nothing of value to the Defendant in return for either the "gift of equity" or the "seller's contribution." See, Defendants' Admissions, above.

The second element to be proven is that, at the time of the transfer, the debtor intended to incur, or believed or reasonably should have believed that the debtor would incur, debts beyond

the debtor's ability to pay as they became due. In this case an analysis of whether the debtor would incur debts beyond his ability to pay them as they became due is not necessary because, at the time of the Transfer, the Debtor was already unable to pay his bills. The following are excerpts from the transcript of the Rule 2004 examination of Jerry Raymond Reno, Sr., taken on February 5, 2004 wherein the Debtor indicates that he was insolvent in early 2000, repeatedly indicates that he stopped paying his bills as they became due in late 1999 or early 2000 and also indicates that Karen Goerts was paying some bills on his behalf. See Exhibit 6 to the Affidavit of Roger B. Seaver submitted herewith. Questions (Q) are posed by Roger Seaver, attorney for the Trustee, Randall L. Seaver and the Answers (A) are the testimony of Jerry Raymond Reno, Sr., the Debtor herein:

> Page 32, Lines 11-15 - Questioning with regards to unpaid 1999 Taxes in the amount of $11, 218.95
>
> Q. Okay. And you didn't, obviously, pay the taxes that you had to?
>
> A. No.
>
> Q. And why was that?
>
> A. Didn't have the money
>
> Page 34, Lines 6-12
>
> Q. Okay. So would you say it was a – early 2000 when you became insolvent? I'm just guessing that because these would have been due.
>
> A. Yeah. 2000 is when I was struggling trying to –
>
> Q. Okay. So early 2000?
>
> A. – trying to hang on, I guess.
>
> Page 34, Lines 18-25

Q. Okay. And I just want to make sure we have that answer on the record. You - - looking at these tax obligations and these bills for tax obligations would have been due in early 2000, so it was early 2000 that you were insolvent; that you were owing more than you had?

A. Yeah. I believe it is. Yes. We were struggling.

Page 36, Lines 16-25 - Questioning with regards to Arrowhead Concrete works, a creditor listed as being owed $6,931.

Q. They've got a - - you listed a claim for $6900 here, approximately. $6,931. When did that claim arise? In other words, when did you begin owing them that money? Was it 1999, 2000?

A. Probably in 2000.

Q. Okay. Would it have been early, middle, or late?

A. Probably early - -

Q. Okay.

A. - - 2000.

Page 37, Lines 1 - 11 - Questioning with regards to Arrowhead Supply, creditor listed as being owed $13,261

Q. All right. And how about Arrowhead Supply? We'll - - we've got a business supplier and it's $13,261.

A. That's been kind of a revolving account for - - I - - probably 15 years.

Q. Okay. When did you quit paying them? I guess that's when this claim started building?

A. Yeah. I - - it's hard for me to say an exact date because - -

Q. If you can just give me like, say, early 1999, late 1999, something that easy.

A. Say early '99 maybe.

Page 39, Lines 1 - 10 - Questioning with regards to Billman's Home Centers, a creditor listed as being owed $14,501.00.

A. Because I didn't - - didn't - - pretty much had always paid up.

Q. And then that stopped?

A. Yeah.

Q. And so you're saying that you stopped keeping them paid off in, say, 1999 or 2000?

A. Yes.

Q. So probably late '99 or early 2000?

A. Yes.

Page 40, Lines 7-13 - Questioning with regards to Dale and Linda Reno, creditors listed as being owed $28,000.

Q. Okay. So when would that have arisen? When would your obligation to repay and your inability to do so have arisen?

A. That would have been, again, '99, 2000.

Q. Okay. And again, if you say 2000, you're meaning early 2000, right?

A. Early. Yes.

Page 41, Lines 22-25 and
Page 42, Lines 1- 2 - Questioning with regards to Ed Admodt, a creditor listed as being owed $50,000.

Q. Admodt. Okay. A personal loan in the amount of $50,000. When would you have received that?

A. That had to - - I'm - - I would guess it would have been about '99.

Q. And did you make any payments on it?

A. No.

Page 43, Lines 17-23 - Questioning with regards to First USA Bank Wilmington, a creditor listed as being owed $13,143 and H&H Lumber a creditor listed as being owed $11,000.

Q. Okay. I'm moving ahead to sheet six of 19 on Schedule F. First U.S.A. Bank Wilmington, revolving charge, 13,143. Is that a credit card?

A. Yes.

Q. Okay. And again, would it have been, say, late 1999 that you quit paying on it?

A. Yes.

Q. Okay. H&H Lumber, business supplier, 11,000. Same thing, late 1999?

A. Yes.

Page 44, Lines 11 - 17, Questioning with regards to Karen Goerts, a creditor listed as being owed $68,000.

Q. Okay. And Karen Goerts, it shows that she's have an unsecured claim for 68,000. What would that be for?

A. It's for money that's - - I borrowed from her. She - - she paid on a lot of JR Construction bills in 2000. And then the other moneys were - - been rotating for probably the last 15 years, I imagine - -

The Defendant in this action, Jerry Reno, Jr., was also aware of the Debtor's inability to pay his debts as they became due. The following are excerpts from the transcript of the Rule 2004 examination of Jerry Reno, Jr., taken on February 5, 2004, wherein he indicates that, in late 1999, the business was in trouble, wages were not being paid, bills for materials were not being paid and people were constantly calling asking for their bills to be paid. See Exhibit 3 to the Affidavit of Roger B. Seaver submitted herewith. Questions (Q) are posed by Roger Seaver, attorney for the Trustee, Randall L. Seaver and the Answers (A) are the testimony of Jerry Reno, Jr., one of the Defendants herein:

Page 19, Lines 1 - 19

Q. You said he was losing money. How did you know that? Did he just - - did he tell you or - -

A. Not paying - - not paying som wages, not paying for the materials that he charges. I mean, he - - is got so bad that - - when I left, I was used to going to a account or going to a lumber yard and just ordering the stuff and taking it, but then it got to a point I couldn't do that no more.

Q. Do you - - were there people calling him and asking for money then and stuff?

A. Constantly.

Q. And when was - - when did - - when was it that you saw that happen? In 1999?

A. Yeah. Right after I came back.

Q. And that - - would that have been early, middle, or late '99?

A. I - - late.

Further evidence of the Debtor's inability to pay his debts as they became due, prior to August 2000, is evidenced by an examination of the claims filed in this case and the dates that the underlying debt was incurred, to wit (See Exhibits 7 - 11 to the Affidavit of Roger B. Seaver submitted herewith):

Claim Number	Creditor	Amount	Date Incurred
1	Pioneer National Bank of Duluth	28,320.47	5/27/1992
2	Hartel's Garbage and Recycling Svcs	899.04	11/1999 to 9/2001
4	Pioneer National Bank of Duluth	24,680.95	9/24/1999
7	Hermantown Federal Credit Union	1917.29	10/4/1991
8	MN Power Utilities of Duluth	1765.62	10/6/1999 to 8/2/2002

The dates of accrual on the above claims coincide very closely with the Debtor's testimony showing that it was, at the latest, late 1999 when the Debtor became unable to pay his bill as they became due.

Finally, two of the requests for admissions served upon the Defendants addressed the Debtor's insolvency at the time of the Transfer. They are as follows:

> Request for Admission #1: That the Debtor, Jerry Raymond Reno, Sr., was insolvent, , as defined by 11 U.S.C. §101(32), on the dates of August 1, 2000 through August 30, 2000.
>
> Request for Admission #2: That the Debtor, Jerry Raymond Reno, Sr., was insolvent, , as defined by Minn. Stat. 513.42, on the dates of August 1, 2000 through August 30, 2000.

These requests for admissions were served upon the Defendants on June 3, 2004 and are, as yet, unanswered. As discussed above they are, pursuant to the Rules of Bankruptcy Procedure and Federal Rules of Civil Procedure, therefore deemed admitted. These admissions irrefutably establish that the Debtor was insolvent at the time the Deed was executed. It is an obvious conclusion, when one weighs the debts reflected in Debtor's schedules, $1,061,707.19, against the assets reflected in the Debtor's schedules, $13,759.00, that the Debtor remained insolvent 14 days later, when the Deed was recorded.

3. The Transfer was fraudulent pursuant to Minn. Stat. § 513.45.

Minn. Stat. § 513.45(a) sets for the elements necessary to determine if a transfer is fraudulent as to present creditors.

The first element is that the claim must be asserted by a creditor whose claim arose before the transfer was made. Case law has held that "[t]o establish the bankruptcy estate's standing under . . . [Minn. Stat. § 513.45(a)], a trustee must demonstrate that at least one creditor's claim that existed as of the date of the transfer survived unsatisfied to the commencement of the bankruptcy case. *In re Jolly's Inc.,*188 B.R. 832, 846 (Bkrtcy.D.Minn.,1995) In this case we need look no further than the claims filed and included Exhibits 7-11 to the Affidavit of Roger B. Seaver submitted herewith, as set forth above, to see that there was at least one creditor whose

claim arose prior to the date of the Transfer and remained unsatisfied at the time of filing, thus meeting this first criteria for avoidance under Minn. Stat. § 513.45.

Next, to avoid a transfer as fraudulent under Minn. Stat. § 513.45 the Trustee must show that the Debtor did not receive reasonably equivalent value in return for the transfer. In this case, as discussed above, the Debtor, through a "gift of equity" and a "seller's contribution" discounted the purchase price of the Property by approximately 40%. As a result, the Debtor received approximately $45,000.00 in return for property having a value of at least $75,000.00. This is not "reasonably equivalent value." Further, the Defendants, through their failure to respond to the Plaintiff's Requests for Admissions have admitted the following:

> Request for Admission #3: That, in return for the "Sellers Contribution" included in the transfer of the Property to you by the Debtor, in the amount of $3,000.00, which further reduced the amount the Debtor received in return for the Property, you transferred nothing of value to Jerry Raymond Reno, Sr.
>
> Request for Admission #4: That, in return for the "Gift of Equity" in the amount of $27,000.00 included in the Debtor's transfer of the Property to you, you transferred nothing of value to Jerry Raymond Reno, Sr.

Finally, in order to avoid a transfer as fraudulent under Minn. Stat. § 513.45 the Trustee must show that the Debtor was insolvent at the time of the transfer or became insolvent as a result of the transfer. Insolvency is defined in Minn. Stat. § 513.42 as either:

> (a) A debtor is insolvent if the sum of the debtor's debts is greater than all of the debtor's assets, at a fair valuation.
>
> (b) A debtor who is generally not paying debts as they become due is presumed to be insolvent.

To analyze the Debtor's debts and assets to determine solvency under subsection Minn. Stat. § 513.42(a) we need look no further than the Debtor's own schedules, which were signed under penalty of perjury, the relevant pages of which are included as Exhibit 12 to the Affidavit

of Roger B. Seaver submitted herewith. The Transfer in this case occurred on September 14, 2000. The Debtor filed his bankruptcy on August 9, 2002. Through referral to the Statement of Financial affairs assets transferred from August 9, 2001 to the date of filing can be accounted for. This leaves us with less than one year, the time between September 14, 2000 and August 9, 2001 for which we cannot rely on the schedules to reflect the assets and debts of the Debtor.

In this case, however, the discrepancy between the Debtor's assets and his debts is so great that we can safely extrapolate from the schedules that the Debtor was insolvent at the time of the Transfer. In his schedules the Debtor in this case lists total assets of $13,759.00 and total liabilities of $1,061,707.19. In section 9 of his Statement of Financial Affairs the Debtor lists, for transfers in the year prior to filing, only the $2,500.00 paid to his attorney. This leaves the Debtor with debts over $1 million greater than his liabilities and less than a year to have accrued that debt or transferred property worth $1 million. Further, the Defendants have admitted that the Debtor was insolvent from August 1-30, 2000. As stated above it is an obvious conclusion that the Debtor remained insolvent 14 days later, when the Deed was recorded. The Debtor was insolvent at the time of the Transfer pursuant to Minn. Stat. § 513.42(a).

The Debtor was also insolvent under the test set forth in Minn. Stat. § 513.42(b). As discussed above with regards to Minn. Stat. § 513.44, the Plaintiff has demonstrated, through admissions, the Debtor's own testimony, the testimony of one of the Defendants in this action and through the claims filed in this matter, that the Debtor was not paying his debts as they became due at the time of the Transfer.

CONCLUSION

The Trustee has shown, through testimony of the Debtor and one of the Defendants in this action, public records and the Defendants' admissions, that the Debtor in this case voluntarily

transferred an asset to the Defendants for which he did not receive reasonably equivalent value. The Trustee has also shown that the transfer by the Debtor took place at a time when the Debtor was unable to pay his debts as they became due and also at a time when the Debtor was insolvent. Through application of relevant sections of the U.S.C. and the Minnesota Statutes, the Trustee has demonstrated that

the transfer to the Defendants was fraudulent and for these reasons this Court should grant the Trustee summary judgment on all counts of his Complaint.

FULLER, SEAVER & RAMETTE, P.A.

Dated: September_30, 2004

By:_/e/ Roger B. Seaver_____
Roger B. Seaver 251227
Randall L. Seaver 152882
12400 Portland Avenue South, Suite 132
Burnsville, MN 55337
(952) 890-0888
Attorneys for Plaintiff

VERIFICATION

I, Roger B. Seaver, attorney for movant herein, declare under penalty of perjury that the foregoing is true and correct to according to the best of my knowledge, information and belief.

Executed on September 30_, 2004

___/e/ Roger B. Seaver_____
Roger B. Seaver

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

BKY No. 02-50651
ADV No. 04-5008

In re:

Jerry Raymond Reno, Sr.,

Debtor.

Randall L. Seaver, Trustee

Plaintiff

vs.

Jerry Reno, Jr. and Stephanie Michelizzi,

Defendants

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER FOR JUDGMENT

The above matter came before the court on the Plaintiff's motion for summary judgment. Appearances were as noted upon the record. Based upon all the files, records and pleadings herein, and the court being fully advised in the premises, the court makes the following:

FINDINGS OF FACT:

1. On or about August 16, 2000, the Debtor executed a deed ("Deed") which transferred his fee interest in a developed parcel of real estate to the Defendants, Jerry Reno, Jr., son of the Debtor and Stephanie Michelizzi, then wife of Jerry Reno, Jr. The property transferred is commonly referred to as 3919 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and is legally described as:

   SE 1/4 of SE 1/4 of SW 1/4, Section 23, Township 50, Range 15 West, EXCEPT the Southerly 459.72' thereof.

   ("Property").

2. The August 16, 2000 deed evidencing the Transfer was recorded in the Office of the St. Louis County Recorder on September 14, 2000 as Document No. 00795956 ("Transfer").

3. The settlement statement prepared with regards to the sale of the Property indicated a sale price for the Property of $75,000. After subtracting out the "gift of equity" and the "seller's contribution" the Debtor received $45,000.00 in return for the transfer of the Property to the Defendants.

4. The purchase price and value of the Property was $75,000.00.

5. The Defendants did not reply to Plaintiff's Requests for Admissions within 30 days of service thereof.

6. The Debtor received nothing in return for the "gift of equity" in the amount of $27,000.00.

7. The Debtor received nothing in return for the "seller's contribution" in the amount of $3,000.00.

8. The Debtor was unable to pay his debts as they became due at the time of the Transfer.

9. The sum of the Debtor's debts was greater than all of the debtor's assets, at the time of the Transfer.

10. The Defendant, Jerry Reno, Jr. is the Debtor's son.

11. At least one creditor's claim that existed as of the date of the Transfer survived unsatisfied to the commencement of the bankruptcy case.

12. The Plaintiff has incurred a $150.00 filing fee in this matter.

CONCLUSIONS OF LAW

1. The Transfer was a transfer of an interest in the Property of the Debtor.

2. The Debtor did not receive reasonably equivalent value in return for the Transfer.

3. The Debtor was insolvent pursuant to Minn. Stat. § 513.42 at the time of the Transfer.

4. The Transfer is avoidable as a fraudulent transfer, pursuant to Minn. Stat. § 513.44(a)(2) because:

   a. The Transfer was a transfer of an interest in the Debtor's property;

   b. For which the Debtors did not receive "reasonably equivalent value"; and

   c. The Debtor was unable to pay his debts as they became due at the time of the Transfer.

5. The Transfer is avoidable as a fraudulent transfer, pursuant to Minn. Stat. § 513.45(a) because:

   a. The Transfer was a transfer of an interest in the Debtor's property; and

   b. At least one creditor's claim that existed as of the date of the transfer survived unsatisfied to the commencement of the bankruptcy case; and

   c. The Debtor did not receive reasonably equivalent value in return for the Transfer; and

   d. The Debtor was insolvent at the time of the Transfer.

ORDER FOR JUDGMENT

Based upon the above Findings of Fact and Conclusions of Law, Plaintiff's Application for Summary Judgment is hereby granted, and Plaintiff is awarded judgment against the Defendant, Jerry Reno, Jr. as follows:

1. The transfer by the Debtor to the Defendant Jerry Reno, Jr. of a fee interest in that property commonly referred to as 3919 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and is legally described as:

SE 1/4 of SE 1/4 of SW 1/4, Section 23, Township 50, Range 15 West, EXCEPT the Southerly 459.72' thereof.

is avoided, and the transfer of that property interest is recovered from the Defendant pursuant to 11 U.S.C. § 550 and Minn. Stat. § 513.47; and

2. Judgment shall be entered against the Defendant, Jerry Reno, Jr. in the amount of $30,000.00 as recovery of the value of the "gift of equity" and the "seller's contribution" pursuant to 11 U.S.C. § 550 and Minn. Stat. § 513.47; and

3. Judgment shall be entered in favor of Plaintiff against the Defendant, Jerry Reno, Jr. in the amount of $150.00 as recovery of Plaintiff's costs and disbursements in this matter.

LET JUDGMENT BE ENTERED ACCORDINGLY.

BY THE COURT:

Dated: _____, 2004

_____
Gregory F. Kishel
Chief U.S. Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

BKY No. 02-50651
ADV No. 04-5008

In re:

Jerry Raymond Reno, Sr.,

Debtor.

Randall L. Seaver, Trustee

Plaintiff

vs.

Jerry Reno, Jr. and Stephanie Michelizzi,

Defendants

UNSWORN CERTIFICATE OF SERVICE

I, Roger B. Seaver, declare under penalty of perjury that on September 30, 2004, I mailed a copy of Plaintiff's Notice of Motion and Motion for Summary Judgment, Memorandum in Support of Plaintiff's Motion for Summary Judgment, Affidavit of Roger B. Seaver and the Proposed Order along with all exhibits thereto first class mail, postage prepaid to each entity named below at the address stated below for each entity:

Jerry Reno, Jr.
3919 Getchall Rd.
Hermantown, MN 55811

Office of the United States Trustee
1015 U.S. Courthouse
300 South Fourth Street
Minneapolis, MN 55415

Arthur M. Albertson, Esq.
101 West Second Street
Suite 107
Duluth, Minnesota, 55802

Attorney for Defendant Jerry Raymond Reno, Jr.

Jerry Reno, Jr.
3909 Getchall Rd.
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FULLER, SEAVER & RAMETTE, P.A.

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