

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

-----  
In re:

BKY No. 02-50651  
ADV No. 04-5009

Jerry Raymond Reno, Sr.,  
  
Debtor.

-----  
Randall L. Seaver, Trustee

Plaintiff

**PLAINTIFF'S NOTICE OF MOTION AND  
MOTION FOR SUMMARY JUDGMENT**

vs.

Richard Osborne and Dana Osborne,

Defendants

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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 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 Defendants, of an interest in real property commonly referred to as 3887 Getchell Rd., Hermantown, MN, and legally described as:

The Northerly 619.40 feet of that part of the NE1/4 of the NW1/4 of Section 26, Township 50 North of Range 15 West of the Fourth Principal Meridian described as follows: Beginning at the Northeast corner of said NE1/4 of NW1/4 of Section 26, thence running South 80 Rods along the East line of said NE1/4 of NW 1/4, to a point; thence run West 11 Rods 5 feet parallel to the North line of said NE1/4 of NW1/4 to a point; thence run North 80 Rods, more or less, parallel to the East line of said NE1/4 of NW1/4 to a point on the North line of said NE1/4 of NW1/4; thence run East along the North line of said NE1/4 of NW1/4 to the point of beginning.

and;



**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

BKY No. 02-50651  
ADV No. 04-5009

Jerry Raymond Reno, Sr.,  
  
Debtor.

-----

Randall L. Seaver, Trustee

Plaintiff

**AFFIDAVIT OF ROGER B. SEAVER**

vs.

Richard Osborne and Dana Osborne,  
  
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 pages 5-7 of the transcript of the Rule 2004 examination of Richard Osborne taken February 5, 2004.

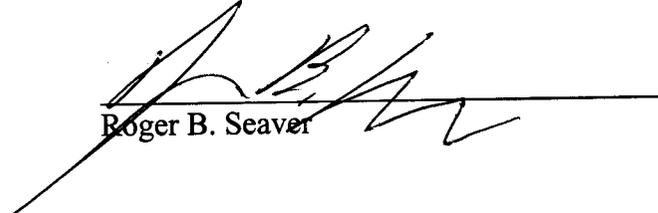
5. More than 30 days have passed since the Defendants were served with Plaintiff's First Request for Admissions to Defendants and the Defendants have not replied to Plaintiff's First Request for Admissions to Defendants.
6. Attached hereto as Exhibit 4 is a true and correct copy of a deed, dated August 9, 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 3887 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and legally described as:

The Northerly 619.40 feet of that part of the NE1/4 of the NW1/4 of Section 26, Township 50 North of Range 15 West of the Fourth Principal Meridian described as follows: Beginning at the Northeast corner of said NE1/4 of NW1/4 of Section 26, thence running South 80 Rods along the East line of said NE1/4 of NW 1/4, to a point; thence run West 11 Rods 5 feet parallel to the North line of said NE1/4 of NW1/4 to a point; thence run North 80 Rods, more or less, parallel to the East line of said NE1/4 of NW1/4 to a point on the North line of said NE1/4 of NW1/4; thence run East along the North line of said NE1/4 of NW1/4 to the point of beginning.

("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.

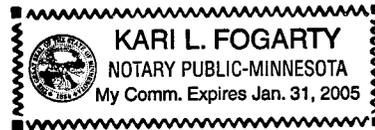
11. Attached hereto as Exhibit 9 is a true and correct copy of Claim No. 4 filed in this bankruptcy case.
12. Attached hereto as Exhibit 10 is a true and correct copy of Claim No. 7 filed in this bankruptcy case.
13. Attached hereto as Exhibit 11 is a true and correct copy of Claim No. 8 filed in this 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



UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

BKY No. 02-50651  
ADV No. 04-5009

In re:

Jerry Raymond Reno, Sr.,  
Debtor.

Randall L. Seaver, Trustee

Plaintiff

**PLAINTIFF'S FIRST REQUEST FOR  
ADMISSIONS TO DEFENDANTS**

vs.

Richard Osborne and Dana Osborne,  
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 Richard Osborne and Dana  
Osborne, 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 3887 Getchell Rd.,  
Hermantown, MN, and legally described as:

The Northerly 619.40 feet of that part of the NE1/4 of the NW1/4 of Section  
26, Township 50 North of Range 15 West of the Fourth Principal Meridian  
described as follows: Beginning at the Northeast corner of said NE1/4 of  
NW1/4 of Section 26, thence running South 80 Rods along the East line of  
said NE1/4 of NW 1/4, to a point; thence run West 11 Rods 5 feet parallel to  
the North line of said NE1/4 of NW1/4 to a point; thence run North 80 Rods,

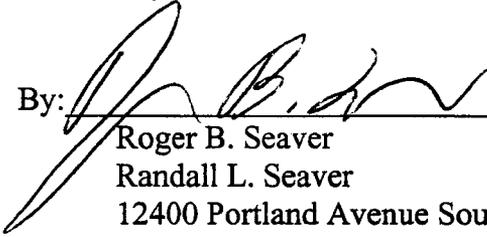
more or less, parallel to the East line of said NE1/4 of NW1/4 to a point on the North line of said NE1/4 of NW1/4; thence run East along the North line of said NE1/4 of NW1/4 to the point of beginning.

“You” or “Defendant” or “Defendants” means Richard Osborne and Dana Osborne.

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 “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.
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.

**FULLER, SEAVER & RAMETTE, P.A.**

Dated: June 3, 2004

By: 

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

-----  
In re:

BKY No. 02-50651  
ADV No. 04-5009

Jerry Raymond Reno, Sr.,  
  
Debtor.

-----  
Randall L. Seaver, Trustee

Plaintiff

vs.

Richard Osborne and Dana Osborne,

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 Defendants 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:   
Roger B. Seaver 251227  
12400 Portland Avenue South, Suite 132  
Burnsville, MN 55337  
(952) 890-0888

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  
RICHARD OSBORNE, 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 11:59 a.m.,  
February 5, 2004.

COPY

1 taken and how to respond to the questions and we went  
2 over the spelling of your name.

3 Now, can you tell me the address that you  
4 live at now?

5 A. 3887 Getchell Road.

6 Q. Okay.

7 A. Hermantown, Minnesota.

8 Q. And how long have you lived at that address?

9 A. I'm going to guess 1991.

10 Q. So did you -- and you have -- you own that  
11 property now, correct?

12 A. Yes.

13 Q. Okay. So did you live there before you  
14 purchased it?

15 A. Yes.

16 Q. Okay. And I'm going to show you what's  
17 marked as Osborne Number 1 dated 2/5/04. That's one of  
18 the documents that you provided to me, and so I'm sure  
19 you recognize it. Do you recognize the signatures on  
20 the bottom?

21 A. Yes.

22 Q. Okay. Is one of them yours?

23 A. Yes, it is.

24 Q. Okay. And looking at line 100 -- or I'm  
25 sorry, line 101, tells us the sales price for the

1 property. Do you remember filling out a -- an  
2 application for mortgage with North American Mortgage?

3 A. Yes.

4 Q. Okay. Would you have used what's indicated  
5 on line 101 as your purchase price when you filled out  
6 that application?

7 A. Yes.

8 Q. Okay. And have you subsequently sold the  
9 house?

10 A. No.

11 Q. Okay. Have you refinanced it?

12 A. Yes.

13 Q. Okay. How many times?

14 A. Once, I believe.

15 Q. Do you remember the name of the company?

16 A. No.

17 Q. Okay. That's fine. If you don't, just  
18 answer -- don't make something up; just answer to the  
19 best of your knowledge.

20 Do you remember an appraisal being done when  
21 you purchased the house?

22 A. Yeah.

23 Q. Okay.

24 A. Yes.

25 Q. Do you remember about how much that appraisal

1 was for?

2 A. 85, I believe it was, but....

3 Q. Okay. I want to draw your attention --

4 A. The appraisal was done during the time of the  
5 selling because they had to, right?

6 Q. Mm-hmm.

7 A. Okay.

8 Q. Exactly. I was just -- do you remember the  
9 company that did the appraisal?

10 A. No.

11 Q. Okay. And now, I'll draw your attention to  
12 line 209 of Exhibit 1, and it shows a gift of equity  
13 there. Can you explain the gift of equity to me, what  
14 it was?

15 A. I can look at it a couple different ways, if  
16 you want.

17 Q. Sure. Just however you interpreted it.

18 A. Back in '91 when I moved into the house,  
19 there was an -- it was, basically, a swamp, and the  
20 house was falling into the swamp. And the construction  
21 company purchased the house and fixed it up so that it  
22 was livable. I moved into it in '91 and continued to  
23 work on the house and fix it up.

24 Then in like '92, after we had fixed it up,  
25 they re--- they appraised it for 55, and I had a verbal



00795932

0023

✓

Rec#: 00066492 TR#:0041 Cash Rep#:424  
CAT: 0040 ID: WGH MCH#: 002  
LOC: AUD\_ST. LOUIS COUNTY, MN  
08/31/2000 10:29AM  
Deed Tax PD CK \$280.50  
CHANGE \$280.50 \$0.00

00795932

EXHIBIT "A"

The Northerly 619.40 feet of that part of the NE1/4 of the NW1/4 of Section 26, Township 50 North of Range 15 West of the Fourth Principal Meridian described as follows: Beginning at the Northeast corner of said NE1/4 of NW1/4 of Section 26, thence running South 80 Rods along the East line of said NE1/4 of NW1/4, to a point; thence run West 11 Rods 5 feet parallel to the North line of said NE1/4 of NW1/4 to a point; thence run North 80 Rods, more or less, parallel to the East line of said NE1/4 of NW1/4 to a point on the North line of said NE1/4 of NW1/4; thence run East along the North line of said NE1/4 of NW1/4 to the point of beginning.

395 -10 -7750

DIV

Subject to easements of record.



B. TYPE OF LOAN		6. FILE NUMBER	7. LOAN NUMBER	B. MORTGAGE INS CASE NUMBER
1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> Conv. Unis.	4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.
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.		6. FILE NUMBER S6121	7. LOAN NUMBER	B. MORTGAGE INS CASE NUMBER
D. NAME AND ADDRESS OF BORROWER		E. NAME AND ADDRESS OF SELLER		F. NAME AND ADDRESS OF LENDER
Richard J. Osborne and Dana M. Osborne 3887 Getchell Road Duluth, MN 55811 SSN:475-76-2215 471-96-6182		Jerry R. Reno, Sr. and Barbara Reno		North American Mortgage 7601 France Ave. South #300 Edina, MN 55434
G. PROPERTY LOCATION		H. SETTLEMENT AGENT		I. SETTLEMENT DATE
3887 Getchell Road Duluth, MN 55811 St. Louis County, Minnesota		41-0964937 St. Louis County Title Co.		August 9, 2000
		PLACE OF SETTLEMENT		
		309 Alworth Building Duluth, MN 55802		
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 85,000.00			401. Contract Sales Price 85,000.00	
102. Personal Property			402. Personal Property	
103. Settlement Charges to Borrower (line 1400) 3,668.32			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 08-09-00 to 01-01-01 561.40			407. County Taxes 08-09-00 to 01-01-01 561.40	
108. Assessments to			408. Assessments to	
109.			409.	
110.			410.	
111.			411.	
112.			412.	
120. GROSS AMOUNT DUE FROM BORROWER 89,229.72			420. GROSS AMOUNT DUE TO SELLER 85,561.40	
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) 58,000.00			502. Settlement Charges to Seller (line 1400) 776.50	
203. Existing Loan(s) Taken Subject to			503. Existing Loans Taken Subject to	
204.			504. Payoff 1st Mtg to Robert R. Richards 38,656.87	
205.			505. Payoff of second mortgage loan	
206.			506.	
207.			507. 2nd 1/2 R.E. Taxes; St. Louis Auditor/395-10 712.40	
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 to			511. County Taxes to	
212. Assessments to			512. Assessments to	
213. Sellers Contribution 3,000.00			513. Sellers Contribution 3,000.00	
214.			514.	
215.			515.	
216.			516.	
217.			517.	
218.			518.	
219.			519.	
220. TOTAL PAID BY/FOR BORROWER 88,000.00			520. TOTAL REDUCTION AMOUNT DUE SELLER 70,145.70	
300. CASH AT SETTLEMENT FROM/TO BORROWER			600. CASH AT SETTLEMENT TO/FROM SELLER	
301. Gross Amt Due from Borrower (line 120) 89,229.72			601. Gross Amount Due to Seller (line 420) 85,561.40	
302. Less Amt Paid by/for Borrower (line 220) ( 88,000.00)			602. Less Reductions Due Seller (line 520) ( 70,145.70)	
303. CASH [X] FROM [ ] TO BORROWER 1,229.72			603. CASH [X] TO [ ] FROM SELLER 15,415.60	

The undersigned hereby acknowledge receipt of a completed copy of pages 1&2 of this statement & any attachments referred to here

BORROWER Richard J. Osborne  
Richard J. Osborne  
BORROWER Dana M. Osborne  
Dana M. Osborne

SELLER Jerry R. Reno, Sr.  
Jerry R. Reno, Sr.  
SELLER Barbara Reno  
Barbara Reno

L. SETTLEMENT CHARGES				PAID FROM	PAID FROM
700. Total Sales/Brokers Commissions Based on Price \$				BORROWER'S	SELLER'S
Division of Commission (line 700) as follows:				FUNDS AT	FUNDS AT
701. \$	to			SETTLEMENT	SETTLEMENT
702. \$	to				
703. Commission Paid at Settlement					
704.					
800. ITEMS PAYABLE IN CONNECTION WITH LOAN					
801. Loan Origination Fee	%	to Precision		1,160.00	
802. Loan Discount	%	to North American Mortgage		145.00	
803. Appraisal Fee		to Precision	POC \$350.00b		
804. Credit Report		to North American Mortgage		58.00	
805. Tax Service Fee		to			
806. Flood Certification		to			
807. Brokers Compensation		to Precision	POC \$2,102.50b		
808. Processing fee		to Precision		300.00	
809. Courier fee		to Precision		40.00	
810. File Review		to Precision		125.00	
811. Administration fee		to North American Mortgage		425.00	
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE					
901. Interest from 08-09-00 to 09-01-00 @ \$ 15.290000/day(23 days %)				351.67	
902. Mortgage Insurance Premium for months to					
903. Hazard Insurance Premium for 1.0 years to					
904.					
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		225.00	
1102. Abstract or Title Search		to SLCTC			185.00
1103. Overnight Mail		to SLCTC		30.00	
1104. Second Update		to SLCTC		40.00	
1105. Document Preparation		to SLCTC	Assign & Set		125.00
1106. Notary Fees		to			
1107. Attorney's Fees		to			
(includes above item numbers: )				461.25	
1108. Title Insurance		to SLCTC	\$461.25 to SLCTC		
(includes above item numbers: Includes Exam Fee )					
1109. Lender's Coverage \$ 58,000.00					
1110. Owner's Coverage \$ 85,000.00					
1111.					
1112.					
1113.					
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES					
1201. Recording Fees: Deed \$ 19.50 ;Mortgage \$ 19.50 ;Releases \$ 58.50				39.00	58.00
1202. City/County Tax/Stamps: Deed \$ 280.50 ;Mortgage \$					280.00
1203. State Tax/Stamps: Deed \$ ;Mortgage \$ 133.40				133.40	
1204. Recording Service Fee to SLCTC				10.00	
1205. Division fee to St. Louis Auditor					112.00
1300. ADDITIONAL SETTLEMENT CHARGES					
1301. Survey to SLCTC				125.00	
1302. Pest Inspection to					
1303.					
1304.					
1305.					
1400. TOTAL SETTLEMENT CHARGES (Enter On Lines 103, Section J and 502, Section K)				3,668.32	776.00

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

(1/S6121.HUD/S6121)  
 Certified to be a true copy

*[Signature]*  
 St. Louis County Title Co.  
 Settlement Agent

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

ORIGINAL

---

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.

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

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

3 A. Yeah.

4 Q. Okay. And so --

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

6 Q. So this was a 1999 tax obligation?

7 A. Yes.

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

10 A. Yes.

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

13 A. No.

14 Q. And why was that?

15 A. Didn't have the money.

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

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

25 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?

A. Well -- we've got a business supplier and it's \$13,261.

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

Q. Okay. When did you quit paying them? I  
guess that's probably 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.

Q. Okay.

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

Q. Okay. And the next one we've got is AT&T,  
and 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 --

UNITED STATES BANKRUPTCY COURT      District of Minnesota		<b>PROOF OF CLAIM</b>  RECEIVED 2003 JAN 21 AM 9:41 #1 U.S. BANKRUPTCY COURT DULUTH, MN  THIS SPACE IS FOR COURT USE ONLY
Name of Debtor <b>JERRY RAYMOND RENO SR</b>		Case Number <b>02-50651</b>
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): <b>PIONEER NATIONAL BANK OF DULUTH</b>		<input type="checkbox"/> 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.  <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case.  <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.
Name and address where notices should be sent: <b>C/O JOHN H BRAY                  222 WEST SUPERIOR STREET                  SUITE 200                  DULUTH MN 55802</b>		
Telephone number: <b>(218) 722-0528</b>		THIS SPACE IS FOR COURT USE ONLY
Account or other number by which creditor identifies debtor:		Check here if this claim <input type="checkbox"/> replaces <input type="checkbox"/> amends a previously filed claim, dated: _____
<b>1. Basis for Claim:</b> <input type="checkbox"/> Goods sold <input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Services performed <input type="checkbox"/> Wages, Salaries and compensations (Fill out below) <input type="checkbox"/> Money loaned      Your SS #: _____ <input type="checkbox"/> Personal injury/wrongful death      Unpaid compensation for services performed <input type="checkbox"/> Taxes      from _____ to _____ <input checked="" type="checkbox"/> Other <b>JUDGMENT</b> (date)      (date)		
<b>2. Date debt was incurred:</b> <b>05/27/1992</b>		<b>3. If court judgment, date obtained:</b>
<b>4. Total Amount of Claim at Time Case Filed:</b> \$ <b>28,320.47</b> If all or part of your claim is secured or entitled to priority, also complete Item 5 or 6 below. <input checked="" type="checkbox"/> 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.		
<b>5. Secured Claim.</b> <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right to setoff). Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____  Value of Collateral:      \$ <b>0.00</b>  Amount of arrearage and other charges at time case filed included in secured claim, if any:      \$ <b>0.00</b>		<b>6. Unsecured Priority Claim.</b> <input type="checkbox"/> Check this box if you have an unsecured priority claim Amount entitled to priority      \$ <b>0.00</b> Specify the priority of the claim: <input type="checkbox"/> 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). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). <input type="checkbox"/> 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).  <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties of governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507(a)  <small>*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.</small>
<b>7. Credits:</b> The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.		THIS SPACE IS FOR COURT USE ONLY
<b>8. Supporting Documents:</b> Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.		
<b>9. Date-Stamped Copy:</b> To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.		
Date <b>01/17/2003</b>	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): <b>JOHN H BRAY, ATTORNEY FOR CREDITOR</b>	

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA (DULUTH)**

**PROOF OF CLAIM**

Name of Debtor  
JERRY RAYMOND RENO SR

Case Number  
02-50651

RECEIVED  
2004 AUG 32 AM 11:23  
2004 SEP -1 AM 11:36

**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

- 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.



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:

THIS SPACE FOR COURT USE ONLY  
2

Account or other number by which creditor identifies debtor:  
26376

Check here if  replaces this claim  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 \_\_\_\_\_ to \_\_\_\_\_ (date) (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) (Total)

#899.04

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: \$ \_\_\_\_\_

**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.*

**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.

**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 accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.  
**10. Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

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.

<b>UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA (DULUTH)</b>		<b>PROOF OF CLAIM RECEIVED</b>
Name of Debtor JERRY RAYMOND RENO SR	Case Number 02-50651	2004 AUG 32 AM 11:26
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	<input type="checkbox"/> 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.  <input type="checkbox"/> Check box if you have never received any notices from the bankruptcy court in this case.  <input type="checkbox"/> Check box if the address differs from the address on the envelope sent to you by the court.	BANKRUPTCY COURT DISTRICT OF MINNESOTA 02-50651 4908778 2004 SEP 7 AM 11:38 RECEIVED THIS SPACE IS FOR COURT USE ONLY
Name and Address where notices should be sent:  PIONEER NATIONAL BANK 331 NORTH CENTRAL AVENUE DULUTH MN 55807-2501	Telephone Number:	
Account or other number by which creditor identifies debtor: <u>104045</u>	Check here if <input type="checkbox"/> replaces this claim <input type="checkbox"/> amends a previously filed claim, dated: _____	
<b>1. Basis for Claim</b> <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input checked="" type="checkbox"/> Money loaned <input type="checkbox"/> Personal injury/wrongful death <input type="checkbox"/> Taxes <input type="checkbox"/> Other _____	<input type="checkbox"/> Retiree benefits as defined in 11 U.S.C. §1114(a) <input type="checkbox"/> Wages, salaries, and compensation (fill out below) Last four digits of SS #: _____ <input type="checkbox"/> Unpaid compensation for services performed from _____ to _____ (date) (date)	
<b>2. Date debt was incurred:</b> <u>9-24-99</u>	<b>3. If court judgment, date obtained:</b>	
<b>4. Total Amount of Claim at Time Case Filed:</b> \$ <u>24,680.95</u> (unsecured) (secured) (priority) (Total) <u>24,680.95</u>		
If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below. <input type="checkbox"/> 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.		
<b>5. Secured Claim.</b> <input type="checkbox"/> Check this box if your claim is secured by collateral (including a right of setoff).  Brief Description of Collateral: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other _____  Value of Collateral: \$ _____  Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ _____	<b>7. Unsecured Priority Claim.</b> <input type="checkbox"/> Check this box if you have an unsecured priority claim  Amount entitled to priority \$ _____ Specify the priority of the claim: <input type="checkbox"/> 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). <input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. §507(a)(4). <input type="checkbox"/> 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). <input type="checkbox"/> Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). <input type="checkbox"/> 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.	
<b>6. Unsecured Nonpriority Claim</b> \$ <u>24,680.95</u> <input checked="" type="checkbox"/> 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.		
<b>8. Credits:</b> The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.		Send claims to:  U.S. Bankruptcy Court 416 U.S. Courthouse 515 West First Street Duluth, MN 55802
<b>9. Supporting Documents:</b> Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.		
<b>10. Date-Stamped Copy:</b> To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.		
Date <u>8-31-04</u>	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): <u>Weatherford Limited, Loan Process Mgr</u>	

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.

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

PIONEER NATIONAL BANK OF DULUTH  
331 NORTH CENTRAL AVENUE  
DULUTH, MN 55807

JERRY R. RENO  
BARBARA R. RENO  
3954 REINKE RD.  
DULUTH, MN 55811

Loan Number 104045  
Date SEPTEMBER 24, 1999  
Maturity Date SEP. 15, 2004  
Loan Amount \$ 28,308.84  
Renewal Of 99406

LENDER'S NAME AND ADDRESS  
"You" means the Lender, its successors and assigns.

BORROWER'S NAME AND ADDRESS  
"I" includes each Borrower above, together and separately.

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.

<b>ANNUAL PERCENTAGE RATE</b> The cost of my credit as a yearly rate. <u>8.158%</u>	<b>FINANCE CHARGE</b> The dollar amount the credit will cost me. \$ <u>9,357.84</u>	<b>AMOUNT FINANCED</b> The amount of credit provided to me or on my behalf. \$ <u>28,308.84</u>	<b>TOTAL OF PAYMENTS</b> The amount I will have paid when I have made all scheduled payments. \$ <u>37,666.68</u>	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. "e" means an estimate.
<b>My Payment Schedule will be:</b>				
Number of Payments	Amount of Payments	When Payments Are Due		\$ <u>19.50</u> Filing Fees
<u>59</u>	\$ <u>345.10</u>	<u>MONTHLY BEGINNING OCTOBER 15, 1999</u>		
<u>1</u>	\$ <u>17,305.78</u>	<u>SEPTEMBER 15, 2004</u>		
	\$			\$ _____ 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		

- do  do not want credit life insurance.  
 do  do not want credit disability insurance.  
 do  do not want joint credit life insurance.  
 do  do not want \_\_\_\_\_ insurance.

\_\_\_\_\_ DOB \_\_\_\_\_  
 \_\_\_\_\_ 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	\$ _____
<b>PAYOFF NOTE #99406</b>	<b>\$ 28,308.84</b>
(less) PREPAID FINANCE CHARGE(S)	\$ _____
<b>Amount Financed</b>	<b>\$ 28,308.84</b>

(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**

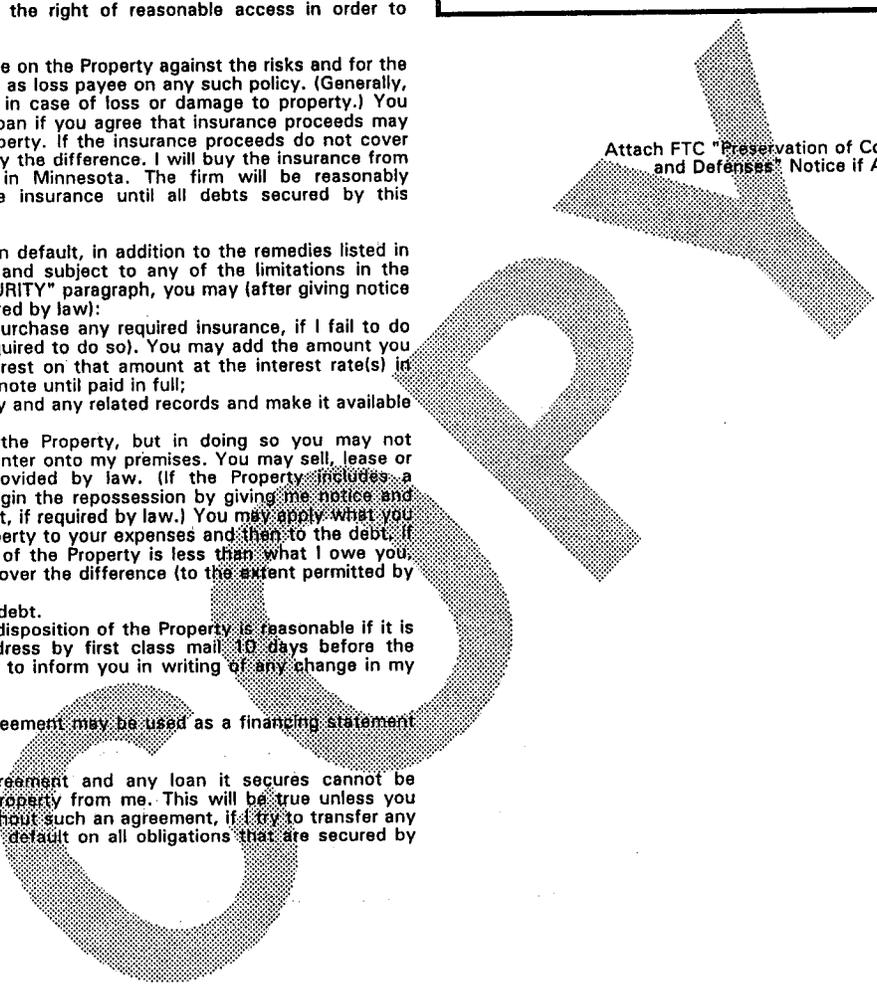
You (the cosigner) are being asked to guaranty this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

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



BR - - - - - NAME - - - - - CL MPI RSP S/U SN S STATUS: IN-FORECLOSURE  
 01 JERRY R RENO SR 08 1M  
 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

NOTE NUM 104045  
 Maturity DATE: 09/15/04  
 TIMES P/D 01-29: 4  
 TIMES P/D 30-59: 8  
 TIMES P/D 60-89: 3  
 TIMES P/D 90-OV: 18

START DATE 10/15/99 M 59  
 PYMT FREQ M  
 NUM PYMTS 1  
 P/I PAYMENT 345.10  
 ESCROW PAYMENT .00

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

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

DATE	DESCRIPTION	TRAN AMOUNT	MADE	THRU	PYMTS PAID	TRACE #	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
11/24/99	REGULAR PAYMENT	345.10	1	12/15/99		L/C:	17.25	99.62	.00	27,640.35
12/28/99	REGULAR PAYMENT	362.35	1	01/15/00		300005292	245.48	209.83	.00	27,487.83
02/02/00	REGULAR PAYMENT	362.35	1	02/15/00		300007688	152.52	220.95	.00	27,346.43
02/22/00	REGULAR PAYMENT	345.10	1	03/15/00		200008565	141.40	122.12	.00	27,123.45
04/25/00	LATE CHARGE	17.25				200009745	222.98	.00	.00	27,123.45
05/18/00	REGULAR PAYMENT	770.95	2	05/15/00		AUTO	.00	520.84	.00	26,890.59
06/26/00	LATE CHARGE	17.25				200006381	17.25	.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		830000200	205.72	486.35	.00	26,684.87
08/07/00	PRINCIPAL DECREASE	726.57				L/C:	34.50	.00	.00	26,684.87
08/07/00	PRINCIPAL DECREASE	726.57				AUTO	.00	.00	.00	26,684.87
08/25/00	LATE CHARGE	17.25				L/C:	17.25	.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
10/25/00	LATE CHARGE	17.25				L/C:	17.25	.00	.00	26,427.58
11/20/00	REGULAR PAYMENT	724.70	2	11/15/00		AUTO	.00	306.84	.00	26,044.22
12/26/00	LATE CHARGE	17.25				300007864	383.36	.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
04/25/01	REGULAR PAYMENT	345.10	1	04/15/01		L/C:	51.75	309.48	.00	25,050.32
05/25/01	LATE CHARGE	17.25				300000006	135.62	.00	.00	24,915.07

\*PAYMENT SCHEDULE\*  
 \*COLLATERAL\*  
 \*MISCELLANEOUS\*

PIONEER NATIONAL BANK  
LOAN ACCOUNTING SYSTEM

DATE	DESCRIPTION	AMOUNT	DATE	DESCRIPTION	AMOUNT	DATE	DESCRIPTION	AMOUNT	DATE	DESCRIPTION	AMOUNT
06/25/01	LATE CHARGE	17.25									
07/05/01	REGULAR PAYMENT	725.00	2 06/15/01	AUTO	200008106	290.68					
				L/C:		34.50					
07/25/01	LATE CHARGE	17.25									
08/27/01	LATE CHARGE	17.25									
09/17/01	REGULAR PAYMENT	1,070.00	3 09/15/01	AUTO	300011690	623.59					
				L/C:		34.50					
10/25/01	LATE CHARGE	17.25									
12/05/01	PRINCIPAL ADVANCE	375.00									

AMOUNT	DATE	DESCRIPTION	AMOUNT	DATE	DESCRIPTION	AMOUNT
25,220.22						
24,929.54						
24,929.54						
24,929.54						
24,305.95						
24,305.95						
24,680.95						

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA (DULUTH)**

**PROOF OF CLAIM**

Name of Debtor  
JERRY RAYMOND RENO SR

Case Number  
02-50651

RECEIVED

2004 SEP -7 AM 9:48

**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.
- 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

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

Account or other number by which creditor identifies debtor:

Check here if  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 \_\_\_\_\_ to \_\_\_\_\_  
(date) (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) (Total) # 1917.29

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 accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

**10. Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

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 Lewis, President **Hermantown Federal Credit Union**  
4477 LaVaque Road

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both: 18 U.S.C. § 871.

- 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 Bal. MONTHS. INTEREST AT Duluth THE RATE OF 12.5 % PER YEAR

4452-6100-0980-7885

MEMO	DATE	INTEREST PAID	PRINCIPAL	BALANCE
	6-20-02	Chgd-off		1960.22
		Shares	42.93	1917.29



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

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

APPLICANT NAME (LAST-FIRST-MIDDLE) Reno Jerry R SR				CO-APPLICANT NAME (LAST-FIRST-MIDDLE) Barbara R. Reno					
HOME ADDRESS (STREET & NO.) 3909 Getchell Rd			HOW LONG? 15yr	HOME ADDRESS (STREET & NO.) 3909 Getchell Rd			HOW LONG? 7yr		
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? 10yr		
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 \$14,000 to \$20,000		NET MONTHLY PAY \$800 to \$2,400 seasonal		BUSINESS PHONE NO. 729-8364	GROSS ANNUAL SALARY \$18,000		NET MONTHLY PAY \$1,450	
EMPLOYER JR Construction		POSITION		HOW LONG? 10yr	EMPLOYER Duluth Clinic Med. A. C. C.		POSITION Wife		HOW LONG? 8yr
BUSINESS ADDRESS 3909 Getchell Rd				BUSINESS ADDRESS 400 E Third St					
PREVIOUS EMPLOYER Brundahl's Carpenter		POSITION		HOW LONG? 5yr	PREVIOUS EMPLOYER St Paul Ramsey Med Center		POSITION		HOW LONG? 2yr
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: \$125 per mo Source(s) of other income: Rental

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  No *May decrease another rental property*

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	42,200	\$	\$ 0	\$ 0
AUTOS OWNED - MAKE 3rd truck Blazer	YEAR 83	LICENSE NUMBER	FINANCED BY Owned	\$ 13,000 \$ 4,700	MONTHLY PMT. \$ 0
NAME AND ADDRESS (OTHER DEBTS)		ACCOUNT NUMBER			
Sears		02-50697-75210-4	\$ 1200	\$ 800	\$ 20
Pioneer Bank			\$ 15000	\$	\$ 300
HSCU			\$ 10000	\$ 7234.61	\$ 332.88
HSCU - Home Improvement			\$	\$ 7234.61	\$ 332.88
CHECKING/SHARE DRAFT ACCT. NO.		LOCATION	SAVINGS ACCOUNT NOS.	LOCATION	\$ TOTAL
14430		HSCU	14430	HSCU	

NAME OF NEAREST RELATIVE NOT LIVING WITH YOU  
Lorraine Boger

ADDRESS (CITY-STATE-ZIP)  
3915 Getchell Rd

RELATIONSHIP  
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 X <i>Jerry R Reno</i>	DATE	CO-APPLICANT'S SIGNATURE X <i>Barbara R Reno</i>	DATE
FOR CREDIT UNION USE ONLY	CREDIT LIMIT \$1200 <i>to</i>	APPROVED <input checked="" type="checkbox"/> REJECTED <input type="checkbox"/>	Date 10-4-91
CREDIT CARD ACCOUNT NO.	COMMENTS/CONDITIONS	CREDIT COMMITTEE OR LOAN OFFICER <i>Pamela Peterson</i>	



## 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

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA (DULUTH)**

**PROOF OF CLAIM**

Name of Debtor  
JERRY RAYMOND RENO SR

Case Number  
02-50651

RECEIVED

2004 SEP 13 10:09:34

**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

- 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.



#8

THIS SPACE IS FOR COURT USE ONLY

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

Account or other number by which creditor identifies debtor:  
79455

Check here if  replaces this claim  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 \_\_\_\_\_ to \_\_\_\_\_  
(date) (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: \$ \_\_\_\_\_

**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.*

**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.

**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 accounts, contracts, court judgments, mortgages, security agreements, and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

**10. Date-Stamped Copy:** To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

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.

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

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: \_\_\_\_\_

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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---  
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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 BKYC 09/07/04

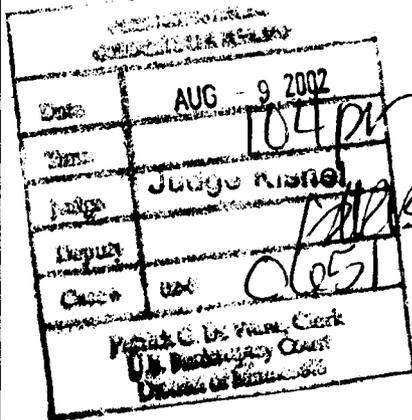
TranDate	Type	Serv	Tran Amt	Arc	UB/NUB	Cur Amt	Arc CB	Dep
05/02/01	Pay	U	350.00-		285.02	350.00-	285.02	
04/23/01	Bill	U	323.86		635.02	323.86	635.02	
04/20/01	LPC	U	4.60		311.16	4.60	311.16	
04/06/01	Pay	U	350.00-		306.56	350.00-	306.56	
03/21/01	Bill	U	310.02		656.56	310.02	656.56	
	LPC	U	1.26		346.54	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---

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United States Bankruptcy Court District of <u>MINNESOTA</u>		VOLUNTARY PETITION																
Name of Debtor (If individual, enter Last, First, Middle) <b>RENO, JERRY RAYMOND SR</b>		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) <b>asf JR CONSTRUCTION OF HERMANTOWN INC ASF D AND J DIVERSIFIED SERVICES INC</b>		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) <b>S.S.# 476-68-9926</b>		Soc. Sec./Tax I.D. No. (If more than one, state all)																
Street Address of Debtor (No. and street, city, state, and zip code) <b>802 WEST 5TH STREET DULUTH MN 55806</b>		Street Address of Joint Debtor (No. and street, city, state, and zip code)																
County of Residence or of the Principal Place of Business: <b>ST LOUIS</b>		County of Residence or of the Principal Place of Business: <i>EFIL 22259</i>																
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) <input checked="" type="checkbox"/> Debtor has been domiciled or has had a residence, principal place business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District. <input type="checkbox"/> There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.																
<b>Information Regarding the Debtor (Check the Applicable Boxes)</b>																		
<b>Type of Debtor</b> (Check any applicable box) <input checked="" type="checkbox"/> Individual(s) <input type="checkbox"/> Railroad <input type="checkbox"/> Corporation <input type="checkbox"/> Stockbroker <input type="checkbox"/> Partnership <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Other _____		<b>Chapter or Section of Bankruptcy Code Under Which the Petition is Filed</b> (Check one box) <input checked="" type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 13 <input type="checkbox"/> Chapter 9 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Sec. 304 - Case ancillary to foreign processing																
<b>Nature of Debts</b> (Check one box) <input type="checkbox"/> Consumer / Nonbusiness <input checked="" type="checkbox"/> Business		<b>Filing Fee</b> (Check one box) <input checked="" type="checkbox"/> Filing fee is attached <input type="checkbox"/> 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																
<b>Small Business</b> (Chapter 11 only) <input type="checkbox"/> Debtor is a small business as defined in 11 U.S.C. Sec. 101 <input type="checkbox"/> Debtor is and elects to be considered a small business under 11 U.S.C. Sec. 1121(e) (Optional)																		
<b>Statistical / Administrative Information (Estimates Only)</b> <input type="checkbox"/> Debtor estimates that funds will be available for distribution to unsecured creditors. <input checked="" type="checkbox"/> Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.		<b>THIS SPACE FOR COURT USE ONLY</b>  																
<b>Estimated Number of Creditors</b> 1 - 15      16 - 49      50 - 99      100 - 199      200 - 999      1000 - over <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>																		
<b>Estimated Assets</b> (Check one box) <table style="width:100%; border-collapse: collapse;"> <tr> <td>\$0 to \$50,000</td> <td>\$50,001 to \$100,000</td> <td>\$100,001 to \$500,000</td> <td>\$500,001 to \$1 million</td> <td>\$1,000,001 to \$10 million</td> <td>\$10,000,001 to \$50 million</td> <td>\$50,000,001 to \$100 million</td> <td>More than \$100 million</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>			\$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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
\$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										
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>											
<b>Estimated Liabilities</b> (Check one box) <table style="width:100%; border-collapse: collapse;"> <tr> <td>\$0 to \$50,000</td> <td>\$50,001 to \$100,000</td> <td>\$100,001 to \$500,000</td> <td>\$500,001 to \$1 million</td> <td>\$1,000,001 to \$10 million</td> <td>\$10,000,001 to \$50 million</td> <td>\$50,000,001 to \$100 million</td> <td>More than \$100 million</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>		\$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	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
\$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											
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**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			
			<b>Total Assets</b>	\$ 13,759.00	
				<b>Total Liabilities</b>	\$ 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
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PAID JOHN HEDTKE \$2,500 FOR THIS PROCEEDING

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

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In re:

BKY No. 02-50651  
ADV No. 04-5009

Jerry Raymond Reno, Sr.,

Debtor.

-----

Randall L. Seaver, Trustee

Plaintiff

**MEMORANDUM IN SUPPORT OF PLAINTIFF'S  
MOTION FOR SUMMARY JUDGMENT**

vs.

Richard Osborne and Dana Osborne,

Defendants

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**FACTUAL BACKGROUND**

Approximately two years 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, Richard Osborne and Dana Osborne. Richard Osborne is the Debtor's step-son. The purchase price on the settlement statement for the sale of the property lists the appraised value as the purchase price. 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 \$85,000.00 for an effective purchase price of \$55,000.00.

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.” After service of the Summons and Complaint the Trustee served discovery on the Defendants which included Requests for Admissions. 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 results 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 9, 2000, the Debtor executed a deed (“Deed”) which transferred his fee interest in a developed parcel of real estate to the Defendants, Richard Osborne, Debtor’s step-son, and Dana Osborne, wife of Richard Osborne. The property transferred is commonly referred to as 3887 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and is legally described as:

The Northerly 619.40 feet of that part of the NE1/4 of the NW1/4 of Section 26, Township 50 North of Range 15 West of the Fourth Principal Meridian described as follows: Beginning at the Northeast corner of said NE1/4 of NW1/4 of Section 26, thence running South 80 Rods along the East line of said NE1/4 of NW 1/4, to a point; thence run West 11 Rods 5 feet parallel to the North line of said NE1/4 of NW1/4 to a point; thence run North 80 Rods, more or less, parallel to the East line of said NE1/4 of NW1/4 to a point on the North

line of said NE1/4 of NW1/4; thence run East along the North line of said NE1/4 of NW1/4 to the point of beginning.

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

2. The August 9, 2000 deed evidencing the Transfer was recorded in the Office of the St. Louis County Recorder on September 14, 2000 as Document No. 00795932 (“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 \$85,000. After subtracting out the “gift of equity” and the “seller’s contribution” the Debtor received \$55,000.00 in return for the transfer of the Property to the Defendants. See Exhibit 5 to the Affidavit of Roger B. Seaver submitted herewith.
4. An appraisal performed prior to August 9, 2000 set the value of the Property at \$85,000.00. See Exhibit 3 to the Affidavit of Roger B. Seaver submitted herewith.
5. 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.
6. 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.

7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.

13. 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, and 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 (8<sup>th</sup> 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 (8<sup>th</sup> Cir. 1990).

### B. Defendants' Admissions

Some of the necessary elements for the avoidance of the Transfer by the Trustee are shown through 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 9, 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. 00795932. 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. An appraisal performed near the date of the transfer of the Property to the Defendants indicated a value for the Property of \$85,000.00. That the Debtor and the Defendants accepted this value as accurate 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 \$55,000.00, or roughly 65% 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 - -

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 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 (Bkrcty.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 35%. As a result, the Debtor received approximately \$55,000.00 in return for property having a value of \$85,000.00. 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 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 the Debtor's testimony, 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**

-----  
In re:

BKY No. 02-50651  
ADV No. 04-5009

Jerry Raymond Reno, Sr.,  
  
Debtor.

-----  
Randall L. Seaver, Trustee

Plaintiff

**FINDINGS OF FACT, CONCLUSIONS OF  
LAW AND ORDER JUDGMENT**

vs.

Richard Osborne and Dana Osborne,  
  
Defendants

-----  
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 9, 2000, the Debtor executed a deed ("Deed") which transferred his fee interest in a developed parcel of real estate to the Defendants, Richard Osborne, Debtor's step-son, and Dana Osborne, wife of Richard Osborne. The property transferred is commonly referred to as 3887 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and is legally described as:

The Northerly 619.40 feet of that part of the NE1/4 of the NW1/4 of Section 26, Township 50 North of Range 15 West of the Fourth Principal Meridian described as follows: Beginning at the Northeast corner of said NE1/4 of NW1/4 of Section 26, thence running South 80 Rods along the East line of said

NE1/4 of NW 1/4, to a point; thence run West 11 Rods 5 feet parallel to the North line of said NE1/4 of NW1/4 to a point; thence run North 80 Rods, more or less, parallel to the East line of said NE1/4 of NW1/4 to a point on the North line of said NE1/4 of NW1/4; thence run East along the North line of said NE1/4 of NW1/4 to the point of beginning.

(“Property”).

2. The August 9, 2000 deed evidencing the Transfer was recorded in the Office of the St. Louis County Recorder on September 14, 2000 as Document No. 00795932 (“Transfer”).
3. The settlement statement prepared with regards to the sale of the Property indicated a sale price for the Property of \$85,000. After subtracting out the “gift of equity” and the “seller’s contribution” the Debtor received \$55,000.00 in return for the transfer of the Property to the Defendants.
4. The purchase price and value of the Property was \$85,000.00.
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, Richard Osborne, is the Debtor’s step-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 Debtor 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 Defendants, Richard Osborne and Dana Osborne, as follows:

1. The transfer by the Debtor to the Defendants of a fee interest in that property commonly referred to as 3887 Getchell Rd., City of Hermantown, County of St. Louis, State of Minnesota, and is legally described as:

The Northerly 619.40 feet of that part of the NE1/4 of the NW1/4 of Section 26, Township 50 North of Range 15 West of the Fourth Principal Meridian described as follows: Beginning at the Northeast corner of said NE1/4 of NW1/4 of Section 26, thence running South 80 Rods along the East line of said NE1/4 of NW 1/4, to a point; thence run West 11 Rods 5 feet parallel to the North line of said NE1/4 of NW1/4 to a point; thence run North 80 Rods, more or less, parallel to the East line of said NE1/4 of NW1/4 to a point on the North line of said NE1/4 of NW1/4; thence run East along the North line of said NE1/4 of NW1/4 to the point of beginning.

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 Defendants and each of them 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 Defendants and each of them 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**

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In re:

BKY No. 02-50651  
ADV No. 04-5009

Jerry Raymond Reno, Sr.,  
  
Debtor.

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Randall L. Seaver, Trustee  
  
Plaintiff

vs.

Richard Osborne and Dana Osborne,  
  
Defendants

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**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:

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

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

Richard Osborne  
3887 Getchell Rd  
Hermantown, MN 55811

Dana Osborne  
3887 Getchell Rd  
Hermantown, MN 55811

**FULLER, SEAVER & RAMETTE, P.A.**

Dated: September 30, 2004

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