

SUPREME COURT OF NORTH DAKOTA

Four Season's Healthcare Center, Inc. v. Linderkamp

2013 ND 159 (N.D. 2013) · No. Nos. 20120432 and 20120433 · Decided September 4, 2013

SUMMARY

The North Dakota Supreme Court reviewed consolidated appeals involving unpaid nursing home expenses, allegedly fraudulent transfers of real property, and the validity of deeds executed by Earl and Ruth Linderkamp. The Court affirmed the findings that the transfer lacked reasonably equivalent value and was made when the parents were likely to incur unaffordable nursing home debt, and upheld voiding the entire transfer. It reversed and remanded because the district court improperly declined to resolve the potential liability of the parents' other children under N.D.C.C. § 14-09-10.

CASE DETAILS

COURT	Supreme Court of North Dakota
WRITING FOR THE COURT	Carol Ronning Kapsner, Justice; Carol Ronning Kapsner; Mary Muehlen Maring; Daniel J. Crothers; Dale V. Sandstrom; Gerald W. VandeWalle, C.J.
JURISDICTION	North Dakota
DECIDED	September 4, 2013
DOCKET	Nos. 20120432 and 20120433
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Appeal from consolidated actions following a bench trial involving a nursing home's fraudulent-transfer and nursing-home-debt claims and the parents' estates' claims concerning the validity of land conveyances.
STANDARD OF REVIEW	Findings of fact after a bench trial are reviewed under the clearly erroneous standard under N.D.R.Civ.P. 52(a); legal rulings concerning admission of parol evidence are fully reviewable on appeal. The appellate court does not reweigh evidence or second-guess credibility determinations.
PRECEDENTIAL VALUE	Published North Dakota Supreme Court opinion; precedential
PARTIES	Elden Linderkamp, Rita Linderkamp v. Four Season's Healthcare Center, Inc., Dennis Linderkamp, as Personal Representative of the Estates of Earl Linderkamp and Ruth Linderkamp, deceased

TOPICS

nursing home liability

probate

remedies

parol evidence rule

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PRACTICE AREAS

health law

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QUESTIONS PRESENTED

1. Whether the land conveyance was a fraudulent transfer because the parents did not receive reasonably equivalent value and were about to incur debts beyond their ability to pay.
2. Whether the parol evidence rule barred evidence of the alleged prior oral agreement concerning improvements as additional consideration for the land.
3. Whether the district court could void the entire conveyance and return the property to the parents' estates under the fraudulent-transfer remedies statute.
4. Whether the district court erred by imposing personal liability on Elden for the parents' nursing-home debt without determining the potential liability of all children under N.D.C.C. § 14-09-10.

HOLDINGS

1. The district court erred to the extent it concluded that the parol evidence rule barred evidence of the alleged oral agreement because parol evidence may be used to show that the actual consideration for a deed differed from the consideration recited. The error did not require reversal on this issue because the district court admitted and considered the evidence and independently found it not credible.
2. The district court did not clearly err in finding that the parents did not receive reasonably equivalent value for the land and that they were about to incur nursing-home debt beyond their ability to pay. The conveyance therefore was a fraudulent transfer under N.D.C.C. § 13-02.1-04.
3. The district court was permitted to void the entire transfer and return the property to the parents' estates because N.D.C.C. § 13-02.1-07(1)(c) authorizes any other relief the circumstances may require.
4. The district court erred by imposing personal liability on Elden for the entire nursing-home debt without deciding the potential liability of the other children under N.D.C.C. § 14-09-10. The judgment was reversed on that issue and remanded for further proceedings.

KEY QUOTATIONS

“We conclude the district court erred to the extent the court said evidence of the alleged oral agreement between Elden and Earl Linderkamp was barred by the parol evidence rule.” (¶14)

“We conclude the court did not clearly err in finding a fraudulent transfer under N.D.C.C. § 13-02.1-04.” (¶21)

“Under these circumstances, we hold the district court’s decision to void the entire transfer and to order the property returned to the parents’ estates for probate was permitted under the language of N.D.C.C. § 13-02.1-07(1)(c) authorizing any other relief the circumstances may require.” (¶23)

“We conclude the district court erred in holding Elden Linderkamp personally liable in the amount of \$104,276.62 for his parents’ unpaid nursing home debt without deciding the other children’s potential liability under that statute.” (¶27)

FACTUAL BACKGROUND

Earl and Ruth Linderkamp owned farmland that they conveyed to their son Elden and his wife Rita in 2006 for a stated consideration of \$50,000. Elden claimed that a prior oral agreement entitled him to credit for improvements to the property, but the district court found no credible evidence of such an agreement or of improvements exceeding \$100,000. Shortly after the conveyances, Earl and Ruth entered a nursing home, incurred substantial unpaid care expenses, and later died, leading to claims by the nursing home and the estates.

PROCEDURAL HISTORY

Four Season's sued Elden and Rita Linderkamp to set aside transfers of the parents' land as fraudulent and to recover unpaid nursing-home charges. Elden and Rita brought third-party claims against the parents' other children for contribution, and the personal representative of the estates sued to invalidate the conveyances for lack of capacity. After consolidation, the district court entered judgment finding a fraudulent transfer, voiding the deeds, awarding Four Season's \$104,276.62 against Elden, and allowing Elden and Rita a net \$45,000 claim against the estates. The Supreme Court affirmed in part, reversed in part, and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for further proceedings to determine the application of N.D.C.C. § 14-09-10 to all of the children and the resulting responsibility for the parents' unpaid nursing-home debt. The judgment was otherwise affirmed insofar as it upheld the fraudulent-transfer findings and the authority to void the entire transfer.

CASES CITED

- Fladeland v. Gudbranson, 2004 ND 118, ¶ 8, 681 N.W.2d 431
- Kuntz v. Kuntz, 1999 ND 114, ¶ 10, 595 N.W.2d 292
- Baldus v. Mattern, 93 N.W.2d 144, 151 (N.D. 1958)
- Gajewski v. Bratcher, 221 N.W.2d 614, 625-26 (N.D. 1974)
- Zimmer v. Bellon, 153 N.W.2d 757, 761-62 (N.D. 1967)
- Johnson Farms v. McEnroe, 1997 ND 179, ¶ 22, 568 N.W.2d 920
- Clark v. Henderson, 62 N.D. 503, 508-09, 244 N.W. 314, 315 (1931)
- Erickson v. Wiper, 33 N.D. 193, 206-08, 157 N.W. 592, 596-97 (1916)
- First Nat'l Bank v. Burich, 367 N.W.2d 148, 152 (N.D. 1985)
- Edward H. Schwartz Constr., Inc. v. Driessen, 2006 ND 15, ¶ 11, 709 N.W.2d 733
- Fargo Foods, Inc. v. Bernabucci, 1999 ND 120, ¶ 10, 596 N.W.2d 38

- Moen v. Thomas, 2001 ND 95, ¶¶ 19-20, 627 N.W.2d 146
- Dvorak v. Dvorak, 2006 ND 171, ¶ 11, 719 N.W.2d 362
- Trinity Med. Ctr., Inc. v. Rubbelke, 389 N.W.2d 805, 807 (N.D. 1986)
- Bismarck Hosp. and Deaconesses Home v. Harris, 68 N.D. 374, 378-82, 280 N.W. 423, 425-27 (1938)
- Varnson v. Satran, 368 N.W.2d 533, 535 (N.D. 1985)

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