COURT OF APPEALS OF MINNESOTA

Bernard Larson v. Rita M. Larson

365 N.W.2d 358 (Minn. Ct. App. 1985) · No. C6-84-1565 · Decided April 9, 1985

SUMMARY

The Minnesota Court of Appeals held that a homestead acquired by one spouse before marriage with that spouse's funds was nonmarital property under Minnesota Statutes section 518.54, subdivision 5. The court reversed the trial court's classification of the homestead as marital property and remanded for sale and distribution of the net proceeds using the formula established in Schmitz v. Schmitz.

CASE DETAILS

COURT	Court of Appeals of Minnesota
WRITING FOR THE COURT	Wozniak, Judge; Crippen, P.J.; Parker, Judge
JURISDICTION	Minnesota
DECIDED	April 9, 1985
DOCKET	C6-84-1565
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Bernard Larson appealed from a dissolution decree that classified the homestead as marital property and determined that Rita M. Larson was an equal joint owner.
PRECEDENTIAL VALUE	Published precedential opinion
PARTIES	Bernard Larson v. Rita M. Larson

TOPICS

dissolution of marriage · equitable distribution · community property · statutory interpretation

PRACTICE AREAS

family law · real estate · statutory interpretation

QUESTIONS PRESENTED

1. Whether a homestead acquired by one spouse before marriage, under a contract for deed in that spouse's name alone and with the acquisition payment furnished exclusively by that spouse, is marital property subject to division in the dissolution proceeding.

HOLDINGS

1. Because Bernard acquired the homestead before the marriage, the property was nonmarital property under Minn. Stat. § 518.54, subd. 5, notwithstanding the trial court's conclusion that it was not acquired in exchange for another asset.
2. Bernard was entitled to receive the portion of the homestead's net equity attributable to his $25,000 nonmarital investment.
3. The homestead was to be sold, with reasonable costs of sale and existing liens paid, and any remaining net proceeds divided under the formula stated in Schmitz v. Schmitz.

KEY QUOTATIONS

> *"The language of the statute, however, indicates that satisfaction of any of the subsections serves to classify the property as nonmarital."* (360)

> *"As long as all or any portion of a homestead is "readily traceable" to an investment of nonmarital funds, such homestead or portion thereof is properly classified as nonmarital property."* (360)

FACTUAL BACKGROUND

Bernard Larson and Rita McGlasson jointly signed a purchase agreement for a homestead before their marriage, but Bernard alone signed the later contract for deed and supplied the entire $25,000 earnest-money and downpayment. Rita made no financial contribution to acquisition of the property. The parties lived in the home during the marriage, during which $6,666 in interest payments on Bernard's nonmarital property were made from marital income.

PROCEDURAL HISTORY

The trial court determined that the homestead was a marital asset and divided it equally between the parties. The Minnesota Court of Appeals reversed and remanded with instructions to sell the homestead and divide the net proceeds under the formula stated in Schmitz v. Schmitz.

DISPOSITION

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reversed_and_remanded
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REMAND INSTRUCTIONS

Order the immediate sale of the homestead; pay reasonable costs of sale and all existing liens, unless assumed; and divide any net proceeds pursuant to the formula enunciated in Schmitz v. Schmitz.

CASES CITED

- Kottke v. Kottke, 353 N.W.2d 633, 635-636 (Minn. Ct. App. 1984)
- Schmitz v. Schmitz, 309 N.W.2d 748 (Minn. 1981)