STATE OF MINNESOTA
IN COURT OF APPEALS
A25-0756

In re the Marriage of:

David Ray Honeman, petitioner,
Respondent,

vs.

Carol Lynn Honeman,
Appellant.

Filed June 22, 2026
Affirmed in part and remanded
Bond, Judge

Brown County District Court
File No. 08-FA-24-195

David Ray Honeman, New Ulm, Minnesota (pro se respondent/cross-appellant)

Jacob M. Birkholz, Birkholz & Associates, LLC, Mankato, Minnesota (for appellant/cross-respondent)

Considered and decided by Bond, Presiding Judge; Reyes, Judge; and Harris, Judge.

NONPRECEDENTIAL OPINION

BOND, Judge

In this marital-dissolution appeal, appellant-wife challenges the district court's (1) classification of a settlement payment, and assets purchased or improved using the settlement payment, as marital property; (2) division of marital property; and (3) imposition of a $100,000 lien on the marital home awarded to wife in its amended findings. We affirm in part and remand for additional findings.

FACTS

Appellant Carol Lynn Honeman (wife) and respondent David Ray Honeman (husband) have been married twice.[1] They first married in 1980 and then dissolved their marriage in December 2007. In July 2008, wife was in a car accident which rendered her quadriplegic. She entered into settlement negotiations with the other driver's insurance company and sought first-party benefits through her own insurance carrier.

Wife and husband remarried in May 2009. In August, wife signed a settlement agreement with the other driver and received a check for $245,000.[2] Wife deposited the settlement funds into her individual investment account. At around the same time, wife received three years' wages and medical expenses through her no-fault insurance carrier. That insurance carrier continues to pay for wife's medical expenses.

In 2010, wife and husband purchased a home from husband's parents for $100,000, and wife used roughly $25,000 of the settlement funds as a down payment. Wife's insurance paid approximately $218,000 for medically necessary modifications to the home. In addition, wife used the settlement funds to pay for home improvements unrelated to her medical condition and husband contributed his labor to several home projects.

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[1] These facts derive from the undisputed evidence received at the court trial and the district court's findings of fact.

[2] The full settlement amount was $300,000, and wife agreed to pay her attorney $55,000.

On a few occasions during the parties' second marriage, wife used the settlement funds to contribute to husband's retirement account.[3] Wife also used the settlement funds to buy a customized motorhome and a van.

In March 2024, husband filed for dissolution of marriage. Wife moved for temporary spousal maintenance and requested an award of the marital home. The district court denied wife's motion for temporary spousal maintenance and ordered wife to pay the marital bills on a temporary basis, noting that "[t]he final property distribution will necessarily take into account the parties' contributions to acquiring marital property."

After a trial, the district court entered its judgment and decree (J&D) in January 2025. The J&D dissolved the marriage, established a valuation date, characterized certain property as marital or nonmarital, and divided the parties' marital property. Relevant here, the district court determined that wife's settlement funds were presumptively marital property and, therefore, any assets acquired or improved using those funds were also presumed marital property. The district court awarded wife the marital home and ordered wife to pay husband an equalization payment of $75,000.

Both parties filed motions for amended findings; wife also filed a motion for a new trial. The district court denied wife's new-trial motion and partially granted the parties' motions for amended findings on matters unrelated to this appeal. The district court affirmed its determination that the settlement funds wife received during the second

[3] While the record is not entirely clear, it appears that the settlement funds were divided between an annuity account, from which wife receives a monthly payment, and a savings account.

marriage were presumptively marital property. In addition, the district court set a payment schedule for the equalization payment and imposed a $100,000 lien in favor of husband on the marital home to be paid to husband upon her death or the sale of the home.

Wife appeals.[4]

DECISION

Wife argues that the district court erred in classifying as marital property the settlement funds she received from the car accident. Wife maintains that the classification error had a cascade effect on the district court's division of property. Specifically, wife contends that, because the settlement funds should have been treated as her nonmarital property, the district court abused its discretion by failing to apply the *Schmitz*[5] formula to determine wife's nonmarital interest in the home and classifying certain other assets acquired or improved from the settlement funds as marital property. Wife also challenges the district court's division of marital property as inequitable and the court's imposition of a $100,000 lien on the marital home awarded to wife.

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[4] Husband, represented by counsel, filed a notice of related appeal. Husband's counsel subsequently withdrew. Husband filed a self-represented informal brief addressing the arguments raised in wife's brief and requesting that we "affirm the district court's judgment in all respects." Husband's brief does not raise any issues identified in his notice of related appeal. While husband has not formally withdrawn his notice of related appeal, his failure to raise any such issues in his brief forfeits appellate review of any issues in his cross-appeal. *See Melina v. Chaplin*, 327 N.W.2d 19, 20 (Minn. 1982) (stating issues not briefed on appeal are waived).

[5] *See Schmitz v. Schmitz*, 309 N.W.2d 748, 750 (Minn. 1981) (establishing formula for district courts to use to determine marital and nonmarital interests in the appreciation of properties acquired before marriage).

For the reasons that follow, we affirm the district court's classification of marital property. But because we cannot determine the district court's rationale for imposing the $100,000 lien on the marital home, we remand for additional findings on that issue. We do not reach wife's remaining challenges to the division of marital property.

I. The district court did not err in classifying the settlement funds and related assets as marital property.

Wife argues that the district court misclassified the settlement funds as marital property. Wife asserts that, because the settlement funds were used during the marriage to purchase or improve other assets, the error impacted various other aspects of the district court's classification and division of property.

A district court must classify property as "marital property" before valuing and dividing the property between the parties. Minn. Stat. § 518.58, subd. 1 (2024). "Marital property" is defined as any real or personal property acquired by the parties during the marriage and before the valuation date. Minn. Stat. § 518.003, subd. 3b (2024). Property is presumed to be marital if it is acquired during the marriage and before the date of valuation "regardless of whether title is held individually or by the spouses in a form of co-ownership." *Id.* To overcome the presumption that property is marital, a spouse must prove, by the preponderance of the evidence, that the property is nonmarital. *Baker v. Baker*, 753 N.W.2d 644, 649 (Minn. 2008). Nonmarital property includes real or personal property obtained prior to the marriage. Minn. Stat. § 518.003, subd. 3b.

Appellate courts review de novo whether property is marital or nonmarital. *Gill v. Gill*, 919 N.W.2d 297, 301 (Minn. 2018). But we defer to the district court's underlying factual findings and set them aside only if they are clearly erroneous. *Id.* A finding is clearly erroneous if it is "manifestly contrary to the weight of the evidence or not reasonably supported by the evidence as a whole." *In re Civ. Commitment of Kenney*, 963 N.W.2d 214, 221 (Minn. 2021) (quotation omitted). When reviewing findings of fact for clear error, appellate courts engage in "a review of the record to confirm that evidence exists to support the decision." *Id.* at 222. When applying the clear-error standard of review, appellate courts (1) view the evidence in the light most favorable to the findings, (2) do not reweigh the evidence, (3) do not find their own facts, and (4) do not reconcile conflicting evidence. *Id.* at 221-22.

Wife's argument concerns the settlement funds she received during the parties' second marriage for injuries she suffered in the car accident before that marriage. Typically, characterization of a personal-injury award as marital or nonmarital depends on the purpose of recovery, which allows for separate treatment of various components of the recovery, rather than the timing of recovery. *Van de Loo v. Van de Loo*, 346 N.W.2d 173, 176 (Minn. App. 1984). The district court considers whether the purpose of the recovery is to replace property whose source derives from something acquired before the marriage, such as a person's good health, which would make it nonmarital property. *Id.* Alternatively, if the recovery replaces property acquired or which would have been acquired during the marriage, such as the replacement of lost wages, it is marital property. *Id.* As the party seeking the nonmarital classification, wife has the burden of proving by a preponderance of the evidence the purpose of the recovery. *Id.* at 177; *see Ward v. Ward*, 453 N.W.2d 729, 732 (Minn. App. 1990), *rev. denied* (Minn. June 6, 1990). Absent such proof, the settlement payment must be treated as marital property. *See Van De Loo*, 346 N.W.2d at 177.

Wife did not provide the settlement agreement at trial for the district court's review.[6] While wife offered the release that accompanied the settlement payment as an exhibit, the release does not specify what amounts of the settlement were for pain and suffering or lost wages. Both wife and husband signed the settlement agreement. The check for the settlement payment is dated August 29, 2009, after the parties remarried, and is payable to the order of wife. The district court credited wife's testimony that she separately received three years' worth of lost wages and medical expenses but found that wife's testimony that the entire settlement was for her pain and suffering was "self-serving" and not credible, a determination to which we defer. *See Gill*, 919 N.W.2d at 301.

[6] In support of her combined motion for amended findings or a new trial, wife submitted a May 2009 letter from her personal-injury attorney to the other driver's insurance company purporting to demonstrate the nonmarital nature of the settlement funds. The district court declined to consider the May 2009 letter, reasoning that wife neither submitted the letter as evidence at trial nor offered any explanation for her failure to do so. *See* Minn. R. Civ. P. 59.01(d) (providing that a new trial may be granted for "[m]aterial evidence newly discovered, which with reasonable diligence could not have been found and produced at the trial"); *see also Zander v. Zander*, 720 N.W.2d 360, 364 (Minn. App. 2006) (holding that when considering a motion for amended findings, a district court must apply the evidence submitted at trial and may not consider new evidence), *rev. denied* (Minn. Nov. 14, 2006). Because the district court did not receive the 2009 letter into evidence, we do not consider it. *See Thiele v. Stich*, 425 N.W.2d 580, 582-83 (Minn. 1988) ("An appellate court may not base its decision on matters outside the record on appeal, and may not consider matters not produced and received in evidence below."). We observe, however, that the May 2009 letter reflects the initial settlement negotiations between wife and the other driver's insurance company and does not indicate which portion of the as-yet-undetermined settlement amount is marital or nonmarital.

In the J&D, the district court found that "part of the settlement—indeed, probably the greater part—was intended as compensation for [wife's] pain, suffering, and loss of good health." But the district court determined that, without any evidence identifying "which parts of the settlement were marital, such as lost wages, and which were non-marital, such as pain and suffering or loss of good health," wife had not met her burden of showing that the settlement payment was nonmarital. Accordingly, the district court classified the entire settlement payment as presumptively marital and concluded that any assets acquired using the settlement funds were marital because they could not be traced to a nonmarital source. On this record, we agree.

Property acquired during marriage is presumed marital property, absent a showing that it is nonmarital in nature. Minn. Stat. § 518.003, subd. 3b. And "[t]he nature of the property requires an identification of the property source." *Van de Loo*, 346 N.W.2d at 176. Here, both parties signed the settlement agreement and wife received the settlement funds during the second marriage. In the absence of the settlement agreement—and given the district court's finding that wife's characterization of the settlement payment was not credible—we cannot determine the "purpose of the recovery." *See id.* Because wife did not meet her burden of showing that the settlement funds were nonmarital, they must be treated as marital property. *Id.* at 177; *see Ward*, 453 N.W.2d at 732.

To persuade us otherwise, wife argues that *Van de Loo* and its progeny are not dispositive because the injury in those cases occurred during the marriage. She asserts that because her injury occurred prior to the second marriage, the settlement funds in their entirety are presumptively nonmarital. Wife's argument is unavailing.

Minnesota courts do not apply a "mechanical" view when determining whether property is marital or nonmarital. *See Grigsby v. Grigsby*, 648 N.W.2d 716, 721 (Minn. App. 2002), *rev. denied* (Minn. Oct. 15, 2002). In *Grigsby*, we considered whether the proceeds from a husband's severance agreement were marital or nonmarital. *Id.* Husband argued that, because he signed the severance agreement one month *after* the valuation date, the $1.8 million in proceeds were not acquired during the marriage and thus not presumptive marital property. *Id.* at 719, 721. We rejected such a "mechanical" approach, instead applying an "analytical" approach which "requires a more detailed review of the elements of the agreement to determine their individual sources." *Id*. at 722. Because the severance agreement was "significantly connected to [husband's] marital employment," we concluded that the statutory presumption applied. *Id.* at 723.

Under *Grigsby*, the nature of wife's settlement funds is not mechanically controlled by the date of wife's injury, as wife contends. Thus, even if we agreed with wife that *Van de Loo* was not dispositive because the injury in this case, unlike in *Van de Loo*, occurred before the parties' second marriage, our conclusion would be the same. As we have explained, caselaw instructs that if a personal-injury settlement replaces property *that would have been acquired during the marriage*, it is presumed marital property. *Van de Loo*, 346 N.W.2d at 176. Using the analytical approach, we cannot determine the purpose of the recovery without the settlement agreement. *See Grigsby*, 648 N.W.2d at 722; *see also Van de Loo*, 346 N.W.2d at 176. Therefore, wife failed to prove that the entirety of the settlement funds must be treated as nonmarital property.

Wife urges us to apply *Weakley v. Weakley*, a decision from the Kentucky Supreme Court. 731 S.W.2d 243 (Ky. 1987). In that case, the court held that, when a personal injury occurs before the parties' marriage, "the entire compensation received therefor is nonmarital, and this is true regardless of when the judgment or settlement is obtained or whether the recovery is for the loss of wages, replacement of earning capacity, or pain and suffering." *Id.* at 245. *Weakley* is not binding on this court. *See Mahowald v. Minn. Gas Co.*, 344 N.W.2d 856, 861 (Minn. 1984) (noting that, although decisions from courts of other states are not binding, they may be persuasive). Because the rule adopted by the Kentucky Supreme Court in *Weakley* is a significant departure from binding Minnesota precedent that analyzes the "purpose of the recovery" rather than a "mechanical" approach, we decline wife's invitation to rely on *Weakley*. *Van de Loo*, 346 N.W.2d at 176.

In addition to the settlement funds themselves, wife argues that assets she purchased or improved using the settlement funds—including the home, motorhome, van, and contributions to husband's retirement account—are nonmarital property. Our conclusion that wife did not meet her burden of proving that the settlement funds were nonmarital property resolves wife's additional claims of error. Because wife has failed to prove that these assets were acquired or improved through nonmarital funds, the district court did not err in classifying them as marital property.

II. The district court's imposition of a $100,000 lien on the marital home must be remanded for additional findings.

Wife contends that the district court's division of marital property was inequitable. Wife highlights the district court's imposition in its amended findings of a $100,000 lien on the marital home awarded to wife, arguing that the district court declined to order a lien in the J&D and provided no factual or legal rationale for doing so in its subsequent order.

In a dissolution proceeding, the district court "shall make a just and equitable division of the marital property of the parties without regard to marital misconduct, after making findings regarding the division of the property." Minn. Stat. § 518.58, subd. 1. A district court has broad discretion in dividing marital property, and we will not disturb the property division absent an abuse of discretion. *Schmidt v. Schmidt*, 964 N.W.2d 221, 231 (Minn. App. 2021). A district court abuses its discretion if it makes factual findings that lack support in the evidence, misapplies the law, or renders a decision that is "against logic and the facts on record." *Woolsey v. Woolsey*, 975 N.W.2d 502, 506 (Minn. 2022) (quotation omitted).

We begin with the lien issue. In the J&D, the district court determined that its division of marital property resulted in wife receiving $399,939 more than husband, largely because of the award of the marital home to wife. The court noted that, "to equalize the parties' property awards, Wife would have to pay Husband $199,969.50." The court further reasoned that wife needed the interest from the settlements funds to live on and that a lien on the home in favor of husband "would not be reasonable," as "it might be many years before the house is sold and Husband can receive any payment on a lien." Balancing these considerations against husband's interest in the marital property, the district court concluded that a $75,000 equalization payment from wife to husband was equitable.

Husband's motion for amended findings requested that the district court amend its findings to order an equalization payment of $199,969.50. The district court denied husband's request and stated that its division of property was equitable given wife's inability to work and the absence of available assets. But the district court modified its original award as follows:

> [W]ithin 90 days of the date of this order, Wife shall pay Husband half the equalization ordered, $37,500. She will then pay $1,000 a month until the remaining half is paid. If Wife misses a monthly payment, Husband can declare the remaining balance due immediately. To protect Husband's interest in the equity in the house, Husband will have a lien on the homestead in the amount of $100,000. This lien will not bear interest and will be paid only upon the death of Wife or the sale of the house, whichever occurs first.

Wife submitted an informal request for reconsideration of the lien. The district court denied this request, ruling:

> The Court established a lien in order to protect Husband's interest in the marital homestead. It is important to remember that both parties contributed to the purchase of the home, and the Court believes it is appropriate to protect Husband's interest in it. The lien is limited and only becomes operative upon Wife's death or sale of the home. The lien is less than half the amount of the home's assessed value.

On appeal, wife argues that the district court abused its discretion in awarding husband a $75,000[7] equalization payment and a $100,000 lien in favor of husband on the

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[7] In its amended findings, the district court ordered wife to pay $37,500 of the equalization payment within 90 days and thereafter "pay [husband] $1,000 per month until the remaining $30,000 is paid in full." Wife argues that, in so stating, the district court reduced the previously ordered $75,000 equalization payment to $67,500. But the district court otherwise rejected husband's request to amend the equalization payment and, in the accompanying memorandum stated, "Wife shall pay Husband half the equalization ordered, $37,500. She will then pay $1,000 a month until the remaining half is paid." We are thus not convinced that the district court's reference to the "remaining $30,000" reflects the court's decision to change the equalization payment. Any discrepancies in the district

marital home awarded to wife. A marital lien is a method of distributing property in a marital-dissolution proceeding. *Bakken v. Helgeson*, 785 N.W.2d 791, 794 (Minn. App. 2010). We review a district court's lien arrangements when dividing property for an abuse of discretion. *See Rohling v. Rohling*, 379 N.W.2d 519, 522-23 (Minn. 1986) (holding that the district court's award of the homestead to one party subject to an equitable lien in favor of the other party was proper because it had "an acceptable basis in fact and principle" (quotation omitted)).

Our review of this issue is hampered by the lack of findings in either the J&D or the amended findings explaining the district court's rationale for an award of a $100,000 lien on the marital home in favor of husband *in addition* to a $75,000 equalization payment to husband. *See Rosenfeld v. Rosenfeld*, 249 N.W.2d 168, 171 (Minn. 1976) (holding that, when the district court has broad discretion, "it is especially important that the basis for the court's decision be set forth with a high degree of particularity if appellate review is to be meaningful"). Absent such findings, we cannot determine whether the lien functions as an award of marital property and, in turn, whether the district court's distribution of the marital estate is just and equitable.[8] Accordingly, a remand to the district court for additional

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court's amended findings related to the amount of the equalization payment may be addressed on remand.

[8] For example, given the district court's intent to protect husband's interest in the home and its determination that the $75,000 payment was "still equitable," the district court may have intended the lien to operate as a security interest. But given the amount of the lien and the district court's ruling that it will be paid upon wife's death or the sale of the home, the lien appears to operate as an additional award of marital property—effectively increasing the equalization payment from $75,000 to $175,000.

findings is appropriate. *Dick v. Dick*, 438 N.W.2d 435, 437 (Minn. App. 1989) (remanding for additional findings when district court included "no stated explanation" for an award of property).

On remand, the district court should clarify whether the lien in favor of husband on the wife's home functions as an additional award of marital property, and if so, whether the total award to husband is an equitable distribution of the parties' marital estate. In doing so, we leave the district court discretion to reopen the record to consider additional evidence as it deems necessary. To the extent that the district court makes findings of fact on remand that warrant adjustment of its other awards, it has the authority to make those adjustments it deems equitable. This remand does not affect the dissolution of the parties' marriage or any other provision of the amended judgment and decree otherwise affirmed in this opinion.

Affirmed in part and remanded.