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Minn. R. Civ. App. P. 136.01, subd. 1(c).*

**STATE OF MINNESOTA
IN COURT OF APPEALS
A25-2223**

Steven D. Hegstrom,
Respondent,

vs.

Lori C. Dietz, trustee of the Ardyce J. Hegstrom
Revocable Trust U/A dated March 19, 2015,
Appellant.

**Filed August 10, 2026
Affirmed
Beane, Judge**

Kandiyohi County District Court
File No. 34-CV-25-300

Eric J. Glenz, Spooner & Glenz Law Office, PLLC, Paynesville, Minnesota (for respondent)

Adam J. Schrader, Amundson, Johnson & Schrader, P.A., Spicer, Minnesota (for appellant)

Considered and decided by Ede, Presiding Judge; Smith, Tracy M., Judge; and Beane, Judge.

NONPRECEDENTIAL OPINION

BEANE, Judge

Appellant-trustee Lori C. Dietz challenges the district court's order directing the distribution of two parcels of property held by her late mother's trust to her brother,

respondent Steven D. Hegstrom (Hegstrom), and their sister, arguing that the trust plainly imposes a condition to such a distribution that has failed. We affirm.

FACTS

In March 2015, Ardyce J. Hegstrom (settlor) established the Ardyce J. Hegstrom Revocable Trust. She was the original trustee and retained the right to direct the retention, acquisition, or disposition of any trust assets. Settlor owned four parcels of real property in Kandiyohi County, which she transferred to the trust by quitclaim deed. The trust agreement contains the following provision directing the distribution of the parcels to her four children:

4.1.1 **Real Estate.** Upon my death, if this trust owns the four parcels of real estate located in Kandiyohi County, Minnesota and transferred to the trust on the date of this trust (as listed in Schedule A), those four parcels shall be distributed as follows:

4.1.1.1 Parcel ID 85-903-0190, “Spicer House” to my son Steven D. Hegstrom;

4.1.1.2 Parcel ID 18-342-0020, “Building” to my daughter Lori C. Dietz and son Dale A. Hegstrom in equal fifty percent (50%) interests;

4.1.1.3 Parcel ID 18-342-0030, “Lot 1” to my daughter Lori C. Dietz and son Dale A. Hegstrom in equal fifty percent (50%) interests;

4.1.1.4 Parcel ID 18-342-0060, “Lot 2” to my daughter Beth R. Anderson.

4.1.1.5 If any of my children do not wish to receive the above distributions of real estate, it is my wish that my other children (either individually or in combination with each other) shall have a right of first refusal to purchase the parcel from the child declining their distribution.

The trust agreement further provides for equal distribution of “[a]ll other trust assets” between settlor’s surviving children.

In January 2021, settlor sold the parcels identified in the trust agreement as Building and Lot 1 to her son Dale Hegstrom. She put the proceeds from the sale into a bank account and named her three other children as equal beneficiaries of the account.

In early 2024, Dietz was added as co-trustee.

Settlor died in January 2025. All four of her children survived her. Hegstrom and Dietz disagreed about the distribution of the two remaining parcels. Hegstrom initiated this action, seeking a declaration under Minnesota Statutes section 555.02 (2024) that the trust agreement requires that the parcel identified as Spicer House be distributed to him. The parties agreed to submit stipulated facts to the district court to decide the question, “How Must the Remaining Parcels of Trust Property be Distributed?” In relevant part, they stipulated to the tax-assessed values of the four trust properties in 2015, when settlor transferred them to the trust. They also stipulated to the facts set forth above regarding the 2021 sale of two of the parcels.

The district court concluded that settlor unambiguously intended for the distributions indicated in the trust to “keep the parcels in the family,” not to provide equal gifts of real property to each of her children, and ordered the two remaining parcels distributed as indicated in sections 4.1.1.1 and 4.1.1.4 of the trust agreement.

Dietz appeals.

DECISION

We review a district court’s interpretation of a trust agreement de novo. *In re Tr. of Moreland*, 993 N.W.2d 80, 85 (Minn. 2023). Our purpose in interpreting a trust agreement is to “ascertain and give effect to” the settlor’s intent. *In re Stisser Grantor Tr.*, 818 N.W.2d 495, 502 (Minn. 2012). In doing so, we are guided by the plain language of the trust agreement and construe “words and phrases according to their common and approved usage.” *In re Van Dusen Marital Tr.*, 834 N.W.2d 514, 524 (Minn. App. 2013) (quotation omitted), *rev. denied* (Minn. June 26, 2013). We may not “insert or add words” or “substitute other words for those used” in the trust agreement. *In re Fiske’s Tr.*, 65 N.W.2d 906, 910 (Minn. 1954). If the trust agreement is unambiguous, we ascertain the settlor’s intent “from the language of the agreement, without resort to extrinsic evidence.” *Stisser Tr.*, 818 N.W.2d at 502.

This appeal turns on the meaning of the following provision in the trust agreement: “Upon my death, if this trust owns the four parcels of real estate located in Kandiyohi County, Minnesota and transferred to the trust on the date of this trust (as listed in Schedule A), those four parcels shall be distributed as follows.” Dietz emphasizes the conditional word “if” and the reference to “four” parcels, and she argues that these terms create a condition precedent—that the trust own all four parcels at the time of settlor’s death—that must be satisfied for the parcels to be distributed as designated. She contends that because the trust now owns only two of the parcels, the condition fails and the remaining parcels must be distributed under the “other trust assets” provision. We disagree.

The plain language of the trust agreement, given its natural and ordinary meaning, merely describes the nature of the trust. The reference to “four” parcels recognizes that settlor transferred that many parcels to the trust. And the term “if” recognizes that settlor retained the right to transfer any or all of the parcels out of the trust; it reflects the practical condition that a parcel could be distributed from the trust only if it remained in the trust at the time of the settlor’s death. To accept Dietz’s proposed interpretation of the trust agreement, we would need to read into it the phrase “all of” to make it say “if this trust owns *all of* the four parcels.” We cannot add words to the trust agreement. *Fiske’s Tr.*, 65 N.W.2d at 910.

Further, the trust agreement unambiguously conveys settlor’s intent for the parcels to be specific gifts. “A legacy is specific, when it is the intention of the testator that the legatee should have the very thing bequeathed, and not merely a corresponding amount in value.” *In re Est. of Lund*, 633 N.W.2d 571, 573-74 (Minn. App. 2001) (quotation omitted). It “fails if the fund or thing given is not in the estate at the time of the testator’s death.” *Id.* at 573. Settlor identified specific distributions for each of the four parcels, and nothing in the trust agreement addresses the value of each parcel or indicates that settlor intended the specified recipient of each parcel to receive the value of the parcel if the parcel itself was no longer in the trust. Because settlor directed that each parcel be distributed to a specified recipient, the parcels must be distributed as indicated, if possible.

To persuade us otherwise, Dietz points to caselaw establishing that “[a] beneficiary must comply with the conditions precedent prescribed by the trust instrument to acquire any rights under it.” *In re Schmidt’s Will*, 97 N.W.2d 441, 451 (Minn. 1959) (quotation

omitted). She contends the provision in question creates such a condition precedent, which failed because the trust did not own all four parcels at the time of settlor's death. But the provision does not require the beneficiaries to do anything to acquire the right to receive the parcels designated for them. *Schmidt's Will* is therefore inapposite.¹

In sum, the plain language of the trust agreement unambiguously requires distribution of the parcels that remain in the trust at the time of settlor's death. We therefore conclude that the district court did not err by ordering the two remaining parcels to be distributed as specified by sections 4.1.1.1 and 4.1.1.4 of the trust agreement.

Affirmed.

¹ Dietz also contends, in the alternative, that the trust agreement is ambiguous and that extrinsic evidence, such as the circumstances of the 2021 sale of two parcels, supports her interpretation. Because we conclude that the trust agreement is unambiguous, we decline to address the extrinsic evidence that Dietz proffers. *See Stisser Tr.*, 818 N.W.2d at 502 (stating that courts do not consider extrinsic evidence if a trust agreement unambiguously conveys the settlor's intent).