73347-8

No. 73347-8-1

IN THE COURT OF APPEALS FOR THE STATE OF WASHINGTON
DIVISION I

Key Development Pension, Appellant

v.

Clyde E. Carlson and Priscilla A. Carlson, Respondents

REPLY BRIEF OF APPELLANT

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I. INTRODUCTION

In their respondents' brief, Carlson[1] supports their version of the facts and legal arguments with evidence that was never admitted and with the evidence that was improperly admitted. The argument of Carlson regarding the legislative intent of the usury statute in general and the "business purpose" exemption in particular and the Washington Supreme Court's ruling in Brown v. Giger, 111 Wn.2d 76, 757 P.2d 523 (1998) is just plain wrong.

II. ARGUMENT

A. In their brief Carlson relies on "evidence" that was never offered, admitted or considered by the trial judge.

In several instances in their brief, Carlson refers to portions of the deposition of Clyde Carlson that were never introduced as evidence, never admitted by the trial court and never considered by the trier of fact. Carlson also seriously misrepresents testimony given at the trial and in some cases Carlson just manufactured evidence to support their conclusions.

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[1] The appellant will use the same designation of the parties that it used in its opening brief: "Key" for the appellant Key Development Pension, Carlson for the Respondents, Clyde and Priscilla Carlson. Key will also use the same designation of the report of proceedings as either RPI or RPII as explained in the opening brief.

At trial, Key offered as substantive evidence certain portions of the depositions of Clyde Carlson. RPI page 22, line 4 – page 23, line 25. Civil Rule 32 provides for such use of an adverse party's deposition:

> The deposition of a party or of anyone who at the time of taking the deposition was an officer, director, or managing agent, or a person designated under rule 30(b)(6) or 31(a) to testify on behalf of a public or private corporation, partnership or association or governmental agency which is a party may be used by an adverse party for any purpose.

CR 32(a)(2). The rule also provides for the introduction of other portions of the deposition if fairness requires such:

> If only part of a deposition is offered in evidence by a party, an adverse party may require the party to introduce any other part which ought in fairness to be considered with the part introduced, and any party may introduce any other parts.

CR 32(4). Carlson did not avail themselves of the rule and did not offer at trial those portions of the deposition of Clyde Carlson that they now want this Court to consider.

At page 5 of the Carlson's brief, at line 6, Carlson relies on page 44, lines 15-25 of the deposition of Clyde Carlson to support its Statement of the Case. That deposition testimony was never part of the evidence the trial court considered. Later on that same page at line 18, Carlson relies on pages 35 to 39 inclusive of Mr. Carlson's deposition to support their

version of the facts. While 4 lines of testimony on page 35 and a portion of page 39 of the deposition were offered by Key, none of the other testimony on pages 35 and 39 was before the trial court and none of pages 36, 37 or 38 were before the trial court.

Again, on page 7 of the Carlson's brief, at lines 7 and 11 they rely on portions of the deposition of Clyde Carlson that was not offered or admitted at trial.

At page 10 of their brief, in the last full sentence on that page, Carlson states: "He further testified about why he sought short term high interest loans for personal use when a more conventional loan from a bank could have been on more favorable terms." In support of that statement, Carlson relies solely on a portion of the deposition of Clyde Carlson that was neither offered, admitted or considered by the trial court. See Brief of Respondents, page 11, line 1.

Again, on page 16, arguing that there was substantial evidence to support the trial court's finding of fact No. 5, Carlson relies on portions pages 44 and 45 of the deposition of Clyde Carlson that were never offered, admitted or considered by the trial court.

Equally serious is the Carlson's misrepresentation of the testimony given at trial. At the bottom of page 35 through the top of page 36 of their brief Carlson refers to "testimony" of Gary Lien, a CPA whom Carlson

called as an expert witness. They claim that Mr. Lien testified at trial as follows:

> that Northwest Seaplanes did not carry the Notes on its books nor did it deduct the interest for the loans on its tax returns. The payments were made by Northwest Seaplanes because that is where the money was, and it was easier to make the note payments from the corporation's accounts rather than transferring it to his personal account to make payments. The respective adjustments between Clyde personally and the corporations would be made by the accountant at year end, which was in fact the case.

The only citation to "evidence" supporting that statement is to Exhibit 77. Exhibit 77 was a "report" made by Mr. Lien on October 3, 2014, 10 days before trial. It is not testimony of facts, but just Mr. Lien's opinions and suppositions. Mr. Lien admitted that he didn't talk with Carlson in reaching his opinion or with the accountant who prepared the tax returns that he reviewed in reaching his opinion. RPII, page 104, lines 13-22. More importantly, nowhere in that report is there anything that remotely supports the claimed "testimony" that "[t]he payments were made by Northwest Seaplanes because that is where the money was, and it was easier to make the note payments from the corporation's accounts rather than transferring it to his personal account to make payments." Carlson is just making things up.

There are other instances where the Carlson simply manufactures evidence. At the top of page 12 of their brief, Carlson states that "the loans to Mr. Todd were for home remodeling and some credit card bills". The citation to the record to support this statement is RPI 125:10-16, 128:1-4 and RPII 35 and Exhibit 74. Exhibit 74 is the reports from Compensation Consultants showing the Key investments (loans) for any given year. The reports do not disclose the purpose of the loans.

The testimony at RPI 125:10-16 deals with the Kris Lavera loan. RPI 128:1-4 deals with a loan to Becky Todd. The testimony at RPII 35 is the only testimony given on the purpose of the loan to Mr. Todd. That testimony is as follows:

Q. And in fact you've made two loans to Mr. Todd, haven't you?
A. Yes.
Q. One in 2002.
A. Yeah.
Q. Do you recall how much that was for?
A. No.
Q. Was it for a lot?
A. Well, one of them was.
Q. So when was the second one?
A. I can't recall.
Q. Was it before or after the 2002 loan?
A. I can't recall that either.
Q. Were they for a business purpose?
A. Yes.
Q. Do you have any written documentation in your loan files regarding the business purpose of the loan?
A. No.

From that testimony, Carlson, and their attorneys, represent to this Court that the purpose of the loan to Mr. Todd was "for home remodeling and some credit card bills".

It gets better. On page 11 of their brief, Carlson represents that

> in the years 2000-2002, Clyde sold a number of aircraft which provided significant cash for Northwest Seaplanes. (RPII 74-76) During that time, Clyde sold a "Beaver" airplane and made about $500,000.00 for Northwest Seaplanes. (RPII 75-76).

On the sale of the "Beaver" netting $500,000, the actual testimony of Mr. Carlson was:

> Q. Do you recall in 2002 whether you or any entity you're affiliated with sold any airplanes?
> A. Well, I sold a Beaver to a private individual in Montana, and I don't know if it was 2001 or -2, I can't remember.
> Q. Do you recall if you made any money on the sale of that Beaver?
> A. Yes.
> Q. Do you remember how much money you made?
> A. Oh, about – I think about five hundred thousand dollars.

RPII page 75, line 19 – page 76, line 4. There is nothing in that testimony that even suggests that the sale benefited Northwest Seaplanes. The sale was reflected on the Carlson's individual income tax return in 2002 showing the sale by Carlson, not Northwest Seaplanes, of a Beaver for

$520,000.00 with a total gain on the sale of $519,985.00. (EX 35, form 4797 page 2). The Carlson's individual income tax return for 2000 reflects a sale of a plane with a gain of $353,676.00. (EX 32). Their individual tax return for 2001 does not reflect that Carlson sold any airplanes that year although it does indicate that they owned several. (EX 33). The 2000 corporate return for Northwest Seaplanes reflects a sale of a plane that year with a net gain of $141,636.00 (EX 25) but the corporate tax returns for 2001 and 2002 do not indicate that Northwest Seaplanes sold any airplanes in those years or benefited from Carlson's sale of the Beaver. (EX 26 and 27).

B. Carlson's argument regarding the admissibility of Key loan documents some years after the two loans to Carlson is circular and misleading and the admission of that evidence was error.

The trial court, over Key's objections, admitted documents from other loans that were made by Key several years after the loans to Carlson. The Carlson's stated purpose for that evidence was to show that Key did document business loans with a "business purpose" provision. Therefore, their argument goes, since the loans to Carlson did not have any "business purpose" provision, it must be a personal loan.

In its opening brief, Key argued that this was improper evidence of "habit or routine practice" under ER 406. A habit or routine practice must

already exist at the time of the occurrence in question for the rule to make any sense. One cannot argue that an occurrence was consistent with a non-existent habit or routine. Carlson in their brief argued that the evidence was not offered to show a habit or routine practice, but to show that Key had the "ability" to document a business loan. Brief of Respondents, page 22. What does that even mean? Clearly, if the inclusion of a "business purpose" provision in business loan documents were the practice of the Key in 2000 or 2002 then that would be relevant. However, no evidence was offered to show what Key's practice or "ability" was in 2000 or 2002. Carlson offered documents created years after the Carlson loans and asked the court to make the leap of logic to conclude that Key had the "ability" in 2000 and 2002 to document a business loan because it did so years later. The admission of these later loan documents to borrowers who were not lifelong friends of Johnson and Dahlby was error.

The only evidence of loans contemporaneous with the Carlson loans was the loan to Carlson from Gary Dahlby in 2002[2]. The $200,000.00 loan at a 14% annual interest was admittedly for a business purpose. RPI, page 91. Mr. Dahlby, who at the time was a co-trustee of

[2] In its finding of fact No. 10, the trial court's found that the Dahlby note had been paid in full and was not before the court. The promissory note and other loan information in Exhibit 80 were offered by Carlson.

Key, used the same form of promissory note that Key used to evidence the Key loans. The Dahlby note was signed personally by Clyde and Priscilla Carlson, like the two notes payable to Key. Like the Key loan promissory notes, the Dahlby note had no "business purpose" provision. (EX 80).

Payments on the Dahlby note, a business loan, were made at the same time as payments on the Key loans from the same business accounts of Northwest Seaplanes, Inc. or its affiliate companies. (EX 2, EX 14, EX 80[3]). Like its treatment of the Key loans, the company did not deduct the $28,000.00 per year interest payments or otherwise account for those payments. RPII page 108, lines 15-18.

C. <u>The only evidence of the purpose of the Key loans was testimony from Mr. Dahlby and Mr. Johnson and it was error for the trial court to ignore that evidence.</u>

The trustees of Key, Gary Dahlby and Jack Johnson, both testified that Clyde Carlson represented to them that the first loan of $150,000.00 was a business loan for Clyde's airplane business. (RPI page 101) Mr. Johnson also testified that when Carlson borrowed another $150,000.00 in 2002, after his company had made the interest only payments on the first loan, Carlson represented that that loan was another loan for his airplane business. (RPI page 124). The trial judge ignored this testimony not

[3] Carlson's own handwritten accounting for the payments made on the two Pension notes (EX 2 and EX14) and the Dahlby note (EX 80) are attached as Appendix A to this brief.

because he did not think that Mr. Johnson or Mr. Dahlby were not credible, but because he did not believe that they could accurately remember minute details of events that happened 12 to 14 years before the trial. See Finding of Fact No. 8. The trial court had no problem, however, in accepting the testimony of Mr. Carlson about his subjective intent in 2000 and 2002 or the use of the loan proceeds. See Finding of Fact No. 12.

It is unreasonable to conclude that because one cannot recall the smallest detail about other loans that was never in default and were repaid long ago, that that person's testimony should be discounted or ignored. No testimony would ever be considered if the standard was a perfect memory. Would a witnesses' account of a car accident be ignored if it were shown that the witness could not remember what clothes they were wearing at the time of the accident? The Carlson loans were in default. Mr. Johnson and Mr. Dahlby had every reason to remember the events that led to the two loans.

Clyde Carlson doesn't recall having any discussion with either Mr. Dahlby or Mr. Johnson about why he wanted to borrow the money. It is nonsensical that one would loan $300,000.00 to someone, even a friend, and not ask why they wanted that money. Mr. Carlson never testified that he represented that the loan was for personal use. The other undisputed

evidence – that Carlson's businesses made all of the payments on the loans – coupled with the uncontradicted testimony of Mr. Johnson and Mr. Dahlby about what they were told - is sufficient to conclude that the loans were for a business purpose.

Carlson argues in their brief that their (Clyde's) intent from the inception of the loans was to use the loan proceeds for personal expenses. Of course, Clyde Carlson did not ever express this intent to Key. (RPI, page 23). Moreover, in his pre-trial deposition, Mr. Carlson stated that he couldn't remember why he borrowed the money. (Deposition of Clyde Carlson, pages 31-32; RPI page 22). Indeed, whether or not he had any intent, it was never conveyed to the other person liable on the promissory notes: his wife Priscilla. At trial, after two years of litigation and depositions, Mrs. Carlson still did not know why the money was borrowed from Key nor where the money went. (RPII page 45, lines 5 -22). Mr. Carlson testified that the check for the loan proceeds went into his personal checking account. (RPII page 85, lines 2 -4). Mrs. Carlson testified that although she had a separate checking account for household purposes, none of the loan proceeds ended up in her "house account". RPII page 45, line 23 – page 46, line 6. She testified that Clyde had his own personal checking account. RPII page 46, lines 7 – 11. It is apparent that the only use of Mrs. Carlson's checking account was for

personal household expenses. The only other personal account of the Carlsons was Clyde's checking account where apparently all of their business of owning, buying, selling and leasing aircraft was conducted out of. (RPII page 87, lines 1 -11). If the loan proceeds were deposited into that one account with the aircraft sale proceeds and aircraft rental receipts, how can one determine what proceeds were used for personal rather than business purposes? The answer to that question will be discussed below in the section discussing who is entitled to the protection of the usury statute and the underlying purpose of the usury law as interpreted by the Washington Supreme Court.

D. "At the time the loans from the Plaintiff were made in 2000 and 2002, the Defendants were not needy borrowers who by adversity and necessity of economic life, were driven to borrow money at any cost from an unconscionable money lender. The Defendants were not desperate in 2000 and 2002 at the time they borrowed the money. The Defendants had the ability to move and transfer assets and possessions and property and were not one (sic) the door of destitution at that time." Finding of Fact 21.

That finding of fact is not challenged and is a verity on appeal. Hegwine v. Longview Fibre Co., 132 Wn. App. 546, 556 132 P.3d 789 -+ In its opening brief, Key argued that the holding in Brown v. Giger, 111

Wn.2d 76, 757 P.2d 523 (1998) prevented Carlson from raising a usury defense. The Supreme Court in Brown gave a detailed history of the "business purpose" exemption, RCW 19.52.080, and discussed at length the purpose of the usury law to prevent those who were not by "adversity and necessity of economic life" are driven to borrow money at any cost. Brown v. Giger, 111 Wn.2d 76, 79-81, 757 P.2d, 523 (1988). That entire section of the Supreme Court's decision was quoted in its entirety in Key's opening brief. Brief of Appellant, pages 12-14. Carlson dismisses the Supreme Court's analysis as "*dicta*" arguing that the words "adversity" and "necessity of economic life" do not appear anywhere in the usury statute. See Brief of Respondents, page 26.

As far back as 1965, before the "business purpose" exemption was even enacted, the Washington Supreme Court in Baske v. Russell, 67 Wn.2d 268, 407 P.2d 434 (1965) held that the usury statute "is designed to protect those who by adversity and necessity of economic life are driven to borrow money at any cost." Baske, supra. 67 Wn.2d at 273. In the 23 years between the Supreme Court decision of Baske in 1965 and the Supreme Court decision in Brown in 1988 and in the 27 years since the Brown decision, the Washington legislature has not deemed it necessary to correct the Supreme Court's understanding of the underlying public policy behind the usury statute or the implications of the legislature's continuing

expansion of the "business purpose" exemption and its application to the usury statute.

The Supreme Court's lengthy analysis and holding in the Brown in not *dicta,* rather it is the Supreme Court's *ratio decidendi:* the reason for its decision. The trial court in the Brown case decided the matter on a motion for summary judgment ruling as a matter of law that the loan was for a business purpose.[4] Giger, the borrower, appealed to the Court of Appeals and that court, as a matter of law, reversed the trial court and concluded that the loan, despite the written representation of a business purpose by Giger, was in fact a personal loan and therefore the interest charged was in violation of the usury statute. Brown v. Giger, 48 Wn.App. 172, 738 P.2d 312 (1987). The lender appealed to the Supreme Court and the Supreme Court reversed the Court of Appeals and reinstated the trial court's judgment in favor of the lender. Brown, 111 Wn.2d at 84.

A careful reading of both the decision of the Court of Appeals and the Supreme Court's decision is Brown, compels a conclusion that the case perhaps should not have been decided as a matter of law because the facts relied on by the Court of Appeals in reaching their decision differed from the facts relied on by the Supreme Court. In the Court of Appeals decision the Court there relied on the fact that it was understood between

[4] The facts of Brown were set forth in the Pension's opening brief at page 15.

Giger and the friend to whom the money was given that "Giger was to receive no ownership rights in the business, no share of the profits, and no rights of management or control." Brown, 48 Wn.App at 174. Moreover, the Court of Appeals noted that the loan broker, Walker, was "advised that the money would be used by Ebling to purchase the mini-mart, and that Giger would have no interest in the mini-mart business." Id.

The Supreme Court noted, in its discussion of the underlying facts, that "[i]t was Ebling and not Giger, who called CLS [the loan broker] to arrange the loan. During that call, Walker claims, Ebling said that Giger would be a partner in the mini-mart venture. . . . Information Giger and Ebling provided to Walker at the loan interview also suggested Giger's involvement in the mini-mart venture." Brown, 111 Wn.2d at 77. Instead of remanding the case to the trial court for trial on this apparent factual dispute about what was represented by the borrower, the Supreme Court decided as a matter of law that the borrower could not raise the defense of usury.

> We discern in this steady withdrawal of the usury restraints the Legislature's intent to limit application of the usury laws to those situations in which the statutory restrictions are most urgently required. The evil at which the usury laws is aimed, as we have said, is oppression of the borrower "who by adversity and necessity of economic life [is] driven to borrow money at any cost." [citation omitted] One who incurs a debt "primarily for agricultural, commercial,

> investment, or business purposes", RCW 19.52.080, is not subject to such oppression, as he does not borrow out of "adversity and necessity of economic life".

Brown, supra at 80-81. The only way the Supreme Court's decision can, as a matter of law, be harmonized with the apparent factual dispute about what was represented to the lender is that those disputed facts did not matter as a matter of law. Giger, as a matter of law, was not a borrower who by "adversity and necessity of economic life" needed to borrow this money. In other words, the Supreme Court said that a loan taken out by one who is not by "adversity and necessity of economic life driven to borrow money at any cost" is – ipso facto – a loan primarily for commercial, agricultural, investment or business purposes. Such a borrower cannot plead usury as a defense to nonpayment of the loan.

This Court, in its 1989 decision in Stevens v. Security Pacific Mortgage Corporation, 53 Wn.App. 507, 768 P.2d 1007 (1989), concluded that the loan to Stevens to buy a residential condominium was exempt under RCW 19.52.08 because "nothing suggests that Stevens was 'by adversity and necessity . . . driven to borrow money at any cost.'". Id at 517. This Court then pointed out the findings the trial court had made concerning Stevens knowledge and experience in real estate financing. Id.

It bears repeating once more the financial condition of Carlson in 2000 and 2002 when they borrowed from the Key. In 2000, they owned a

home in Ballard. (RPI page 76). They owned a vacation home in Chelan along with two vacant lots. (RPI page 76). They owned a vacation home in Arizona. (RPI page 76). They owned several airplanes and Mr. Carlson owned Northwest Seaplanes, Inc., an air carrier. (RPI page 76, EX 32). They owned an airplane hangar in Chelan. (RPI page 71-72). Early in 2000 they sold another lot in Arizona for $115,000.00. (EX 32) They had rental income from the lease of several of their airplanes. (EX 32). On February 1, 2000 they sold one of their airplanes for $353,676.00. (EX 32)

They claim that they used the proceeds from the November 2000 loan from the Key to purchase another vacation home in Campbell River, British Columbia, and to remodel their two vacation homes in Chelan and Arizona. (RPI page 76, RPII, page 49). Buying a third vacation home and remodeling two other vacation homes does not raise to the level of "adversity" or "necessity".

In 2002 Carlson still owned a home on which they were paying a mortgage. They still owned the vacation homes in Chelan and Arizona. They still owned the airplane hangar in Chelan. (EX 34) The 3 years of tax returns the Carlsons produced (EX 32, EX 33, and EX 34) do not indicate that they sold the vacation home in Canada before 2002. For that year they reported rental income from the lease of their still large fleet of

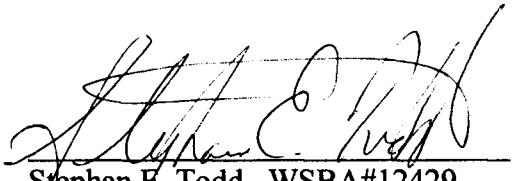
aircraft, and that year they sold another airplane with a net gain of $519,985.00. (EX 34).

50 years ago, the Washington Supreme Court in Baske v. Russell, 67 Wn.2d 268, 407 P.2d 434 (1965) concluded that the legislature designed the usury laws to only protect those who "by adversity and necessity of economic life are driven to borrow money at any cost." Carlson was not such a borrower in 2000 and 2002 and cannot, 10 years after the fact, raise the defense of usury under these circumstances.

III. CONCLUSION

For the reasons set forth above and in Key's opening brief, this Court should reverse the trial court, remand for entry of judgment in favor of Key on the two promissory notes, including principal and interest, and to award attorney's fees and costs to Key in the trial court. Key should also be awarded its fees and costs for this appeal.

RESPECTFULLY SUBMITTED this 16th day of December, 2015



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Development Key

APPENDIX A

G & G meats Pension Note

149,500

		July	Aug	Sept	oct
11-10-00 paid	27,000	$6,727.50	$6,727.50	$6,727.50	$6,727.50
Thru	= 26,910	pd 9-7-01	pd 9-7-01	pd 9-7-01	pd 11-07-01
11-10-01 credit	< 90 >	CK# 10711	CK# 10711	CK# 10711	CK# 10933
11-10-01 pd	27,000	$6,727.50	$6,727.50	$6,727.50	$6,727.50
thru	26,910	Pd 8-4-02	pd 9-30-02	pd 9-30-02	pd 9-30-02
11-10-02 credit	< 90.00 >	CK# 12122	CK# 12425	CK# 12425	CK# 12425
11-10-02					
Thru	26,910	6,727.50	6,727.50	6,727.50	6,727.50
11-10-03		Pd 7-14-03	[illegible]	Pd 9-10-03	Pd 10-15-03
		[illegible]	CK# 14129	CK# 14436	CK# 14504
11-10-03		6,727.50	6,727.50	6,727.50	6,727.50
thru	26,910	$6,727.50	6727.50	6727.50	6727.50
11-10-04		pd CK# 16180	Pd CK# 16674	pd CK# 16782	pd CK# 16943
		7-1-04	9-10-04	9-23-04	10-15-04
11-10-04		July 05	Aug 05	Sept 05	oct 05
thru	26,910	6,727.50	6,727.50	6,727.50	6,727.50
11-10-05					

Paid check # 18095 $26,910 10-10-05

26,910

$53,910

G & G Pension Note # I

$149,500

11-10-05 Thru 11-10-06	14%	July 06 $5,232.50	Aug 06 $5,232.50	Sept 06 $5,232.50	Oct 06 $5,232.50
11-10-06 Thru 11-10-07	14%	July 07 5232.06	Aug 07 5232.06	Sept 07 5232.06	Oct 07 5232.06
11-10-07 Thru 11-10-08	14%	July 08			
11-10-08 Thru 11-10-09	14%	July 09			
11-10-09 Thru 11-10-10	14%	July 10 $2,250	Aug 10 $2,250	Sept 10 $2,250	Oct 10 $2,250
11-10-10 Thru 10-11					

Columbia Meats
150,000 18% Note #2

4-22-02 Thru = $27,000
4-22-03 paid $15.400
Balance $11,600

July	Aug	Sept	Oct
pd $3,850	pd $3,850	pd $3,850	pd $3850
CK# 12123	CK# 12431	CK# 12431	CK# 12431

4-22-03 Thru = 27,000
4-22-04

July 03	Aug 03	Sept 03	Oct 03
6,750	6,750	6,750	6,750
[illegible]	Pd 9-14-03	Pd 9-10-03	Pd CK# 14506
CK# 12287	CK# 14130	CK# 14437	10-15-03

4-22-04 18%
thru
4-22-05

July 04	Aug 04	Sept 04	Oct 04
6,750	6,750	6,750	6,750
Pd CK# 16187	Pd CK# 16625	Pd CK# 16783	CK# 16944
7-1-04	9-[illegible]-04	9-23-04	10-15-04

4-22-05
thru 18%
[redacted]
4-22-06

July 05	Aug 05	Sept 05	Oct 05
6,750	6,750	6,750	6,750
Paid CK#	18096	27,000	10/10/05

27,000

Columbia Meats Note #2

150,000

4-22-06 Thru 4-22-07	14%	July 06 5,250 Pd ck# 17287 8-7-06	Aug 06 5,250 Pd ck# 17390 8-31-06	Sept 06 5,250 Pd ck# 17650 12-13-06	Oct 06 5,250 Pd ck# 17652 12-13-06
4-22-07 Thru 4-22-08	14%	July 07 5,250 Pd ck# 18314 8-18-07	Aug 07 5,250 Pd ck# 18315 8-18-07	Sept 07 5250 Pd ck# 18563 11-14-07	Oct 07 5250 Pd ck# 18565 11-14-07
4-22-08 Thru 4-22-09	14%	July 08 5,250 Pd Jul 2008 ck# 19196 NWS	Aug 08 5250 Pd 10/2/08 ck# 19476 NWS	Sept 08 5250 10/2/08 ck# 19420	Oct 08 5250 10/2/08
4-22-08 Thru 4-22-09	illegible	illegible	illegible	illegible	illegible
4-22-09 Thru 4-22-10		July 10 Pd 7-26-10 5250 NWS ck# 21005	Aug 10 5250 NWS ck# 9-11-10	Sept 10 5250.00 NWS ck# 211196 9-30-10	Oct-10 5250

CARLSON000309

Gary Dahlby

200,000 1490

11-10-01 Thru 11-10-02 = 28,000

July	Aug	Sept	Oct
$7,000	$7,000	$7,000	$7,000
pd $6,624.50	pd $7,125.17	pd $7,125.17	pd $7,125.17
CK# 12124	CK# 12424	CK# [redacted] 12424	CK# 12424

11-10-02 Thru 11-10-03 = 28,000

July 03	Aug 03	Sept 03	Oct 03
7,000	7,000	7,000	$7,000
Pd 7,000	Paid 7,000	Pd 7,000	Pd 7000
CK# 13885	CK# 14067	CK# 14067	CK# 14442
7-14-03	8-17-03	9-10-03	10-15-03

11-10-03 thru 11-10-04 = 28,000

July 04	Aug 04	Sept 04	Oct 04
$7,000	$7,000	$7,000	$7,000
Pd 7,000	7,000	7,000 Pd CK#	7,000 Pd CK#
CK# 16168	Pd CK# 16188	16781	16941
7-1-04	9-9-04	9-24-04	10-15-04

11-10-04 thru 5-26-05 (200,000 Principle pymt)

5 months interest @ 2,333.33 per month = $11,666.65

26 days @ 76.71 = $1,227.36

Total paid 5-26-05 $212,894.01

$95,665.01 interest owed