

**NON-JUDICIAL  
SETTLEMENT AGREEMENT  
Pursuant to Minn. Stat. 501C.0111**

This Agreement (“Agreement”) is made and entered into on Month 1 A1, 2017 by and between Zz, Trustee and Aa, Bb and Cc, as Beneficiaries of the Trust.

**RECITALS**

1. The Trust instrument consists of an agreement by and between \_\_\_\_\_, as Settlor, and \_\_\_\_\_, as Trustee dated \_\_\_\_\_ (the “Trust”).
  2. Zz is the Trustee of the Trust. The Trustee’s appointment resulted from
    - being named as Trustee in the agreement by and between the Settlor(s) and Zz, as Trustee.
    - being named successor trustee by \_\_\_\_\_ who had the authority to appoint a successor trustee.
  3. The Trustee’s appointment as Trustee has not been confirmed by a Court having jurisdiction over the Trust in the State of Minnesota and the Trust is not being supervised by any Court.
  4. The Current Beneficiary(ies) of the Trust is/are Aa, Bb, Cc etc. The contingent/ remainder beneficiaries are: \_\_\_\_\_. All named persons are jointly referred to as the “Beneficiaries.”
  5. The Trust was initially funded with [Alternative 1: cash in the amount of \$\_\_\_\_\_] [Alternative 2: describe the assets, e.g. Stock account, real estate, etc.] on \_\_\_\_\_, 20\_\_\_\_. Thereafter the Trust was administered by the Trustee.
  6. [Optional Addition: Copies of the Trust accountings that have not previously been provided to the Qualified Beneficiaries are attached to this Agreement.]
  7. All beneficiaries are adults [Optional: except for \_\_\_\_\_, who is a minor, who is represented by his/her parent as authorized under Minnesota Statutes Section 501C.0303(a)(5). No conservator has been appointed for \_\_\_\_\_. [Alternative: \_\_\_\_\_ is represented by a court appointed conservator]. There are no conflicts of interest between \_\_\_\_\_ and his parent with respect to this nonjudicial settlement agreement].
- [ALTERNATIVE 1: All beneficiaries are adults except for \_\_\_\_\_, who is incapacitated and is represented by his/her parent as authorized under Minnesota Statutes Section 501C.0303(a)(5) [Alternative: is represented by a court appointed conservator]. No conservator has been appointed for \_\_\_\_\_, and there is no conflict of interest between the incapacitated beneficiary and his/her parent regarding this nonjudicial settlement agreement of the Trust.

All unborn children are represented by his/her/their parent.

8. This Agreement is being entered into pursuant to Minnesota Statutes Section 501C.0111 which allows Non-Judicial Settlement Agreements to wit:

8.1 For purposes of this section, “interested persons” means persons whose consent would be required in order to achieve a binding settlement were the settlement to be approved by the court under Minn. Stat. 501C.0111.

8.2 Except as otherwise provided in paragraph 8.3, interested persons may enter into a binding nonjudicial settlement agreement with respect to any matter involving a trust pursuant to Minn. Stat. 501C.0111.

8.3 A nonjudicial settlement agreement is valid only to the extent it does not violate a material purpose of the trust and includes terms and conditions that could be properly approved by the court under this chapter or other applicable law.

9. Further, Minn. Stat. §501C.0111(b) specifically provides that:

Matters that may be resolved by a nonjudicial settlement agreement include, but are not limited to:

- 1) the interpretation or construction of the terms of the trust;
- 2) the approval of a trustee’s report or accounting;
- 3) direction to a trustee to refrain from performing a particular act or the grant to a trustee of any necessary or desirable power;
- 4) the resignation or appointment of a trustee and the determination of a trustee’s compensation;
- 5) transfer of a trust’s principal place of administration; and
- 6) liability of a trustee for an action relating to the trust.

10. The Trustee and all Beneficiaries desire to [Alternative 1: modify the Trust] [Alternative 2: settle the issue of \_\_\_\_\_ regarding the Trust] as follows:

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11. The Trustee and all the Beneficiaries waive district court supervision over the Trust.

12. The Trustee and all the Beneficiaries believe that this Agreement does not violate a material purpose of the Trust and includes terms and conditions that could be properly approved by the Court under Minn. Stat. §501C, or other applicable law.

13. Attorney \_\_\_\_\_ is representing the [Beneficiaries] [Settlor] in the preparation of this Agreement. Attorney \_\_\_\_\_ represents the Trustee.

NOW, THEREFORE, in connection of the Recitals the Trustee and the Beneficiary(ies) agree as follows:

1. Modification of the Trust. The terms of the Trust shall be modified as follows:

[ALT 2] Administration of the Modified Trust. The Trustee shall administer and distribute the Trust assets as modified as set forth above.]

[ALT 3] Consent of Settlor(s). The Settlor(s) consent to the termination of the Trust [ALT: consent to the modification of the Trust as set forth above].

[ALT 4] Account. The Account of the Trust for the period \_\_\_\_ to \_\_\_\_ is approved by the Qualified Beneficiaries].

[ALT 5] Release and Indemnification of Trustee. In consideration of the Trustee agreeing to modify the trust, the Qualified Beneficiaries and the Beneficiaries, jointly and severally, each release, exonerate and forever fully discharge the Trustee from any and all liability with respect to the actions taken or not taken by the Trustee incident to its administration of the Trust, including this agreement to modify the Trust. The Qualified Beneficiaries agree to refrain from instituting or in any way aiding or proceeding upon any liability claim related to the administration and modification of the Trust. The Qualified Beneficiaries further agree, jointly and severally, to indemnify and hold the Trustee harmless from and against any liability, losses, damages, judgments, taxes, interest, penalties, and expenses (including reasonable attorney's fee, court costs and expert witness fees), which the Trustee may at any time incur as a result of the administration or modification of the Trust.]

[ALT 6] Draft custom language for the specific situation.

2. Counterparts. This Agreement may be executed in counterparts, and each such counterpart will be deemed to be an original instrument, and all such counterparts together will constitute but one agreement.

3. Cooperation. The interested parties agree to execute any documents and take such further action necessary to carry out the terms of this Agreement and cause it to be fully effective.

4. Severability. If any one or more of the provisions of this Agreement is held to be invalid or unenforceable, the validity and enforceability of all other provisions of this Agreement will not be affected.

5. Authority to Execute. The interested parties represent and warrant that they have complete authority to enter into and sign this Agreement.

6. Representation by Counsel. The Settlor and the Beneficiaries represent that they are fully aware of the terms of this Agreement, and that they have had the opportunity and ability to have this Agreement reviewed by independent legal and tax counsel and have done so to the extent

they deemed such advice warranted.

7. Voluntary Nature. This Agreement has been entered into voluntarily by each of the interested parties, free of any duress or coercion.

8. Governing Law. The laws of the state of Minnesota shall govern the interpretation of this Agreement, without regard to any conflict of law principles.

9. Venue. The interested parties agree that all actions or proceedings arising out of or from or related to this Agreement shall be litigated only in \_\_\_\_\_ County, Minnesota. Each interested party consents and submits to the jurisdiction of any local, state, or federal court located within \_\_\_\_\_ County, Minnesota and waives any rights it may have to transfer or change the venue of any such action or proceedings.

ALTERNATIVE: 13. Dispute Resolution. In the event that a dispute arises between the parties, the parties agree to act in good faith to attempt to resolve such dispute. Any controversy or dispute between the parties to this Agreement which can not be resolved, whether between the beneficiaries or between the beneficiaries and the trustee involving (i) the interpretation of words or provisions under this Agreement or (ii) the existence of a breach or default under the Agreement shall be settled by alternative dispute resolution (ADR), including, but not limited to, arbitration, mediation (binding or non-binding), or mini-trial, prior to filing an action with the court. The method of ADR shall be agreed to by the parties, or if the parties can not agree, each party shall choose a qualified neutral and the qualified neutrals shall select the ADR method to be used and the qualified neutral, arbitrator, judge, or other appropriate party to conduct the ADR. All alternative dispute resolution proceedings shall be conducted in \_\_\_\_\_ County, Minnesota.

10. Binding Effect. All the terms of this Agreement shall be binding upon and shall inure to the benefit of and shall be enforceable by the interested parties and the respective estates, heirs, beneficiaries, legatees, distributees, transferees, successors, assigns, and legal representatives of the interested parties, and for all persons claiming by, through, or under any or all of them.

The parties have signed their names as of the date indicated by their signature.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Xx, Settlor

Dated: \_\_\_\_\_

\_\_\_\_\_  
Aa, Beneficiary

Dated: \_\_\_\_\_

\_\_\_\_\_  
Bb, Beneficiary

Dated: \_\_\_\_\_

\_\_\_\_\_  
Cc, Beneficiary

[ALT]The trustees agree to follow this Agreement in terminating the Trust.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Tt1, Trustee

Dated: \_\_\_\_\_

\_\_\_\_\_  
Tt2, Trustee

**DIRECTIONS:** If a beneficiary is being represented by a parent, or settlor by an attorney in fact or conservator, so indicate in the signature block.