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# ====== Start of Answer #1 (1418 words) ======

In California, property acquired during marriage is presumed community property (**CP**) Absent a written agreement to the contrary. How title is held, is not definitive, and can be rebutted. Further, gifts, and items from inheritance, as well as assets purchased prior to marriage, remain the separate property (**SP**) of the parties. SP may be transmuted to CP in certain instances as discussed infra.

During marriage, each party has their own right to manage and control all CP assets.

The facts state that all the parties are residents of California, and it is presumed that all the real property (condo) was also in California, if the condo was not in California, it would be considered <a href="Quasi-Community property">Quasi-Community property</a>, which under California law, is also treated as CP absent a showing to the contrary.

### H & W'S RIGHTS AND LIABILITIES RE: CONDO

This was a gift from Uncle to Hal, and in 2010, when the gift was made it was H's SP. The transfer of the condo to Joint Tenancy (JT) at Wanda's insistence, may have been a <u>transmutation</u> of the property. Joint Tenancy allows for the parties who hold title as such, to have rights of survivorship should one spouse pass, and as Wanda stated, it would allow for the property to bypass any probate action, if Hal predecease her.

This presumption of CP, may be rebutted by extrinsic evidence. Here H isn't dead. They are divorcing, so it would be on H to have to prove that he did not intend by the transfer of the title to JT, to gift half of the condo to Wanda, but that it was by her insistence to avoid probate. Further, H maybe able to trace back the acquisition of the property to his inheritance which was his own (SP).

Although the facts do not allude to it, H maybe able to raise an argument of Fraud in inducement by W if she intended to effectuate the transfer to allow her later to be able to claim a CP interest in an action for divorce. Here W was a successful accountant and H an art teacher, it maybe argued, especially in light of her 'secret bank account' that W was looking out for her own financial interests during the marriage, and was not living up to her fiduciary duty to H. Further, because of W's elevated position as a successful accountant, H may have believed that W was looking out for their best interest, in light of the facts stating that Wanda managed the couple's finances. The facts do not support that H intended half the house to be a gift to W.

Depending on if CP funds were used to maintain the taxes on the property, maintenance and upkeep, or other improvements that increased the properties value (renovation, remodels, etc.) Wanda may be entitled to a reasonable value of her portion of any CP funds used to pay for expenses on the property, if ultimately the house is awarded to H, as his SP.

W may try to argue that it was a 'gift' to her from H the half of the property. However, the facts do not support that, because it was at her insistence to take title at JT to avoid 'probate' issues. (presumably later, because how H&W took title to the property at the time of Uncles Death would have no bearing the Uncles probate)

Likely, W will only be entitled to the reasonable value of the expenditures made using CP that improved the value of the condo, and/or a portion of any increase in value from the time they took possession to the valuation at trial. For example, the facts state that the Condo was worth \$250k at time of transfer. It increased during the marriage. For arguendo, if it increased \$100k during the 6 years between acquiring it, and time of trial, then Wanda may be entitled to 50% of the \$100k. increase, + 50% of any expenditures by the CP to help increase the value. While the court uses various formulas to assist with the division or

property and values, it may consider any and all reasonable resolutions that are just and equitable for the parties.

### H & W'S RIGHTS AND LIABILITIES RE: MOTORCYCLE

\$10k of the money H spent on the motorcycle was SP. The title was in H's name only, although that presumption may be rebutted, as how title is taken is not definitive. Further, although H did only rely on his good credit, that also doesn't prove that the title to the MC should be SP. Here, the balance of the loan \$10k, was paid out of their joint bank account (CP), meaning that \$5k of the amount paid should be credited to W. Wages earned during the course of marriage are considered CP (absent an agreement).

Wanda may have a claim for 1/4 of the value of the motorcycle.

## H & W'S RIGHTS AND LIABILITIES RE: CAMPER GIFT

Gifts and personal items are general considered to be the SP of the spouse to which they belong. The exception is when the value of the gift is large. Here the facts state that Wanda took Hal to purchase it, however they paid for the van out of their joint account (CP). Again title is in Hals name only, however title is not conclusive. Hal was the primary user of the van with his friends for fishing trips, so it does not appear that the 'gift' was something to benefit the community, nor was it a gift that would likely appreciate in value, and then as such would be an 'investment' for the community (*Buffy / diamond ring case*).

Given the facts state that W was a 'successful accountant' a \$20k camper may not be that excessive of a gift, especially if the CP is divided in 2 and that really only \$10k of the purchase price was a gift from W to H. The gift was also for a milestone birthday, which may be of greater significance in the cost of the gift, depending on the assets of the parties.

Depending on how substantive \$20k is to the parties as a 'gift', Wanda may be entitled to up to 50% of the value of the camper. Or it may be considered H's separate property and a gift from W.

#### H & W'S RIGHTS AND LIABILITIES RE: A1 BANK ACCOUNT

The facts do not state that there was any prior valid written agreement (such as a pre-marital agreement) between the parties regarding their desire to keep their wages separate after marriage.

As such, wages, earned by a spouses labor are CP. Here the facts state that Wanda, deposited earnings in to an account only in her name without telling Hal about them during the time of marriage.

Generally at the time of dissolution, the account may be split as CP between the two parties. Any deposits that Wanda made post permanent separation, my be traced, and held at her own separate property. Wanda however would have the burden to trace such deposits.

Here, the facts state that the account was discovered just before the final hearing on the dissolution. Which means that the account may still be split during the dissolution. California Family Code also provides for motions to come before the court for distribution of previously un adjudicated assets that were acquired, but not disposed of during the divorce proceedings or not disclosed during the proceedings.

Under the Family Code, there is a provision, that Spouses hold the highest fiduciary duty to their other spouse, and as such must disclose information during the dissolution process to the other spouse. Here the facts state that Wanda kept the account secret from Hal. He 'happened' to discover it, it was never

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disclosed by W, which would be a breach of W's fiduciary duty to H under the code. As such, one of the penalties that my be levied by the court, is to award the account that was hidden, and not disclosed by Wanda fully to Hal.

Therefore the court may: Split the account 50/50; Split the account 50/50 less any separate contributions by Wanda post separation that would be her SP; Award the entire account to Hal, because Wanda breached her spousal fiduciary duty to Hal; Award the entire CP portion to Hal (due to her fiduciary breach) and the SP portion or Wanda, or any other division that the court finds just and equitable in light of the breach by Wanda.

Question #1 Final \	Word Count = 1418
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