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Community/Separate Property Presumption

In California, property acquired during marriage while domiciled in California is presumed community property unless rebutted by tracing to separate funds and transmutation or agreement. Property acquired before marriage, inherited during marriage, after separation is presumed separate property. Interests, issues of separate property remain separate property unless transmuted through valid agreement signed by the adversely impacted spouse.

Here, in 2016 Harvey and Wanda married in California.

Thus, California community property law applies.

I. The Car

Character

As stated above, property acquired during marriage is presumed community property unless rebutted by tracing to separate funds. Property inherited during marriage is presumed separate property.

Here, in 2016, Harvey and Wanda married in California, Wanda used \$30,000 of the inheritance to buy herself a car. Though it was acquired during marriage, facts clearly stated that it was bought by Wanda's inheritance.

Thus, the car is Wanda's separate property.

II. The Framed and Signed Football Jersey

Similar to the car, the framed and signed football jersey was bought for Harvey by Wanda, using \$20,000 of the inheritance money. It is traced to Wanda's separate funds unless transmuted.

Transmutation

A valid transmutation requires: 1. writing, 2. intent to change character, 3. signed by the adversely impacted spouse.

Here, though Wanda bought for Harvey, no facts indicated a transmutation agreement changing the character of the football jersey existed.

Thus, no transmutation existed for the football jersey.

Overall Conclusion

In conclusion, framed and signed football jersey remains Wanda's separate property because no transmutation agreement was signed by Wanda.

III. The House

Character

As stated above, property acquired during marriage is presumed community property.

Here, after the wedding, Wanda and Harvey bought a house for \$500,000. Though, the title to the house and the mortgage were in Harvey's name, there's no transmutation agreement to rebut the presumption of community property.

Thus, the house is community property because it is acquired during marriage and no transmutation is effected.

Moor/Marseden Reimbursement

Under Moor/Marseden doctrine, a spouse is reimbursable if the spouse' separate property is used to reduce the principal of payment of the community property. The contribution spouse is entitled to dollar-for-dollar reimbursement of reduction of principal with no interest, no appreciation and no character change.

Here, Wanda used \$50,000 of the inheritance as a down payment for their house, Harvey paid the mortgage payments with his earnings from his restaurant business. If the restaurant business is Harvey's separate property, Harvey is entitled to reimbursement, Wanda is entitled to dollar-for-dollar reimbursement of her down payment of \$50,000 with no interest, no appreciation and no character change.

Thus, Harvey is entitled to reimbursement for mortgage payment for the house if his restaurant business is Harvey's separate property. Wanda is entitled \$50,000 of reimbursement for the down payment for the house.

Rights and Liabilities of Harvey and Wanda

Watts Charges

A spouse exclusively occupying community property after separation is liable for the fair rental value of the community property.

Here, Harvey filed for dissolution, moved out of the house, Wanda exclusively occupied the house, Wanda is liable for paying fair rental value under Watts charges.

Liabilities of Mortgage \$300,000

Liabilities incurred during marriage are presumed community debts.

Here, the unpaid mortgage at \$300,000 incurred during marriage are presumed community debts. Wanda's Watts charges may be used to offset her share of debt.

Thus, the mortgage of \$300,000 are community debts shared by Harvey and Wanda. But Wanda should bear more due to the Watts charges.

IV. The Restaurant

Character

As stated above, property acquired before marriage is presumed separate property.

Here, Harvey opened a restaurant in 2010. It's Harvey's separate property if no transmutation. Facts showed no transmutation.

Thus, the restaurant is Harvey's separate property.

Pereira vs. Van Camp

Under Pereira, when the appreciation of separate property of a spouse is mainly driven by marital spouse' effort and labor, the owning spouse is entitled to principal plus return in investment, where the balance will be apportioned to community. Under Van Camp, when the appreciation of separate property of a spouse is mainly attributable to the business itself or the efforts of others rather than the marital spouse, the community is only entitled to the marital spouse' salary less benefits already used by community, the larger portion will be apportioned to the owning spouse.

Here, during marriage, Wanda worked at the restaurant and helped Harvey to manage the restaurant, the value of the restaurant increased from \$100,000 to \$500,000. Soon after Wanda stopped working at the restaurant, a celebrity posted on social media that it was his favorite restaurant. Overnight, the restaurant's value doubled to \$1 million. Accordingly, at dissolution, the increase in value at \$400,000 will be apportioned under Pereira and the increase as a result of the celebrity's promotion in value at \$500,000 will be apportioned per Van Camp.

Therefore, the increased value of \$400,000 will be apportioned per Pereira and \$500,000 will be apportioned per Van Camp at dissolution.

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END OF EXAM