

COMMUNITY PROPERTY FALL 2023

FINAL EXAM

PROFESSOR SARAH A. CAVASSA

Instructions:

Answer: Three Essay Questions

Total Time Allotted: Three (3) Hours

Presume all facts in all questions take place in California unless otherwise specified.

QUESTION 1:

Andrea and Susan are both female. They married in January 2018. They are now divorcing.

In June of 2019, Andrea and Susan purchased 444 Elm Street ("Elm"), and took title as "Andrea and Susan, spouses." They paid \$800,000 in cash for the full purchase price of Elm. The \$800,000 was Andrea's inheritance from her grandfather who passed away earlier that year. After Andrea and Susan purchased Elm, they used \$150,000 to remodel the kitchen in the home. The \$150,000 was a combination of a \$100,000 withdrawal from Susan's 401k accumulated prior to the parties' marriage, and \$50,000 of savings the parties had accumulated from their combined earnings after their marriage. Elm is now worth \$1,200,000 and has no mortgage.

In February of 2022, Andrea inherited 255 Calhoun Road ("Calhoun") from her grandmother, taking title as "Andrea, a married woman as her sole and separate property". Calhoun had a fair market value of \$1,000,000 and was encumbered by a loan of \$250,000 at the time of the transfer of the property. As a condition of the transfer of the property, Andrea and Susan immediately paid off the loan, using Susan's 2021 bonus from her job working in technology. Calhoun is now worth \$1,100,000 and has no mortgage.

Andrea and Susan have come to you for your neutral opinion as to their interests in Elm and Calhoun consistent with California law. Please provide a full analysis.

QUESTION 2:

Brad and Linda married in 1992. After they married, Brad joined the US Air Force.

Brad was in active duty for the Air Force from 1992 until 2012, when he left active duty and became a member of the Air Force Reserves. In 2012, Brad started working a private security job, which he continued until 2021. In 2022, Brad retired from employment and from the Air Force Reserves. During his time with the Air Force, Brad accumulated 1,200 retirement service credits, 1,080 accumulated during his active-duty period and 120 accumulated during his Air Force Reserves Period. Brad now receives a monthly retirement benefit from the Air Force of \$5,000. Brad also receives a monthly Veteran's Affairs disability benefit of \$1,500, for back injury disability he suffered during his time in active duty. During his time working in private security, Brad accumulated a 401k now worth \$500,000.

In 2001, Linda was involved in an automobile accident. Linda spent two weeks at a rehabilitation center due to the injuries she suffered in the accident. Because the rehabilitation center Linda and Brad wanted Linda to go to was not covered by insurance, they paid \$15,000 of their savings for Linda's treatment at the center. Linda later received a personal injury award of \$250,000, which Brad and Linda decided to invest in an investment account. They have not added or withdrawn anything from the investment account, and it is now worth \$600,000. The investment account is held in Linda's sole name.

Brad and Linda are now divorcing. Brad states that he and Linda separated in 2017, when he and Linda had a huge fight, he yelled "I'm done", and then he moved out of the house he and Linda shared. Linda states the parties separated in 2022, when after Brad's retirement party, Brad told Linda "I'm sick of living a lie, we need to get a divorce." Between 2017 and 2022, Brad and Linda were never sexually intimate and never slept in the same location, but they did continue to share finances, attend social events together, and send joint Christmas cards to their friends and families.

1. Analyze the issue of Brad and Linda's date of separation.
2. If a court were to find Brad and Linda separated in 2017, what are their respective rights to the following assets:
 - a. Brad's Air Force retirement
 - b. Brad's VA disability
 - c. Brad's 401k
 - d. Linda's personal injury award

3. If a court were to find Brad and Linda separated in 2022, what are their respective rights to the following assets:
 - a. Brad's Air Force retirement
 - b. Brad's VA disability
 - c. Brad's 401k
 - d. Linda's personal injury award

QUESTION 3:

Jeff and Jill married in 2003. Jill knew that Jeff had been married to Sandra previously, but Jeff told Jill that he and Sandra divorced in 2000. Jeff and Sandra had no contact after 2000.

Between 2003 and 2015, Jeff and Jill accumulated savings of \$200,000. In 2015, they decided to buy Black Acre for \$1,000,000, using their \$200,000 savings as the down payment and taking a loan of \$800,000. Jeff told Jill that it would “just be easier” if they took title to the property in Jeff’s name alone and Jeff applied for the loan alone, and so Jill agreed. Jeff completed the loan application listing only his annual earnings, \$400,000 as an accountant, as his qualifying financial data. The loan application was approved. Title to the property was taken in Jeff’s sole name, and Jill signed a quitclaim deed to Jeff stating that she had no interest in Black Acre. Black Acre is now worth \$1,500,000 and the mortgage balance is \$600,000.

Between 2016 and 2023, the parties lived off Jeff’s earnings and saved all of Jill’s net income in a savings account in Jill’s sole name. The account now contains \$2,750,000.

In 2016, Jeff began an extra-marital affair with Carrie. Carrie didn’t have a job, so Jeff rented an apartment for Carrie and paid \$2,000 per month from Jeff’s earnings for Carrie’s rent. This continued from May 1, 2016 until April 30, 2023, when Jill discovered the affair and the parties’ separated.

After the parties’ separated, Jill discovered that Jeff and Sandra’s divorce was never finalized. Jeff had filed a petition for divorce, but Sandra never responded to the petition and a judgment of dissolution was never entered. Between 2000 and 2002, Jeff was mailed 3 notices from the court prompting him to move forward with the divorce process. Jeff received and read the notices but ignored them. Jill had no knowledge of the notices or any other indication that Jeff and Sandra’s divorce was not terminated.

Jill and Jeff are now terminating their marriage. Please analyze Jill and Jeff’s rights and obligations in the termination of their marriage.

COMMUNITY PROPERTY FALL 2023
FINAL EXAM QUESTION OUTLINES
PROFESSOR SARAH A. CAVASSA

QUESTION 1:

1. Same-sex spouses are subject to the same rights and obligations and opposite-sex spouses.
2. Elm Street
 - a. Joint Title Presumption FC 2581 – took title jointly, presumed CP
 - i. JT Presumption can only be rebutted by a statement in the deed or written agreement, neither here
 - b. \$800k purchase price was Andrea's SP under FC 770
 - c. \$100k of remodel was from Susan's SP under FC 770
 - d. \$50k of remodel was form CP under FC 760
 - e. Of 1,200,000 current value
 - i. Andrea \$800k FC 2640 reimbursement
 - ii. Susan \$100k FC 2640 reimbursement
 - iii. \$300k CP divided equally between the parties
3. Calhoun Road
 - a. Although acquired during marriage, under FC 770 Andrea's SP b/c inherited
 - i. Title document is not the determinative factor
 - b. \$250k payment was from CP under FC 760, Susan's earnings
 - i. Moore/Marsden interest developed by community.
 1. Step 1 \$250k
 2. Step 2 $\$250k / \$1,000,000 \times (1,100,000 - 1,000,000)$
 3. Community interest \$275k, remainder SP

QUESTION 2:

1. FC section 70 sets out a two-prong test for date of separation
 - a. Communicated intent to terminate the marriage
 - i. Brad would argue "I'm done" and moving out
 - ii. Linda would argue "I'm sick of living a lie, we need to get a divorce"
 - b. Conduct consistent with communicated intend to end the marriage
 - i. Brad would argue no sex, no living together after 2017
 - ii. Linda would argue continued to share finances, attend social events, and send joint Christmas cards

2. If court found separation in 2017
 - a. Time rule on Brad's Air Force retirement.
 - i. Note points not acquired equally - 60 points of 1200 are Brad's separate property. Remainder are CP
 - ii. $60/1200 \times 5k = 250/\text{mo}$ Brad's SP (don't need to do math, but must demonstrate understanding of time rule formula)
 - b. Brad's VA disability is awarded to Brad due to Federal Supremacy – not divided equally under FC 2550 as state court has no jurisdiction
 - c. All of Brad's 401k is SP under FC 770
 - d. Linda's PI award is awarded to Linda under FC 2603 (do not need to know section)
 - i. Brad may argue for reimbursement to community of \$15k paid out of pocket. The court may award Brad \$7,500 if it finds that is in the interests of justice.
3. If court found separation in 2022
 - a. Time rule on Brad's Air Force retirement, but all CP 760
 - b. Brad's VA disability is awarded to Brad due to Federal Supremacy – not divided equally under FC 2550 as state court has no jurisdiction
 - c. All of Brad's 401k is CP under FC 760
 - d. Linda's PI award is awarded to Linda under FC 2603 (do not need to know section)
 - i. Brad may argue for reimbursement to community of \$15k paid out of pocket. The court may award Brad \$7,500 if it finds that is in the interests of justice.

QUESTION 3:

1. Jeff and Jill's marriage is bigamous and thus voidable
 - a. Jill can elect putative spouse status, because Jill had reasonable good faith belief in the validity of the marriage.
 - b. Jeff cannot elect putative spouse status, because Jeff knew marriage was bigamous.
 - c. If Jill elects putative spouse status, Jill should receive same as she would if the marriage was legal
2. Black Acre
 - a. If Jill does not elect putative spouse status, BA is Jeff's and the mortgage is Jeff's
 - b. If Jill elects putative spouse status
 - i. Jeff had fiduciary duty to Jill under FC 721

- ii. Jeff obtained unfair advantage over Jill when he obtained the quitclaim deed for BA, thus the presumption of undue influence springs into effect. Jeff has burden of establishing Jill signed the deed freely, voluntarily, and with full knowledge of effect. It does not appear he can. No independent counsel, no facts indicating she agreed it would be his SP.
 - iii. The loan is also a community obligation. Although Jeff obtained it in his sole name, the lender-intent rule would not be met as Jeff obtained the loan based on his earnings, which are QCP under FC 760
- 3. Savings Account
 - a. If Jill does not elect putative spouse status, the \$2,750,000 in Jill's name is Jill's SP.
 - b. If Jill does elect putative spouse status, the \$2,750,000 in Jill's name is QCP as it was accumulated from Jill's earnings during marriage, FC 760.
- 4. Misappropriation
 - a. If Jill does not elect putative spouse status, Jeff's \$2k/mo to Carrie's rent is not an issue.
 - b. If Jill elects putative spouse status, Jeff's \$2k/mo to Carrie's rent is misappropriation of quasi community funds and the community is owed a reimbursement for the amount Jeff misappropriated, meaning one-half is reimbursed from Jeff to Jill.

1)

85

1. Interests in Elm - The following issues and rules would apply to determine the interests in the Elm property.

Characterization of Property

The characterization of the property depends on when it was purchased, and the marital status of the couple at the time of purchase.

Date of Marriage

Andrea and Susan were married in January 2018. Per Family Code ("FC") sec. 760, unless otherwise provided by statute, any property acquired during marriage while domiciled in California is presumed to be Community Property (CP). ✓

Date of Purchase

Elm was purchased in June 2019. Because Andrea and Susan were married, the section 760 CP presumption applies. Thus Elm was CP when purchased. ✓

Joint Title Presumption

FC sec. ²⁵⁸¹852 Joint Title Presumption provides that when spouses purchase property as a ^{in joint} ~~Joint Tenancy or Tenancy in Common~~ _{title}, the property is presumed to be Community Property. This is a rebuttable presumption. With the Joint Title Presumption and the general Community Property Presumption, Elm is presumed to be CP upon purchase. This presumption is rebuttable, however the conduct of Andrea and Susan at the time suggests that they intended the property to be CP.

Andrea's Inheritance

FC sec. 770 provides that any property received by gift, inheritance, or bequest is the Separate Property (SP) of the receiving spouse (along with any profits, issues, etc. from that SP). Here, Andrea's \$800K inheritance is SP.

Susan's 401k

Susan's 401k was accumulated prior to marriage. Under FC sec. 770, this is SP.

FC 2640 - Dollar for Dollar ✓

When a spouse contributes SP towards the purchase of CP they are entitled to a dollar-for-dollar (D4D) reimbursement from the CP. Here, Andrea contributed 800K of her SP towards the purchase of Elm. She is entitled to the D4D reimbursement of this 800K. Susan contributed 100K from her premarital 401k towards capital improvements of Elm. She is entitled to the D4D reimbursement of this 100K. ✓

Characterization of Elm

Elm is CP based on FC 760 and 852. *2581*

Improvements to Elm

When the improvements to the kitchen were made for Elm, 100K of Susan's SP was used, and 50K of CP was used. The 50K was savings the parties accumulated from combined earnings during marriage. Under the FC 760 general presumption, this 50K will be considered CP. ✓

Elm Valuation and Reimbursement

Elm is now worth \$1.2M with no mortgage. Elm is CP, so on its face, each spouse has a 50/50 interest in the total value of Elm. However, there are some reimbursements due. Andrea is due the 800K that she contributed from her SP in a D4D reimbursement. ✓

Susan is entitled to the 100K that she contributed from SP. Each of these reimbursements will come from the CP total. ✓

Elm valuation = \$1,200,000

Andrea reimbursement = \$800,000

Susan reimbursement = \$100,000

Remaining value = \$300,000

The \$300K is split 50/50 as CP, and each spouse is entitled to their SP reimbursement. Therefore, Andrea's interest is a total of \$1,050,000 and Susan's interest is a total of \$250,000.

This is all assuming the asset was split today. The formula would be recalculated at the time of dissolution, which means if the property continued to accrue in value, the specifics of each party's interest would change. ✓ good

2. Interests in Calhoun

Characterization

Calhoun was inherited by Andrea. Per FC 770, property that is inherited is SP. If there was any doubt, the title itself even states specifically that Calhoun is the separate property of Andrea. ✓

Title Not determinative through

Loan Payment

The \$250K used to pay off the loan encumbering Calhoun at the time of transfer came from CP. Per FC 760, the CP presumption applies to Susan's 2021 bonus from her job. ✓

This presumption is rebuttable, however there are no facts here to suggest it is anything other than additional compensation and therefore CP.

Moore-Marsden Rule

When CP is used towards the SP of a spouse, the Moore-Marsden (MM) rule establishes the formula for reconciliation of CP/SP interests. Under this formula there are three steps:

Step 1. Dollar-for-dollar (D4D) reimbursement. The first step in MM is that the CP is due a D4D reimbursement for its contribution.

Step 2. MM Ratio: The MM ratio is the principal payments made from CP (plus any capital improvements) divided by the value at acquisition (plus CI). Here, there are no CI, so the ratio is the \$250,000 of principal payments made from CP divided by the market value of \$1,000,000 = 25% or 0.25. The MM calculation then applies this ratio times the accrued value of the property to determine the CP interest. Here, the property increased in value for \$100,000. So the CP interest of the accrual in value is \$25,000.

Step 3. Add 1 & 2. The final step in the MM calculation is to add the D4D reimbursement with the CP interest in the accrued value. Here, the \$250,000 + \$25,000 from step 1 and step 2 result in a total CP interest in Calhoun of \$275,000.

Calhoun Valuation

Calhoun is worth a total of \$1,100,000. Of this, ~~\$825,000~~ ^{is correct} \$825,000 is Andrea's SP and \$275,000 is CP. The CP would be split 50/50. As above with Elm, this figure is dependent upon the property being split today. In a dissolution, assets are valued as close as practicable to the time of trial, so the end result might be different if there was additional value accrued in the properties.

2)

70- Date of Separation

Is the full and final break in the marriage, Requires a party expressly declare the marriage be over and to act in accordance with that declaration. ✓

There are many factors that go into determining what it means for a couple to have separated, Like living under the same roof, or holding themselves out as a married couple.

Brad is arguing that the couple separated in 2017. He will argue that Declaring "I'm done" fulfilled the requirement to communicate the separation the other other spouse. He is correct, but the communication alone is not sufficient ot set a the DOS. He will then argue that he moved out of the house, and did not sleep there again, while Linda stayed in the house. Linda may try to counter that "i'm done" is an unclear statement and thus the statement that starts the date of separation in the explicit request for divorce in 2022. However, the request for divorce does not have ot be explicit, so the court will likely find his 2017 statement to be sufficient.

Brad may try to argue the fact that they have not have sex in the five years that they have been separated, but plenty of people in a thirty year marriage don't have sex, that does not inherently mean that they were separated ore heading towards divorce.

Linda will counter that even though Brad moved out, it does not show a full and final breakdown of the marriage, because they continued to share finances and held themselves out as a married couple to friends and family. Many couples live apart for some time, and get back together, and thus the living in separate homes does not necessarily mean that they intended to divorce. The facts do not state if they had kids or not, but if they did not have kids, then they cannot argue that they were "keeping up appearances" for the sake of the kids, reducing the reasons to hold themselves out as married for five years.

Holding themselves out as a married couple to friends and family for five years after the declaration does not show an intent to permanently separate. In addition, Linda will argue that not only did they attend social functions together, but they chose for five years to continue to send joint Christmas cards, actively sending out letters each year that basically declared that they were still together.

Because of the shared finances and social declarations, the court will likely find that B and L did not properly separate until 2022. *Good analysis.*

Earnings after Separation: All money earned by the spouse after the date of separation while living separate and apart is SP. *RC 721. good.*

Thus the division of the community property of Brad L listed below depends on when the Date of separation properly occurred. *Yes.*

Brad's Air Force Retirement

Benefit Retirement Account. A benefit account is determined based on earned credits, thus the division of the earnings at retirement will be based on the credits earned during marriage divided by the total of earned credits. ✓

Here, Brad earned a total of 1,200 credits in the Air Force. 1080 credits between 1992-2012, while married to Linda the whole time, so all of those credits will be counted in the percentage.

From 2012-2022, he earned 120 credits in the reserves. If He and Linda separated in 2017, ✓ then whatever amount of credits he earned between 2017 and 2022 would not be added to the calculation and that percentage of the retirement benefits would be his SP.

However, If B and L separated in 2022, (AFTER his retirement party no less) then all the credits he has earned in both active duty and in the reserves were earned during the ✓

Excluded.

marriage, and the whole of his retirement account will be considered community property.

Federal Pre-emption

The federal government reserves the right to regulate certain aspect of the law, one of these is Military retirement, however, the Federal government has allowed CA to adjudicate certain aspects of Military benefits in dissolution hearings, and thus CA has the right to adjudicate over B's military retirement fund, despite the pre-emption.

Brad's VA Disability (2017 or 2022 Separation)

Federal Preemption

The federal government reserves the right to regulate certain aspect of the law. One of these pre-emptions is the governing of military disability benefits. The federal government DOES NOT allow states to adjudicate the division of this asset, and will require it remain 100% the disabled spouses. CA cannot change this, but may in the interest of justice, adjust the other spouse alimony calculation if needed.

Therefore, regardless of the date of separation, Brad's VA disability will always remain his sole SP.

good!

Brad's 401K (2017 Separation)

Contribution

Defined Benefit Account: These types of retirement accounts are a money in-money out situation.

If B and L separated in 2017, any money earned after that date and put into the 401k would be B's SP, but any money in the 401k before that date would be CP and Linda would have a right to have half of that amount. ✓

If B and L separated in 2022, all the money in the account would have been earned during the marriage and thus the whole account would be community property.

Linda's Personal Injury Award (2017 or 2022 Separation)

Personal Injury Awards: Whenever possible, PIA will be granted to the injured spouse as SP, even if received during the marriage, as long as there is proper tracing.

This means that no matter the date of separation, the PIA, if traceable will be fully Linda's. Since they put the money into the investment account, it is easily traced and thus can be granted to Linda. Under 770, any profits or increases of separate property are also SP, and thus all the accumulated interest in the account would be Linda's as well.

B might try to argue that he should be a reimbursement for the money spend on her rehab, but the money they used was community funds and it went ot a community obligation (Linda's health) and thus there will be no reimbursement.

Reimbursement is possible under 2003

3)

Requirements for a valid marriage

For a marriage to be valid, each spouse must be of sound mind, neither spouse can already be married, there must be a solemnization, and a marriage certificate must be signed. Additionally, California (CA) bars people from being married that are too closely related. Here, Jeff was already married to Sandra (S) when he attempted to marry Jill. Because of this, Jeff and Jill's marriage does not meet the legal requirements for marriage and is invalid.

Putative Spouses

If a spouse has a good faith belief they have a valid marriage with another person, that spouse has the option to claim the status of a putative spouse, which confers to that person all the benefits in dissolution normally afforded to a spouse. The court judges a spouses good faith belief subjectively based on what a reasonable person similarly situated would believe if placed in similar circumstances. Here, Jeff told Jill that he divorced S in 2000, three years before Jeff and Jill married. Jeff and S did not have contact during those years. While Jeff filed a petition for dissolution, he received and notice on 3 different occasions that the dissolution had not been entered as S did not respond, and he read and ignored that notice. However, Jill was not aware of any of these notifications. Therefore, a court would likely find that because Jeff had been notified his dissolution of his marriage with S had not been entered and did not have a good faith belief his marriage with Jill was valid. However, because Jill did not receive notice, a court would likely find that Jill did have a good faith belief her marriage with Jeff was valid.

Therefore, Jeff would not be able to claim putative spouse status, but Jill would be able to claim putative spouse status, if she wants to.

Black Acre

Section 760

Section 760 states that if a married couple acquires property while domiciled in California (CA), that property is presumed to be community property (CP). Here, Jeff and Jill were not married, therefore Blackacre (B) would not be CP.

Quasi-Marital property ✓

If property is acquired by a couple in an invalid marriage where one spouse can claim putative spouse status, the property is presumed to be quasi-marital property. CA CP law treats quasi-marital property the same as CP. Therefore, if Jill claims putative spouse (PS) status, B would be presumed quasi-marital property (QMP). However, at the time of acquisition Jill filed a quitclaim deed stating she had no interest in B, while Jeff took title to B in his sole name. Because Jill signed a deed giving up any interest in B, B would be Jeff's SP.

Section 721 ✓

Section 721 states that spouses are fiduciaries of each other, meaning they owe each other the same duties of loyalty and good faith and fair dealing that business partners owe each other. This means spouses cannot take advantage of each other. Here, if Jill claims PS, she will argue that Jeff was not acting in good faith when he suggested they buy B as his SP, as it would have been in Jill's best interest to take title together, giving Jill 50% ownership in B. While it is possible that Jeff may have been better equipped to qualify for a good mortgage rate on his own instead of applying with Jill, this would not have stopped Jeff and Jill from taking title jointly. However, without more facts it is unclear if Jeff knowingly took advantage of Jill.

Moore Marsden

The Moore-Marsden rule was developed by the courts in California. It states that when CP is used in the acquisition of SP, the CP both gets a dollar for dollar reimbursement for the contribution, and acquires a share of ownership in the SP. The share of ownership is calculated by dividing the CP contribution by the value of the property at acquisition. The resulting number effectively represents a percentage of the property in which the community has an interest. If the property appreciates in value, the community would have an interest in that appreciation matching that percentage just discussed.

Applying Moore Marsden

Jeff took out an \$800,000 mortgage when B was acquired. If Jill claims PS, it can be presumed the \$200,000 in principal paid on that mortgage was paid with CP. This \$200,000 would give the community a 20% ownership share in B, meaning the community would be entitled to \$100,000 of the \$500,000 B appreciated during marriage. This would give J half of the community interest in B if she claims PS, which would be worth \$150,000.

Section 2640

Section 2640 states that any SP used in the acquisition of CP or another's SP must be reimbursed dollar for dollar. Here, if Jill does not claim PS, she would be due reimbursement for any of her income that was used to pay down the principal on the mortgage for B. However, because the facts state they saved all of Jill's income, it is possible none of Jill's SP paid for the mortgage on B.

Misappropriation

If a spouse intentionally misappropriates community funds, the court has the authority to apportion the misappropriated funds unequally, sometimes going so far as to give 100% of the misappropriated community funds to the other spouse. Here, if Jill claims PS than all money earned by both parties would be presumed QMP, which means it would be

community funds. This would mean Jeff used \$2,000/month from May 1, 2016 to April 30, 2023 to pay the rent of Carrie (C), with whom he was having an affair with. This would total \$188,000. Courts always find community funds spent on one spouses affair to be intentionally misappropriated. Therefore, if Jill claims PS, the court would likely award her 100% of the misappropriated funds, or \$188,000. If Jill does not claim PS, this money would remain Jeff's SP.Â

Money in Jill's account

See above for Section 760 rule. Because the money put into Jill's savings account was from income, it would be presumed to be QMP if Jill claims PS, even though the account was in Jill's sole name. Therefore the character of the \$2.75 million in Jill's savings would either be QMP if Jill claims PS, or Jill's SP if Jill chooses not to claim PS. ✓

Overall analysis if Jill claims PS

B would be Jeff's SP, but Jill would receive \$150,000 as her share of the community interest in B. However, Jill could potentially receive more if a court found Jeff breached his fiduciary duty to Jill by taking title alone.

Jill's account worth \$2.75 million would be QMP and split evenly between Jeff and Jill.

The \$188,000 misappropriated by Jeff would be awarded to Jill.

Overall analysis if Jill does not claim PS

B would be Jeff's SP, Jill may receive a 2640 reimbursement. Jill would have no cause of action for breach of fiduciary duty as Jeff would not owe a duty to Jill as they were not married.

Jills account worth \$2.75 million would be Jill's SP.

Jeff would keep the \$188,00 spent on C's rent, as it would be his SP.

Conclusion

Jill would most likely elect not to take PS status, as the money in her savings account is worth more than any interest in B or the rent money spent on C.

END OF EXAM