

KENNETH L. FORTNEY, CPA

ALLOCATION OF SEPARATE AND COMMUNITY INTEREST
FOR PROPERTY ACQUIRED BEFORE MARRIAGE
MALMQUIST V MALMQUIST

<u>REQUIRED INFORMATION</u>		<u>LINE:</u>
A.	DOWN PAYMENT (SEPARATE FUNDS)	A.
B.	AMOUNT FINANCED	B.
C.	TOTAL ORIGINAL COST	C.
<u>CURRENT PRINCIPAL BALANCE ON LOAN:</u>		
	ORIGINAL LOAN	LINE B
<u>LESS PRINCIPAL REDUCTION:</u>		
D.	BEFORE MARRIAGE (SEPARATE FUNDS)	D.
E.	DURING MARRIAGE (COMMUNITY FUNDS)	E.
F.	CURRENT PRINCIPAL BALANCE ON LOAN	F.
<u>PRINCIPAL PAYMENTS:</u>		
G.	BEFORE MARRIAGE (SEPARATE FUNDS)	G.
H.	DURING MARRIAGE (COMMUNITY FUNDS)	H.
I.	TOTAL PRINCIPAL PAYMENTS	I.
J.	FMV AT DATE OF MARRIAGE	J.
K.	CURRENT FMV	K.

SUMMARY OF RESULTS:

COMMUNITY INTEREST	STEP 12	
SEPARATE INTEREST	STEP 11	
NET EQUITY		

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<u>STEP 1: DETERMINE PRESENT EQUITY</u>	<u>SOURCE</u>
CURRENT FMV	LINE K _____
LESS CURRENT PRINCIPAL BALANCE ON LOAN	LINE F _____
PRESENT EQUITY	<input type="text"/>
 <u>STEP 2: DETERMINE CAPITAL APPRECIATION (IF ANY)</u>	
<u>BEFORE MARRIAGE</u>	
FMV AT DATE OF MARRIAGE	LINE J _____
LESS ORIGINAL COST	LINE C _____
CAPITAL APPRECIATION BEFORE MARRIAGE	<input type="text"/>
 <u>STEP 3: DETERMINE CAPITAL APPRECIATION</u>	
<u>SINCE MARRIAGE</u>	
CURRENT FMV	LINE K _____
LESS FMV AT DATE OF MARRIAGE	LINE J _____
CAPITAL APPRECIATION SINCE MARRIAGE	<input type="text"/>
 <u>STEP 4: DETERMINE ALLOCATION OF OUTSTANDING LOAN BALANCE:</u>	
OUTSTANDING LOAN BALANCE	LINE F _____
MULTIPLY BY COMMUNITY PROPERTY PERCENTAGE	LINE H _____
COMMUNITY SHARE OF LOAN BALANCE	<input type="text"/>
 <u>STEP 5: DETERMINE SEPARATE PRINCIPAL CONTRIBUTION</u>	
ORIGINAL COST	LINE C _____
LESS PRINCIPAL REDUCTION DURING MARRIAGE	LINE E _____
LESS COMMUNITY SHARE OF LOAN BALANCE	STEP 4 _____
SEPARATE PRINCIPAL REDUCTION	<input type="text"/>
 <u>STEP 6: DETERMINE SEPARATE PROPERTY PERCENTAGE</u>	
SEPARATE PRINCIPAL CONTRIBUTION	STEP 4 _____
DIVIDE BY ORIGINAL COST	LINE C _____
SEPARATE PROPERTY PERCENTAGE	<input type="text"/>
 <u>STEP 7: CALCULATION OF SEPARATE SHARE OF</u>	<u>SOURCE</u>
<u>APPRECIATION SINCE MARRIAGE:</u>	
CAPITAL APPRECIATION SINCE MARRIAGE	STEP 3 _____
MULTIPLY BY SEPARATE PROPERTY PERCENTAGE	STEP 6 _____
SEPARATE SHARE OF APPRECIATION	_____
SINCE MARRIAGE	<input type="text"/>

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STEP 8: DETERMINE COMMUNITY PROPERTY PERCENTAGE

TOTAL INTEREST IN PROPERTY		100.00%
LESS SEPARATE PROPERTY PERCENTAGE	STEP 6	
COMMUNITY PROPERTY PERCENTAGE		

STEP 9: CALCULATION OF COMMUNITY SHARE OF
APPRECIATION SINCE MARRIAGE

CAPITAL APPRECIATION SINCE MARRIAGE	STEP 3	
MULTIPLY BY COMMUNITY PROPERTY %	STEP 8	
COMMUNITY SHARE OF APPRECIATION		
SINCE MARRIAGE		

STEP 10: CALCULATION OF SEPARATE EQUITY PAYMENTS

DOWN PAYMENT	LINE A	
ADD PRINCIPAL REDUCTION BEFORE MARRIAGE	LINE D	
SEPARATE EQUITY PAYMENTS		

STEP 11: CALCULATION OF SEPARATE INTEREST IN
PRESENT EQUITY

SEPARATE EQUITY PAYMENTS	STEP 10	
ADD CAPITAL APPRECIATION BEFORE MARRIAGE	STEP 2	
ADD SEPARATE SHARE APPRECIATION		
SINCE MARRIAGE	STEP 7	
SEPARATE INTEREST IN PRESENT EQUITY		

STEP 12: CALCULATION OF COMMUNITY INTEREST IN
PRESENT EQUITY

PRINCIPAL REDUCTION DURING MARRIAGE	LINE E	
ADD COMMUNITY SHARE OF APPRECIATION		
SINCE MARRIAGE	STEP 9	
COMMUNITY INTEREST IN PRESENT EQUITY		

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<u>REQUIRED INFORMATION</u>		<u>LINE:</u>
A.	DOWN PAYMENT (SEPARATE FUNDS)	2500 A.
B.	AMOUNT FINANCED	34000 B.
C.	TOTAL ORIGINAL COST	36500 C.
<u>CURRENT PRINCIPAL BALANCE ON LOAN:</u>		
	ORIGINAL LOAN LINE B	34000
<u>LESS PRINCIPAL REDUCTION:</u>		
D.	BEFORE MARRIAGE (SEPARATE FUNDS)	1037 D.
E.	DURING MARRIAGE (COMMUNITY FUNDS)	14463 E.
F.	CURRENT PRINCIPAL BALANCE ON LOAN	18500 F.
<u>PRINCIPAL PAYMENTS:</u>		
		# %
G.	BEFORE MARRIAGE (SEPARATE FUNDS)	41 18.30% G.
H.	DURING MARRIAGE (COMMUNITY FUNDS)	183 81.70% H.
I.	TOTAL PRINCIPAL PAYMENTS	224 100.00% I.
J.	FMV AT DATE OF MARRIAGE	36500 J.
K.	CURRENT FMV	215000 K.

SUMMARY OF RESULTS:

COMMUNITY INTEREST	STEP 12	159,106
SEPARATE INTEREST	STEP 11	37,394
NET EQUITY		196,500

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<u>STEP 1: DETERMINE PRESENT EQUITY</u>		<u>SOURCE</u>	
CURRENT FMV		LINE K	215000
LESS CURRENT PRINCIPAL BALANCE ON LOAN		LINE F	18500
PRESENT EQUITY			196500
<u>STEP 2: DETERMINE CAPITAL APPRECIATION (IF ANY)</u>			
<u>BEFORE MARRIAGE</u>			
FMV AT DATE OF MARRIAGE		LINE J	36500
LESS ORIGINAL COST		LINE C	36500
CAPITAL APPRECIATION BEFORE MARRIAGE			0
<u>STEP 3: DETERMINE CAPITAL APPRECIATION</u>			
<u>SINCE MARRIAGE</u>			
CURRENT FMV		LINE K	215000
LESS FMV AT DATE OF MARRIAGE		LINE J	36500
CAPITAL APPRECIATION SINCE MARRIAGE			178500
<u>STEP 4: DETERMINE ALLOCATION OF OUTSTANDING LOAN BALANCE:</u>			
OUTSTANDING LOAN BALANCE		LINE F	18500
MULTIPLY BY COMMUNITY PROPERTY PERCENTAGE		LINE H	81.70%
COMMUNITY SHARE OF LOAN BALANCE			15114
<u>STEP 5: DETERMINE SEPARATE PRINCIPAL CONTRIBUTION</u>			
ORIGINAL COST		LINE C	36500
LESS PRINCIPAL REDUCTION DURING MARRIAGE		LINE E	14463
LESS COMMUNITY SHARE OF LOAN BALANCE		STEP 4	15114
SEPARATE PRINCIPAL REDUCTION			6923
<u>STEP 6: DETERMINE SEPARATE PROPERTY PERCENTAGE</u>			
SEPARATE PRINCIPAL CONTRIBUTION		STEP 4	6923
DIVIDE BY ORIGINAL COST		LINE C	36500
SEPARATE PROPERTY PERCENTAGE			18.97%
<u>STEP 7: CALCULATION OF SEPARATE SHARE OF</u>		<u>SOURCE</u>	
<u>APPRECIATION SINCE MARRIAGE:</u>			
CAPITAL APPRECIATION SINCE MARRIAGE		STEP 3	178500
MULTIPLY BY SEPARATE PROPERTY PERCENTAGE		STEP 6	18.97%
SEPARATE SHARE OF APPRECIATION			
SINCE MARRIAGE			33857

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STEP 8: DETERMINE COMMUNITY PROPERTY PERCENTAGE

TOTAL INTEREST IN PROPERTY		100.00%
LESS SEPARATE PROPERTY PERCENTAGE	STEP 6	18.97%
COMMUNITY PROPERTY PERCENTAGE		81.03%

STEP 9: CALCULATION OF COMMUNITY SHARE OF
APPRECIATION SINCE MARRIAGE

CAPITAL APPRECAITION SINCE MARRIAGE	STEP 3	178500
MULTIPLY BY COMMUNITY PROPERTY %	STEP 8	81.03%
COMMUNITY SHARE OF APPRECIATION SINCE MARRIAGE		144643

STEP 10: CALCULATION OF SEPARATE EQUITY PAYMENTS

DOWN PAYMENT	LINE A	2500
ADD PRINCIPAL REDUCTION BEFORE MARRIAGE	LINE D	1037
SEPARATE EQUITY PAYMENTS		3537

STEP 11: CALCULATION OF SEPARATE INTEREST IN
PRESENT EQUITY

SEPARATE EQUITY PAYMENTS	STEP 10	3537
ADD CAPITAL APPRECIATION BEFORE MARRIAGE	STEP 2	0
ADD SEPARATE SHARE APPRECIATION SINCE MARRIAGE	STEP 7	33857
SEPARATE INTEREST IN PRESENT EQUITY		37,394

STEP 12: CALCULATION OF COMMUNITY INTEREST IN
PRESENT EQUITY

PRINCIPAL REDUCTION DURING MARRIAGE	LINE E	14463
ADD COMMUNITY SHARE OF APPRECIATION SINCE MARRIAGE	STEP 9	144643
COMMUNITY INTEREST IN PRESENT EQUITY		159,106

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