

KENNETH L. FORTNEY, CPA

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

REQUIRED INFORMATION

LINE:

| A. | DOWN PAYMENT (SEPARATE FUNDS) | _____ | A. | | | | | | |
|---|-----------------------------------|---|----|---|----|--|--|--|----|
| B. | AMOUNT FINANCED | _____ | B. | | | | | | |
| C. | TOTAL ORIGINAL COST | _____ | C. | | | | | | |
| <u>CURRENT PRINCIPAL BALANCE ON LOAN:</u> | | | | | | | | | |
| | ORIGINAL LOAN | _____ | | | | | | | |
| | LESS PRINCIPAL REDUCTION: | _____ | | | | | | | |
| 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) | <table border="1"><thead><tr><th>#</th><th>%</th></tr></thead><tbody><tr><td></td><td></td></tr><tr><td></td><td></td></tr></tbody></table> | # | % | | | | | G. |
| # | % | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| H. | DURING MARRIAGE (COMMUNITY FUNDS) | <table border="1"><tbody><tr><td></td><td></td></tr></tbody></table> | | | H. | | | | |
| | | | | | | | | | |
| I. | TOTAL PRINCIPAL PAYMENTS | <table border="1"><tbody><tr><td></td><td></td></tr></tbody></table> | | | 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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PREPARED BY CPA SOLELY FOR TESTIMONY IN THIS MATTER.

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ALLOCATION OF SEPARATE AND COMMUNITY INTEREST
FOR PROPERTY ACQUIRED BEFORE MARRIAGE

| | | |
|--|--|----------------------|
| <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 |
| MULIPLY 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

STEP 7

SINCE MARRIAGE

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

STEP 9

SINCE MARRIAGE

COMMUNITY INTEREST IN PRESENT EQUITY

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FOR PROPERTY ACQUIRED BEFORE MARRIAGE
MALMQUIST V MALMQUIST

| REQUIRED INFORMATION | | LINE: |
|---|-----------------------------------|----------------|
| 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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STEP 1: DETERMINE PRESENT EQUITY

CURRENT FMV

LESS CURRENT PRINCIPAL BALANCE ON LOAN
PRESENT EQUITY

SOURCE

| | |
|--------|---------------|
| LINE K | 215000 |
| LINE F | 18500 |
| | <u>196500</u> |

STEP 2: DETERMINE CAPITAL APPRECIATION (IF ANY)
BEFORE MARRIAGE

FMV AT DATE OF MARRIAGE

LESS ORIGINAL COST

CAPITAL APPRECIATION BEFORE MARRIAGE

| | |
|--------|----------|
| LINE J | 36500 |
| LINE C | 36500 |
| | <u>0</u> |

STEP 3: DETERMINE CAPITAL APPRECIATION
SINCE MARRIAGE

CURRENT FMV

LESS FMV AT DATE OF MARRIAGE

CAPITAL APPRECIATION SINCE MARRIAGE

| | |
|--------|---------------|
| LINE K | 215000 |
| LINE J | 36500 |
| | <u>178500</u> |

STEP 4: DETERMINE ALLOCATION OF OUTSTANDING LOAN BALANCE:

OUTSTANDING LOAN BALANCE

MULIPLY BY COMMUNITY PROPERTY PERCENTAGE

COMMUNITY SHARE OF LOAN BALANCE

| | |
|--------|--------------|
| LINE F | 18500 |
| LINE H | 81.70% |
| | <u>15114</u> |

STEP 5: DETERMINE SEPARATE PRINCIPAL CONTRIBUTION

ORIGINAL COST

LESS PRINCIPAL REDUCTION DURING MARRIAGE

LESS COMMUNITY SHARE OF LOAN BALANCE

SEPARATE PRINCIPAL REDUCTION

| | |
|--------|-------------|
| LINE C | 36500 |
| LINE E | 14463 |
| STEP 4 | 15114 |
| | <u>6923</u> |

STEP 6: DETERMINE SEPARATE PROPERTY PERCENTAGE

SEPARATE PRINCIPAL CONTRIBUTION

DIVIDE BY ORIGINAL COST

SEPARATE PROPERTY PERCENTAGE

| | |
|--------|---------------|
| STEP 4 | 6923 |
| LINE C | 36500 |
| | <u>18.97%</u> |

STEP 7: CALCULATION OF SEPARATE SHARE OF
APPRECIATION SINCE MARRIAGE:

CAPITAL APPRECIATION SINCE MARRIAGE

MULTIPLY BY SEPARATE PROPERTY PERCENTAGE

SEPARATE SHARE OF APPRECIATION

SINCE MARRIAGE

| | |
|---------------|--------------|
| <u>SOURCE</u> | |
| STEP 3 | 178500 |
| STEP 6 | 18.97% |
| | <u>33857</u> |

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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 |