

Community Property #1 (Take Home Question)

Wilma and Harry were married on January 1, 1995. At the time of marriage, neither owned any property and both had only minimum wage jobs. Harry had one child from a prior relationship and had a child support obligation of \$300 per month.

Harry and Wilma started a family immediately and had 3 children within 6 years. After the first child was born, Wilma stopped working outside the home. In the first year of marriage, Harry obtained a plumbing contractor's license and started a brand new plumbing business which produced annual income of about \$75,000 per year.

In 2000, Harry inherited 20 acres of unimproved land, taking title in his sole name. Harry leased this land as a campground and earned \$500 per month as rental income. Harry kept the rental income in a separately titled bank account that he referred to as his "fun account".

Harry paid his child support payments directly out of his plumbing business checking account. During the marriage, Harry fell behind with his child support obligation and owed approximately \$2000 in child support arrears. The local child support department informed Harry that he would need to bring his child support current or risk having a lien placed on his 20 acre parcel of land. The next day, Harry deeded the 20 acres to Wilma "as her sole and separate property". The property remained titled in Wilma's name. The rental income from the property continued to be collected by Harry and continued to be deposited into the fun account.

In 2012, Wilma became severely addicted to methamphetamine. She was in and out of rehab, disappearing at times, and was incapable of providing care for the children on a consistent basis. Harry took over Wilma's household duties while continuing to work in the plumbing business. In 2013, Harry attended a weekend seminar and learned how to install specialized irrigation systems. Once the seminar was completed, Harry immediately began searching for plumbing contracts that related to his new specialized training.

On January 1, 2014, Wilma was arrested and jailed for various drug offenses and Husband filed for divorce the next day. The parties agree to a date of separation of January 1, 2014.

On February 1, 2014, Harry obtained a lucrative irrigation contract with a company known as Residential Building (RB). Harry had met the owner of RB one week after completing the irrigation seminar in 2013. Since then, Harry took the owner to lunch every month, trying very hard to get plumbing business from RB. It is undisputed that Harry's plumbing business earned over a million dollars in profit from February 1, 2014 through February 1, 2016 (which is the date of trial).

The parties agree that the value of the plumbing business on the date of separation was \$50,000. The parties further agree that the value of the plumbing business on the date of trial was \$500,000.

What legal arguments will Wilma and Harry make with regard to the plumbing business, the million dollars of profit earned from February 1, 2014 through February 1, 2016, the 20 acre parcel, the fun account, and the child support debt?