

Essay Prompt 2

Lila and Paul met during their freshman year at the University of Colorado at Boulder. Lila was studying to be a civil engineer and Paul was studying education. During that time, Paul suffered from anxiety and depression. His anxiety was so bad at times that he shopped compulsively and amassed some \$7,000 in credit card debt that neither his parents nor Lila knew about until recently.

As a graduation gift, Paul's parents gave him a 6-acre plot of land near Boulder and his great-grandmother's diamond ring, valued at \$8,000, so he could propose to Lila. Paul proposed to Lila three months after they graduated, and they were married a year later. Lila's parents gave the couple a painting worth \$18,000 that had been in their family for generations. Paul's parents gave them \$50,000 to put towards building their first home.

Lila and Paul immediately went about setting up their home life in Boulder. Lila got a position with the City of Boulder as a civil engineer, and Paul started work as a middle school teacher. They rented a small apartment in the city while their two-bedroom mountain rustic-style home was being built on the plot of land Paul's parents gave him. The land remained titled in Paul's name, and the cost to build the house was \$220,000. They put \$62,000 down on the house, which included the \$50,000 Paul's parents gave them. The down payment also included \$12,000 from Lila's parents, which they called a loan to Paul and Lila, but which was not supported by a written loan agreement or any payment terms. The couple financed the rest through a mortgage from a private lender in Paul's name only. They have made mortgage payments from a joint bank account where both Lila and Paul's paychecks were deposited. They have not made any payments on the loan from Lila's parents.

Four years into their marriage, Lila's parents were killed in a car crash, leaving her to inherit their property in Denver and her father's vintage Harley Davidson motorcycle that she gave to Paul. Lila transferred the title for the motorcycle to Paul. Paul treasured the bike and invested over \$3,000 in it so he could present it at bike shows.

The couple later decided to divorce. At this point, Lila found out about the \$7,000 credit card debt that Paul had amassed during college that was now \$11,000 with accrued interest. Lila moved out of the home, rented a one-bedroom apartment, and filed for divorce.

Please identify the assets and debts that the court will have to address. For each asset and debt, advise Paul as to whether the court is likely to consider the property or debt to be marital or separate, advise Paul as to how the court is likely to allocate that property or debt between the parties, and explain why.