



# Forensic Accounting Today

Newsletter of Ron J. Anfuso, CPA/ABV, An Accountancy Corp.

Ron J. Anfuso, CPA, ABV, CFF, CDFA, FABFA\*

Phone: (310) 378-6606 • E-mail: rja@anfusco.com

Website: www.anfusocpa.com • Blog: blog.anfusocpa.com



Issue 18

## Completing Your Work on Time

From the moment I established my own practice, I knew my success would depend, to a marked degree, on consistently delivering completed work on time to our clients. Therefore, I set out from the beginning to take the necessary steps to properly organize my practice to efficiently handle an abundant volume of work while maintaining uncompromisingly thorough and meticulous standards. My goal of establishing these systems was the delivery of diligently completed assignments on time, every time. To this date, the only exceptions to meeting deadlines have occurred when circumstances have arisen beyond our control, such as the inability of a referring attorney's client to be able to timely deliver documents we needed to complete our work.

### Workspace

Those of you who have visited my office know I am adamant about maintaining a neat, orderly workspace. My filing systems (both on the computer and physical filing) are always organized and up-to-date, and my desk consistently remains clean and uncluttered. As a result, I rarely need to spend unnecessary time searching for documents my staff or I need.

What is the secret to our efficiency? Simple. "Do it now." When I am through using a tool or reviewing a document, I immediately place it back where it belongs. Thus, I know where things are. Additionally, I expect and require the same from my staff.

### Planning Assignments

When we receive a new assignment, we develop an action plan that includes every individual

*Continued on page 2*

## The Family Home: The Primary Settlement Options

By Ron J. Anfuso, CPA, ABV, CFF, CDFA, FABFA\*

One of the most significant challenges attorneys usually face in divorce cases concerns issues related to the family home. Should your client buy out the other party? Should your client allow the other party to buy out the home? Would it be better if the parties sell the home and split the proceeds? Or, perhaps the timing is not right to sell the property and it would be best for one of the spouses to temporarily reside in the home.

Let us take a brief look at these scenarios:

### Your client wishes to buy out the other party's share of the equity in the home

A buyout may seem to your client to be the best decision, especially if there are children involved and your client has served as the primary parent. However, buying out the other party may not prove to be the appropriate option, as some spouses are not in the financial position to go it alone. Thus, you will need to accurately evaluate the potential of your client losing his/her sources of income, and how long that party's savings and investments would sustain meeting the financial obligations of the home. You must consider all costs of home ownership—insurance, property taxes and upkeep, as well as the mortgage. A client faced with foreclosure three years post dissolution might choose to blame you. Therefore, when your client is considering buying out the other party's interest in the home, performing due diligence to best ensure your client can truly afford the buyout is time well spent. If you have any uncertainty about recommending to your client to buy out the other party, do not hesitate to contact your Forensic Accountant.

### Your client wishes to be bought out by the other party

If your client is the party considering relinquishing his/her property interest via a buyout, evaluate whether a one-time buyout makes financial sense. Although this may result in a more amicable resolution, you need to consider the long-term financial effect as a result of executing such an agreement. Bear in mind we will likely

step we must undertake to complete the project. I lay out all of the tasks, and assign responsibilities for who is going to do what with deadlines for each duty to be completed. Then I require each of us to complete every task in the plan prior to their respective deadlines. Of course, occasionally revisions are needed in plans as circumstances change. Rarely, if ever, does a variation in a course of action result in a puzzling challenge when the required expertise in your field is there and you are properly organized. Our system works.

Ron



**“That ‘tough’ opposing counsel LAUGHED when I sat down at the witness stand.”**

**“Until she heard my testimony”**

There are several reasons why Ron J. Anfuso is so effective in court. One that sets him apart from other forensic accountants is how much he welcomes being challenged by the most difficult circumstances. It's all about his confidence, preparation, credibility and experience.

**Ron J. Anfuso**  
CPA/ABV

An Accountancy Corporation

**RJA**  
CPA/ABV



Ron J. Anfuso, CPA, ABV,  
CFF, CDFA, FABFA

face inflation, which makes a dollar paid today clearly more valuable than a dollar received in the subsequent years. Thus, I advise you to consult with your Forensic Accountant to determine whether a buyout is in your client's best interest and, if so, to decide on the terms that will best serve your client.

## Steps to take to calculate the buyout of the family home

1. Obtain the fair market value of the home. To do so, the home will need to be appraised, or at least have a broker provide an analysis of comparative sales unless both parties agree on value.
2. Obtain a current mortgage statement reflecting the amount that is currently owed to the lender. Skip this step if the parties have paid off their mortgage.
3. Determine how much interest each party has in the home.
4. Compute your client's share of the home's equity (equity jointly owned multiplied by your client's percentage of ownership).

## Selling the home and splitting the proceeds

If the home is the only asset of significant value in the marriage, the property may have to be sold if neither are able to raise sufficient funds to buy out the other. In such cases, each spouse will share the proceeds. An order can be entered which details how the mortgage payments and maintenance for the house will be paid until the sale is made. This order can also include the manner in which the proceeds will be distributed after the sale.

## Deferring the sale

The parties may wish to defer the sale should they wish their children to remain in the family home until they complete school. This is commonly referred to as a Duke order<sup>1</sup>. In such cases, the parties can agree to jointly own the home and allow one parent to continue to reside there with the children.

Another consideration is if there is currently little or no equity in the property. In such cases, the spouses may wish to defer the sale with the hope that housing values will eventually rise enough to make the sale of the home profitable. One drawback, however, is there may be tax consequences to consider. Check with your Forensic Accountant for details.

## Conclusion

What I have presented here is just a brief overview. If you would like me to discuss any one of the settlement options in depth, contact me and I will dedicate a future newsletter to that specific subject.

1. See *In re Marriage of Duke* (1980) 101 Cal.App.3d 152, 161 Cal.Rptr. 444