

COLLABORATIVE PracticeTips

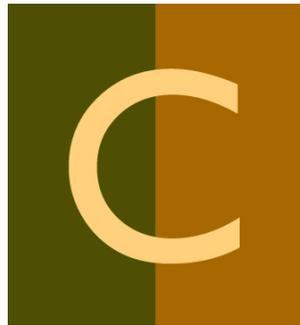
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A monthly bulletin from the CP Cal Practice Excellence Committee

The Practice Excellence Committee is pleased to offer tips to help you increase your Collaborative cases and achieve *practice excellence*.

Please send us your comments and questions! Email us at info@cpcal.com

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How to Deal with the Community Residence in this Crazy Volatile Market

Housing values are changing fast! Sellers are still receiving multiple offers at or above asking price. It may take a few extra days, but it is still crazy. If prices do stabilize, or even drop, what then?

In the past, "Fair Market Value" meant the appraised value. In today's market, does an appraisal mean anything? The only true way to know what a house is worth is to put it on the market and find out what someone will pay for it.

What if a client does not want to sell his/her/their residence? With an appraisal, the appraiser has to follow certain industry standards as well as national and local regulations. These standards will include comparable sales. But will the appraisal reflect what your client's house will actually sell for? Maybe not.

Consider initially getting a market evaluation from a knowledgeable realtor in the area. Ask what the realtor thinks the house will sell for AND what they think it will appraise for. These two values may be very different. Remember that clients who rely on Zillow or Redfin may be off on their values by up to 20% either up or down.

Values in hand. the parties can now be lead through a discussion of their

options. The financial neutral should help the clients evaluate the advantages and disadvantages of each spouse staying in the house, selling the house and/or co-owning and deferring the sale of the house. Among things to be considered is whether or not the "out" client could afford to buy another residence or would need to rent. How would each option effect cash flow and general wealth. Also to be considered is the cost of property taxes on any newly purchased residence. Remember to ask the coaches to explore any emotional attachments to the community residence and/or concerns about keeping the children in the house.

What if the rising price of the house and mortgage interest rates make it impossible for one or both spouses to qualify for a new loan? Have a mortgage broker work with one or both spouses early on in the case and outline what, if any, options they have and what documentation will be required.

What if your clients reach agreement on value and as time passes, one of them wants an updated value? What if the market slows, stops or crashes? How do you help them to "pick a point in time?" Talk to your clients up front about the volatility of the housing market. Explain that the value of the house is a moving target. Reminder that in court, the value of the house is determined as close to the date of settlement (or trial) as possible.

Try to set time lines that can be followed. Explain to your clients that if too much time passes, the value of the house will change and that puts everything in motion again. Talk about the implications of delaying decisions that prolong the divorce even when the value of the house has been agreed upon. With mortgage interest rates rising, this will also impact the ability of one or both spouses to qualify for a loan. Facilitate an agreement on when to value the house when there is no trial date and what to do if circumstances occur that may impact the value of the house or the ability of a party to refinance.

Consider as a team what it may take to reach a settlement: a full-team meeting, a comprehensive agreement, a meeting with the financial, a meeting with the parties' accountant or investment advisors, mortgage broker, etc. Consider and discuss what it will take to get their agreement to last until the MSA or stipulated Judgment can be drafted. Clarify all agreements in a term sheet to be signed and dated by the parties. Contemplate making the term sheet admissible and enforceable under C.C.P. 664.6. Ensure that your clients understand and acknowledge the significance of an enforceable agreement.

When an agreement has been reached, the professionals should move quickly in drafting the MSA or stipulated Judgment to support the clients' settlement terms.

From the PEC:

Do You Need to Re-do Your Profile Photo?

Just show your current photo to a few friends. Ask them if it really looks like you. Then ask what feeling or thought they are guessing you were having as the photo was being shot, and what feeling the portrait gives them about you. Yes, you do have to be vulnerable to ask these questions. And...it's when you are confidently vulnerable that people are most willing to tell you the truth.

Do they all say, "You're feeling compassion, thinking you'd like to help me?" If so, stop. You've got a great picture. Make sure it's posted on all of your social media platforms and on your website.

If instead they say that you look like the photographer just asked you to smile

If instead they say that you look like the photographer just asked you to smile through the pain in your left hip, though, or that you're thinking that you know SO much more than everyone else, it's time to get a new photo taken. You don't have to hire someone to do this! Let's try the backyard approach.

You'll need a friend for this. Get dressed in the actual hair, clothes and makeup you actually wear to work. Take your iPhone into the backyard and find a shady spot with the neutral color of your stucco wall behind you. Step away from the wall so that any texture will become blurred. Put your iPhone on Portrait mode and hand it to your friend. Now...this is the tricky part...look at your friend and think to yourself, "I've got a secret and I'm not telling!" This should create a lively, sparkly-eyed portrait. Try again a few times and adjust for lighting, good side vs. bad side, etc. Now do one more thought. This time: "You've got a secret, and I feel so much compassion for you. It's okay to tell me or not." Click!

Do your market research again. Your polling question: would you hire this person to help you with something super personal? If the answer is yes, post. If no...find a professional and try again.



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2872 Ygnacio Valley Road, #401
1-925-338-9550, cpcal.com