

How is Debt Divided in a California Divorce?

When many of us think of divorce, we tend to only think of property and asset division, especially because spouses are often afraid of losing more than they believe is fair. However, the assets you wish to keep are not the only items you will have to divide. You and your spouse must also divide your debts. Since California is a community property state, the community is liable for the debts incurred throughout the marriage.

Splitting Marital Debts

If you and your spouse cannot agree on how marital debt should be divided, a judge will allocate the debts to each of you based on the circumstances of your case. Keep in mind that, although California is a community property state, it recognizes separate property. Therefore, you will not be expected to use separate property to pay off marital debts as long as those assets were not combined with marital funds.

Moreover, unlike marital property, which is divided equally, debt is not necessarily divided in the same manner. For example, if your spouse is awarded a vehicle that is not fully paid off, he or she will be responsible for the remaining payments. It is the responsibility of each party to pay off the debts assigned to them under the divorce settlement terms. If your former spouse fails to pay off an assigned debt, creditors can potentially pursue you for the overdue payments.

If creditors reach out to you to pay off a debt assigned to your former spouse, you can file a motion with the court to have the divorce settlement enforced. However, it is possible for creditors to pursue you for the assigned debt if your former spouse declares bankruptcy. To ensure this matter is settled fairly, you must hire an attorney who is experienced in handling such cases.

Pre-Marital Debts

In California, one party might be entitled to reimbursement if he or she paid off a spouse's pre-marital debt. For example, if your spouse had a vast sum of debt entering the marriage, which you helped pay off during the marriage, you might receive reimbursement since you utilized community property to pay off your spouse's pre-marital debt.

As you can see, this matter can become quite complex, which is why skilled legal counsel is crucial to protect your assets.

Schedule a Free Consultation with a Divorce Attorney Today

The divorce process involves numerous key issues, such as debt division, which are often complicated and impossible to navigate without experienced legal guidance. At Sullivan Law & Associates, our divorce attorneys have more than 40 years of combined experience and a commitment to helping our clients navigate even the most difficult legal issues, including debt division. Too much is on the line for you to handle this on your own, so put your trust in a team that can help you achieve your goals.

Contact our law office today at (949) 565-2793 to set up a free initial consultation with a knowledgeable member of our legal team.