IN THE COURT OF APPEALS OF IOWA

No. 5-547 / 94-1523

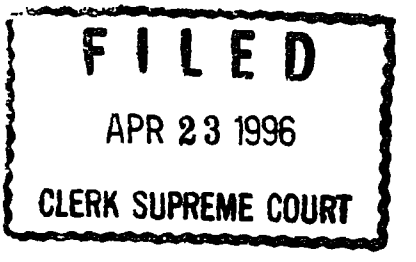
IN RE THE MARRIAGE OF JO DEBRA HOVLAND AND THOMAS LEROY HOVLAND

Upon the Petition of
JO DEBRA HOVLAND,

Petitioner-Appellant,

And Concerning
THOMAS LEROY HOVLAND,

Respondent-Appellee.



Appeal from the Iowa District Court for Cerro Gordo County, Paul W. Riffel, Judge.

Jo Debra Hovland appeals certain economic provisions in the district court's dissolution of marriage decree. **AFFIRMED.**

David M. Nelson of the Nelson Law Office, Mason City, for appellant.

R. Michael Sweesy, Mason City, for appellee.

Considered by Sackett, P.J., and Habhab and Cady, JJ.

SACKETT, P.J.

Petitioner-appellant Jo Debra Hovland appeals from the economic provisions of the decree dissolving her long-term marriage to respondent-appellee Thomas Leroy Hovland. We affirm.

The parties were married in 1974 when they both were twenty-two years of age. Jo Debra had few assets. Thomas had a net worth of about $50,000. Three children were born to the marriage: Roberta, now nineteen and attending the area community college; Jeremy, born July 10, 1978; and Thomas, born November 11, 1981. The decree provided Roberta, Jeremy, and Thomas be in Jo Debra's physical care.

This was a traditional marriage. Jo Debra remained in the family home as a homemaker and full-time mother. Thomas was able to build a repair shop into a successful parts business and owns a series of NAPA Auto Parts stores. Both parties are in relatively good health, although Jo Debra does suffer with arthritis which limits her from standing and performing repetitive motions. Her employment opportunities are limited by this, as well as her extended absence from the job market.

The trial court valued the property, divided the assets, and awarded Jo Debra alimony and child support. Jo Debra contends the property going to Thomas was undervalued, she should have had a larger property settlement, and she should have more alimony and child support.

I. ***Valuation of the Business.*** Thomas's businesses are owned by a closely-held corporation. The trial court heard evidence from experts on the valuation of the closely-held corporation and valued it at $477,000 as of the date of trial. The corporate stock was then awarded to Thomas. Jo Debra makes a number of challenges to the trial court's determination of the value of the corporation. She contends the trial court undervalued the stock. She further contends the trial court made no findings as to procedure, method, or valuation but merely accepted the opinion of Yale Kramer, who testified as an expert witness for Thomas.

The corporation owns eleven parts stores. It owns the real estate where seven of the stores are located. The parties stipulated to the market value and encumbrances on each of the seven tracts, showing the equities in the tracts to be about $450,000. However, these parcels are also subject to the overall corporate debt. The trial court found, as of January 31, 1994, the corporation had a net stockholder's equity of $750,627. While it had assets of $2,845,513, it had liabilities of $2,094,886. There was evidence the corporation had borrowed to its debt limit at one bank. The indebtedness included a Small Business Administration loan of over one million dollars.

The trial court, in considering the value evidence, closely examined the qualifications of the appraisers. The court found Michael McMahon, a certified public accountant from Muscatine, Iowa who testified for Jo Debra, had valued about

twenty closely-held corporations in the prior five years but had no experience with auto parts stores in general or NAPA Auto Parts stores in particular.

The trial court found Yale Kramer, an attorney and certified public accountant from Des Moines who testified for Thomas, had been doing appraisals of closely-held corporations since 1972 and has valued about two thousand businesses, including auto parts stores. The court found Kramer also has been involved in the sale of six NAPA Auto Parts stores since 1982.

McMahon valued the stock at $900,000 and Kramer valued it at $477,000. The trial court found Kramer's valuation to be better than McMahon's, who the trial court found had come up with more of a collection of calculations than an appraisal.

The trial court expressed valid reasons for adopting Kramer's valuation. We have considered the other challenges Jo Debra makes to the valuation and do not find they justify not adopting the trial court's valuation which is within a permissible range. *See In re Marriage of Griffin*, 356 N.W.2d 606, 608 (Iowa App. 1984). We affirm the trial court's valuation of the closely-held corporation.

II. ***Property Division.*** Jo Debra also challenges the property division. The trial court awarded her a number of assets and then ordered Thomas to pay her $250,000 in ten equal installments with interest at six percent. Thomas was awarded some property and the corporate stock. The property division is equitable. *See In re Marriage of Russell*, 473 N.W.2d 244, 246 (Iowa App. 1991). We affirm this division.

III. ***Alimony and Child Support.*** Jo Debra next challenges the amount of alimony and child support. She contends the amount ordered is not equitable and apparently seems to challenge the amount of Thomas's income determined by the trial court. We have considered her argument challenging the trial court's determination of Thomas's net monthly income for child support purposes and affirm the trial court on this issue. The trial court found Thomas's net monthly income to be $3885 and from this deducted the $1000 per month alimony he was ordered to pay Jo Debra. Jo Debra challenges this deduction. The trial court did not abuse its discretion in deducting the alimony. *See In re Marriage of Russell*, 511 N.W.2d 890, 892 (Iowa App. 1993). The $1000 was considered income to Jo Debra and was considered her monthly income, leaving her a net monthly income of $875. The child support obligation of Thomas was set at $906 per month. We note the trial court did not attribute to Jo Debra the interest income she will receive from the property settlement. This negates any and all arguments of inequity Jo Debra may have about the child support computations.

Additionally, Thomas was ordered to pay $200 per month to the child in college and, as he notes, this was not deducted from his income before computing child support. He also was required to carry health insurance and pay one-half of all uncovered medical expenses. We affirm the trial court's award of child support.

Jo Debra next contends the alimony should be increased and Thomas should be ordered to pay her health insurance until she qualifies for Medicare. The criteria

for granting alimony are codified in Iowa Code section 598.21(3). The trial court obviously considered as important in this case the criteria in sections 598.21(3)(e) and (f). Alimony and property rights may be closely related, but they are distinguishable and have differing purposes. *In re Marriage of Hitchcock*, 309 N.W.2d 432, 437 (Iowa 1981). When determining the appropriateness of alimony, the trial court must consider (1) the earning capacity of each party, and (2) present standards of living and ability to pay balanced against relative needs of the other. *Id.* at 436-37. On our de novo review, considering the relative income of the parties, the indebtedness of each, and all other factors (*see* Iowa Code section 598.21(3)), we believe the alimony award was proper both as to amount and duration.

The trial court arrived at an award that provided substantial assets for Jo Debra and allowed Thomas to remain in business and have sufficient income to pay child support and alimony.

We award no attorney fees on appeal. Costs on appeal are taxed to Jo Debra.

AFFIRMED.