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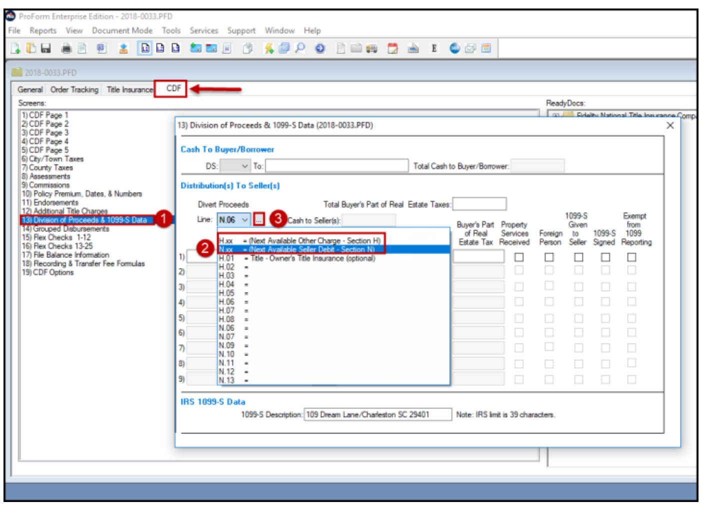
1031 EXCHANGE SETUP FOR A CLOSING DISCLOSURE SETTLEMENT TYPE

This handout will outline the steps to prepare a 1031 Exchange, including: setting the feature to automatically adjust diverted proceeds; indicating property as a 1031 exchange for 1099 filing; updating the signature details and the header for the CDF and ALTA Settlement Statement.

Setting the CDF to Automatically Divert 1031 Proceeds

As you prepare the CDF/Settlement Statement, you must send the proceeds to the Exchange Company. By diverting the proceeds, the bottom line amount will automatically adjust.

1. Navigate to the **CDF tab**, open the **Seller Proceeds & 1099-S** screen
2. In the **Divert seller proceeds to** line dropdown, select a **Next Available Section N or Section H** section on your CDF
3. Click [...]. This will navigate you to the section of the CDF that you diverted the proceeds to



4. In the line you selected to divert proceeds:

    a. Change the **Desc:** to “Proceeds to 1031 Exchange Company”
    b. In the **To:** field, enter the name and address of the Exchange Company.

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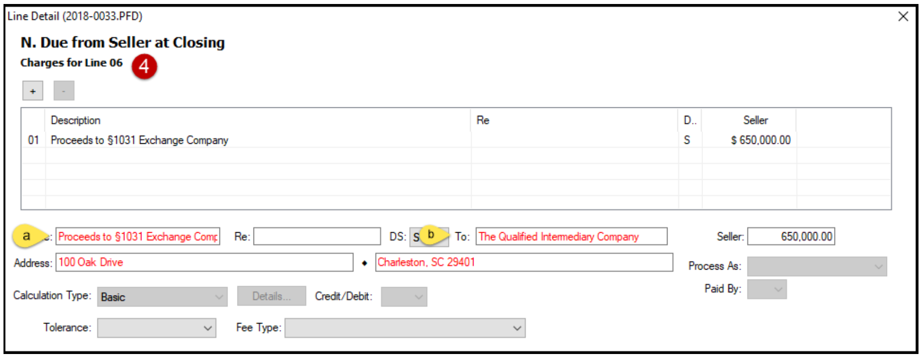
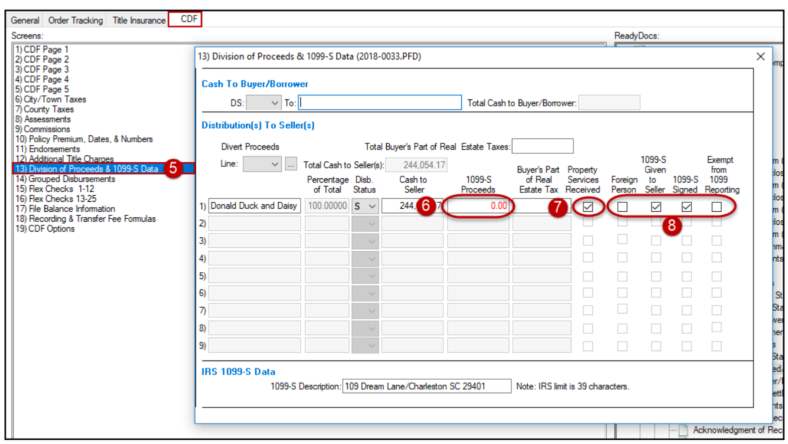


Indicating property as a 1031 Exchange for 1099 filing

5. Navigate to the **CDF tab** and open the **Seller Proceeds & 1099-S** screen
6. Overwrite **1099-S Proceeds** with the actual gross proceeds
7. Select the **Property Services Received** check box
8. Check the applicable 1099 check box(es)



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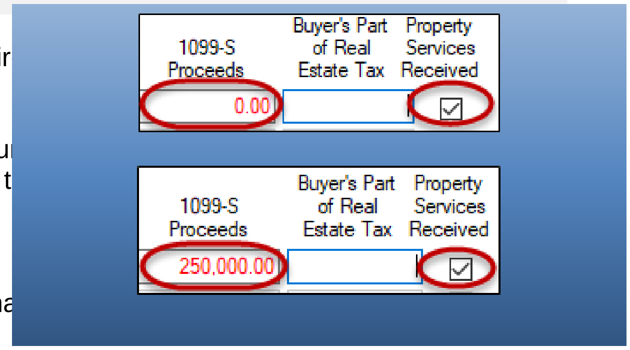
Drawing Documents

FIRST: Draw all appropriate documents that requir deeds)

SECOND: When you are ready to draw all other docu Exchange Company's signature including t next step.



Update the signature of the party benefitting from the excha Seller, but you can follow the same steps for the Buyer.

9. Navigate to the **General tab** and open the **Seller** screen

10. At the bottom of the **Seller, Officers & Signature** screen, in the **Seller All Names (And)** field replace the default with the name of the Exchange Company. (This will reflect the Exchange Company on the ALTA Settlement Statement)

REMEMBER: How the actual gross proceeds are entered is ***important*** for accurately reporting 1099 data.

- Seller receives no proceeds
  a) **1099-S Proceeds** = **$0.00**
  b) **Property Services Received** checked
- Seller receives some proceeds (or "boot")
  a) **1099-S Proceeds** = funds Seller received
  b) **Property Services Received** checked

11. Click the **Signature Lines** button

12. In the **Title for CDF** drop-down, select **Exchangor**

13. Edit the signature, as necessary, to reflect the Exchange Company and/or Buyer/Seller. Click the **X**.

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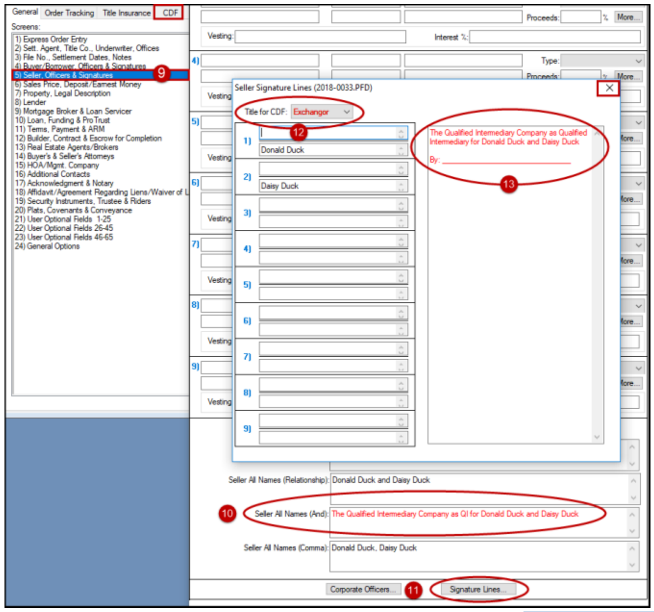

14. Navigate to the **CDF tab** and open **CDF Page 1** screen

15. In the appropriate **Transaction Information** field, replace the default name and address with the Exchange Company's

NOTE: Changing the **Title for CDF** drop-down field updates the heading on the signature lines and some documents.