

Preparing the CSS/Closing Documents and 1099 Reporting

Follow these steps to prepare a 1031 Exchange whether on the Seller's (sale) or Buyer's (purchase) side. This includes adding the Exchange Company, updating signature details, the header for the Commercial Settlement Statement, setting the feature to divert proceeds, properly recording the 1099-S proceeds and adding the incoming funds entry.


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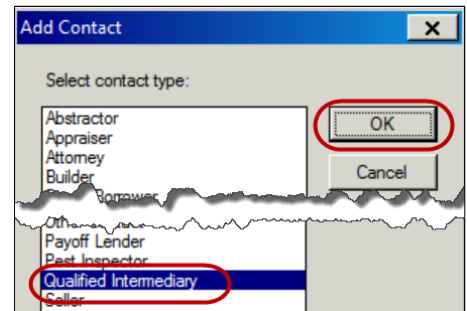
Prepping Your Order

Adding the Qualified Intermediary

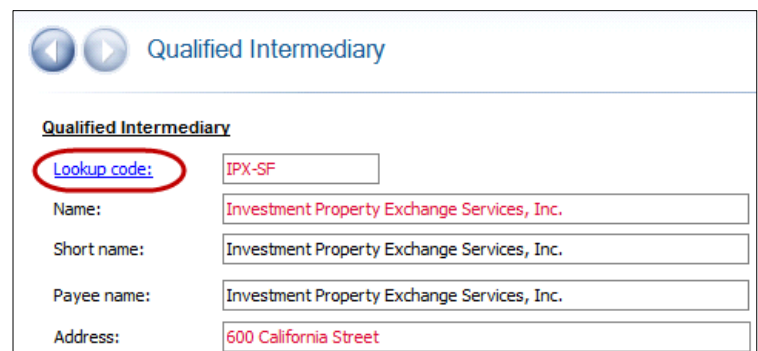
1. Navigate to the **Order Contacts** screen

If a placeholder exists for the **Qualified Intermediary**, skip to **Step 4**; otherwise continue on to next steps.

2. Click the **Add Contact**  icon
3. Select **Qualified Intermediary** (this is the Exchange Company); click **OK**



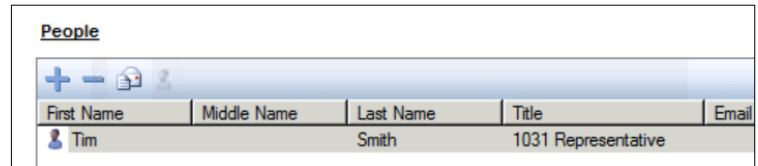
4. Click the **Lookup code** link to select the appropriate Contact from the lookup table (or enter the Contact details)



Qualified Intermediary	
Lookup code:	IPX-SF
Name:	Investment Property Exchange Services, Inc.
Short name:	Investment Property Exchange Services, Inc.
Payee name:	Investment Property Exchange Services, Inc.
Address:	600 California Street

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5. In the **People** grid, add the representative (if known)



First Name	Middle Name	Last Name	Title	Email
Tim		Smith	1031 Representative	

The **Qualified Intermediary** signature automatically updates to include the representative's information if entered.

6. Press the **Esc** key

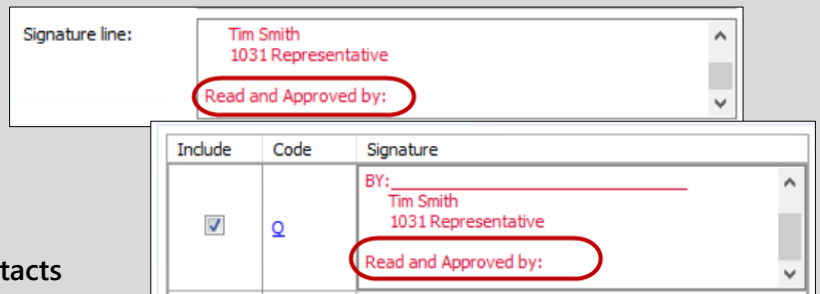


Email address:

Signature line: Investment Property Exchange Services, Inc.
BY: Tim Smith

HINT: If you wish to add "Read and Approved By:" language for the Buyer/Seller, add it to the Qualified Intermediary signature. By adding it to the QI-Contact signature line, you maintain the Buyer's/Seller's signature if you need to draw other documents with only their signature.

The QI signature can be modified on the **Order Contacts** screen or the **Statement Signatures & Footer** screen.



Signature line: Tim Smith
1031 Representative
Read and Approved by:

Include	Code	Signature
<input checked="" type="checkbox"/>	Q	BY: <u>Tim Smith</u> 1031 Representative Read and Approved by:

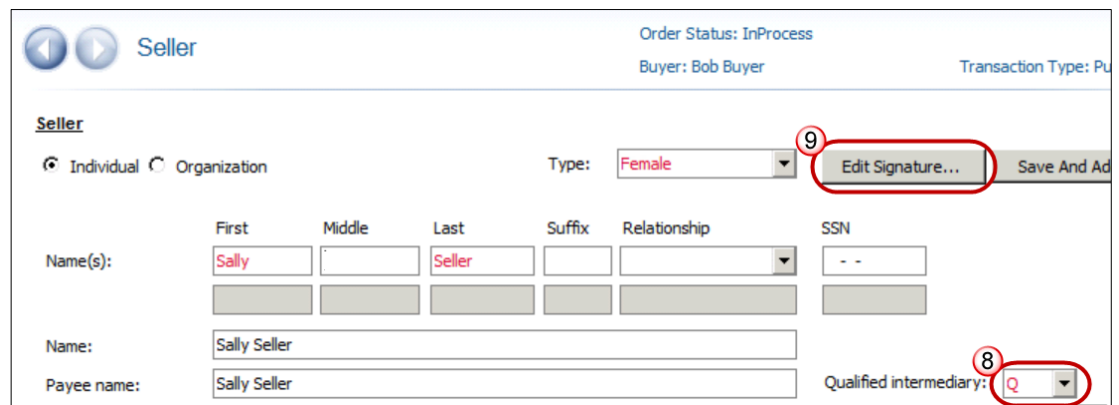
Updating the Contact Benefitting from the Exchange

Update the signature and associate the Qualified Intermediary with the party benefitting from the exchange. In our example, we are updating the Seller (sale transaction), but you can follow the same steps for the Buyer (purchase transaction).

7. Navigate to the **Seller** Contact screen

8. From the **Qualified intermediary** drop down, select the **Q-Contact**

9. Click the **Edit Signature** button



Order Status: InProcess
Buyer: Bob Buyer
Transaction Type: Pu

Seller

☒ Individual ☐ Organization Type: Female Edit Signature... Save And Ad

Name(s):	First	Middle	Last	Suffix	Relationship	SSN
Sally			Seller			- -

Name:

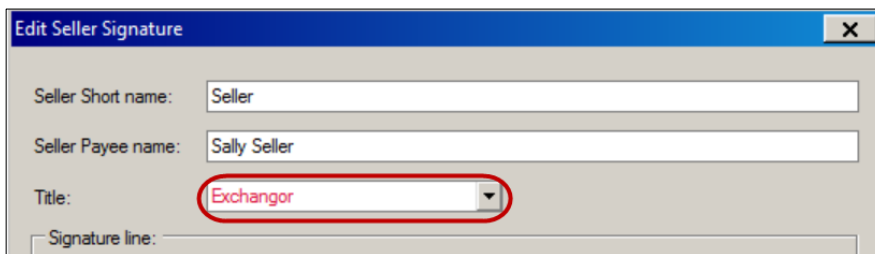
Payee name:

Qualified intermediary: Q 8

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- In the **Title** drop-down, select **Exchangor**; click **OK**

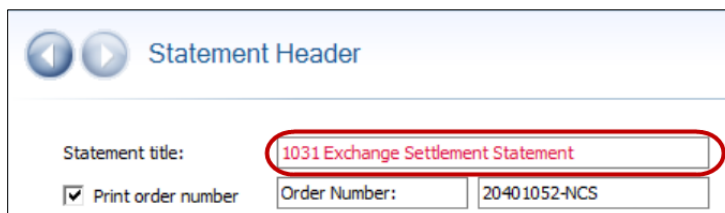
NOTE: This updates the title of the Statement and the heading on the signature line of the Statement.



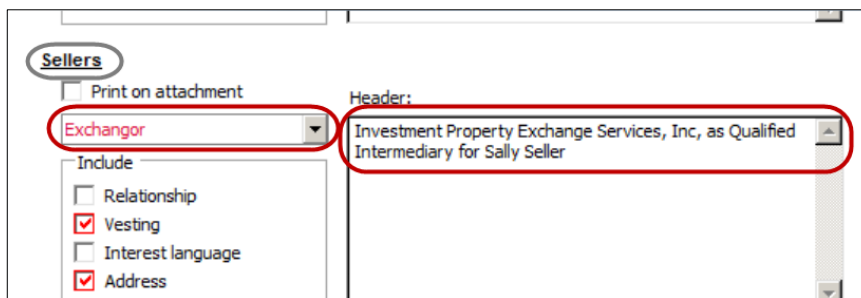
Updating the Statement Header

You can update the Closing Statement header on the **Statement Header** screen.

- Navigate to the **Statement Header** screen
- Overwrite the **Statement title** field if needed



The **Title** selection (from **Step 10**) and the **Header** field populate with the Title and the Qualified Intermediary Contact. In our example, we identified the Qualified Intermediary as representing the Seller (on the Contact screen).



Adding Proceeds

Refer to the proper section to setup your Commercial Closing Statement (CSS) to divert the 1031 Exchange proceeds (sale transaction) or add the incoming 1031 Exchange proceeds entry (purchase transaction).

Sale Transactions (Seller): Set the CSS to Divert Proceeds Automatically

As you prepare the CSS, you must send the proceeds to the Exchange Company so this amount automatically adjusts. You must also indicate that **Property Services Received** in this transaction.

- Navigate to the **Seller Proceeds & 1099-S** screen
- In the **Divert seller proceeds to** drop-down, select a line in the applicable section
- Overwrite **1099-S Proceeds** with the actual gross proceeds
- Check **Property Services Received** check box
- Check the applicable 1099 check box(es)

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Seller Proceeds & 1099-S Order Status: InProcess
Buyer: BB Buyer Corporation Transaction Type: Purchase

☐ Exclude order from IRS submission

Total cash to sellers: \$976,038.90 Divert seller proceeds to line: **ADTL.12** [CSS](#)

Property 1 123 Main Street, Seattle, WA 98101

1099-S description: 123 Main Street/Seattle WA 98101

Total buyer's part of real estate taxes:

Name	Continuation of Name	1099-S Proceeds	Buyer's Part of Real Estate Tax	Property Services Received	Foreign Person	1099-S Provided	1099-S Signed	Exempt from 1099 Reporting
Seller, Sally		\$0.00	0.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

1099-S Proceeds	Buyer's Part of Real Estate Tax	Property Services Received
\$0.00	0.00	<input checked="" type="checkbox"/>

1099-S Proceeds	Buyer's Part of Real Estate Tax	Property Services Received
\$150,000.00	0.00	<input checked="" type="checkbox"/>

The transaction will appear as an exception on the 1099 Exception Report. This is acceptable and nothing further needs to be done. The correct 1099 data will be transmitted for 1099 reporting.

Questions regarding proceeds refer to the **Escrow Technical Memorandum: 1099-S Proceeds From Real Estate Transactions**.

6. Navigate to the **Statement Charges** screen
7. On the line you selected to divert proceeds to, enter a **Description** indicating proceeds to the Exchange Company
8. If necessary, in the **Re** field, enter any additional verbiage required by the Exchange Company
9. In the To code drop-down, select the **Q-Qualified Intermediary Contact**

Statement Charges Order Status: InProcess
Buyer: BB Buyer Corporation Transaction Type: Purchase

Click here to add a row

					\$0.00	\$0.00	\$978,788.90
Description	Re	To	Name	C/D	Buyer Debit	Buyer Credit	Seller Debit
01 Property Taxes				<input type="checkbox"/>			
02 Buyer Attorney Fee		AT		<input type="checkbox"/>			
03 Seller Attorney Fee		AT2		<input type="checkbox"/>			\$1,500.00
04 Lender Attorney Fee		AT3		<input type="checkbox"/>			
05 Survey		SU	Lewis & Clark Surveying	<input type="checkbox"/>			\$1,250.00
06 1031 Proceeds to QI		Q	Investment Property Exchange S...	<input type="checkbox"/>			\$976,038.90
07 Water/Sewer				<input type="checkbox"/>			
08 Repairs				<input type="checkbox"/>			

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Purchase Transactions (Buyer): Add the 1031 Exchange Proceeds Entry on the CSS

1. Navigate to the **Statement Charges** screen
2. On the next available line in the applicable section, enter the,

- a) **Description** (i.e., 1031 Proceeds)
- b) **Re** (as needed)
- c) **Buyer Credit** = amount to be received from the 1031 Exchange Company

Financial Consideration						\$980,000.00 : 1,550,755.00	
	Description	Re	To	Name	C/D	Buyer Debit	Buyer Credit
01	Purchase Price				<input checked="" type="checkbox"/>	\$980,000.00	
02	Principal Amount of New ...				<input type="checkbox"/>		\$900,000.00
03	Personal Property				<input type="checkbox"/>		
04	1031 Proceeds from Sale		Q	Investment Pro...	<input type="checkbox"/>		\$650,755.00

3. Click the **Line** number link

4. Click the **Payors** tab
5. From the **Code** drop-down, select the Q-Contact

6. Verify **Process As = Incoming Fund**

Financial Consideration						Charges for Line 04	
	Description	Re	To	Buyer Debit	Buyer Credit	Seller Del	
1	1031 Proceeds from Sale		Q		\$650,755.00		
Details: Payors Payees							
	Code	Name	Amount	POC	Disburse POC	For	Process As
Q		Investment Property Exchange Services, Inc	\$650,755.00	<input type="checkbox"/>	<input type="checkbox"/>	B	Incoming Fund

Drawing Documents

Follow the steps in the applicable section depending upon whether the Qualified Intermediary is signing only the Settlement Statement or other documents in addition to the Settlement Statement.

- › If the Qualified Intermediary is signing **only** the CSS (and no other documents)

NOTE: This option does not require the modification of the signature of the party benefitting from the 1031 Exchange (i.e., Seller or Buyer).

1. Verify the,
 - a) **Qualified Intermediary** Contact has been entered
 - b) **Qualified Intermediary** is associated with the Contact benefitting from the 1031 Exchange
2. Navigate to the **Statement Signatures & Footer** screen

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- If not expanded, click the **Qualified Intermediary Signatures** more/less bar to expand



Statement Signatures & Footer

Order Status: InProcess
Buyer: BB Buyer Corporation
Transaction Type: Purchase

Signatures

☒ Print signatures on estimated statement
☒ Print signatures on final statement
☒ Print a reference to separate page: See signature page to follow
☒ Print a reference to separate page: See signature page to follow

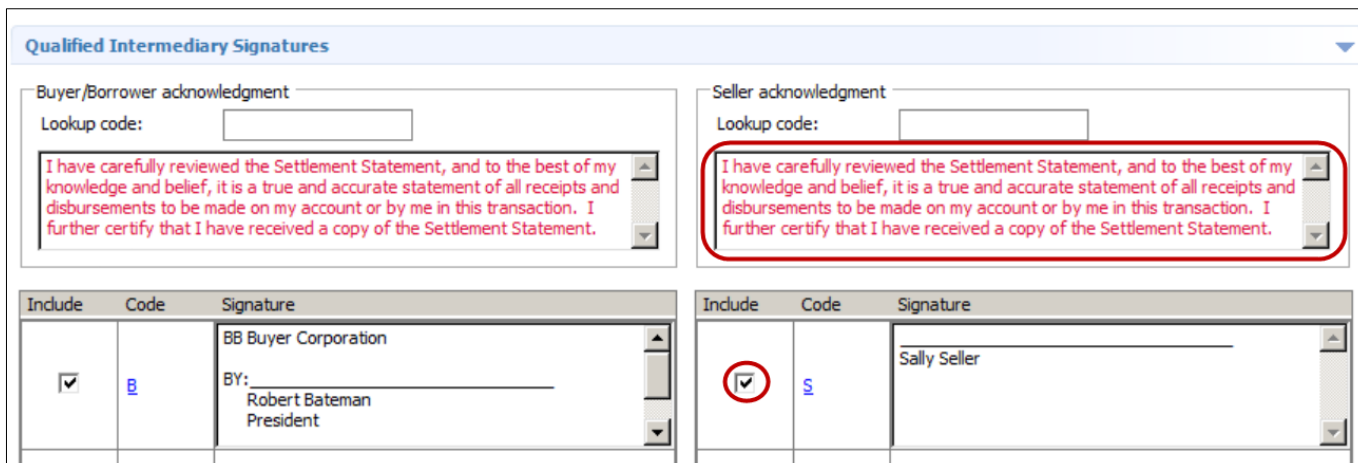
Qualified Intermediary Signatures

- Verify the **Buyer/Borrower** or **Seller acknowledgment**; modify as needed

- Determine signature lines to be shown on the CSS

If **Include** check box is,

- checked - entry in **Signature** field is included with the Qualified Intermediary signature line on the CSS
- unchecked - only the Qualified Intermediary signature line appears on the CSS



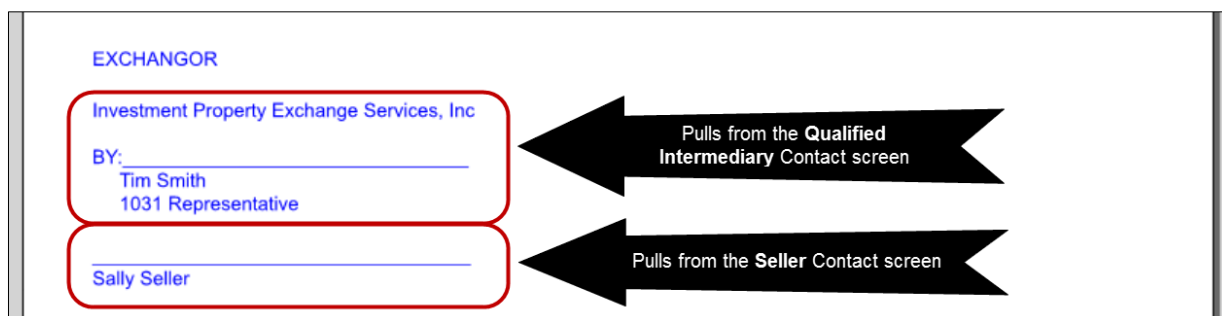
Qualified Intermediary Signatures

Buyer/Borrower acknowledgment
Lookup code:
I have carefully reviewed the Settlement Statement, and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements to be made on my account or by me in this transaction. I further certify that I have received a copy of the Settlement Statement.

Seller acknowledgment
Lookup code:
I have carefully reviewed the Settlement Statement, and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements to be made on my account or by me in this transaction. I further certify that I have received a copy of the Settlement Statement.

Include	Code	Signature
<input checked="" type="checkbox"/>	B	BB Buyer Corporation BY: Robert Bateman President
<input checked="" type="checkbox"/>	S	Sally Seller

- Click the **Documents** button
- Preview** the Settlement Statement
- When prompted, select your print parameters as needed
- Click the **OK** button to generate the Statement



EXCHANGOR

Investment Property Exchange Services, Inc
BY: Tim Smith
1031 Representative

Sally Seller

Pulls from the **Qualified Intermediary Contact** screen

Pulls from the **Seller Contact** screen

Preparing the CSS/Closing Documents and 1099 Reporting

- › If the Qualified Intermediary is signing documents in addition to the CSS

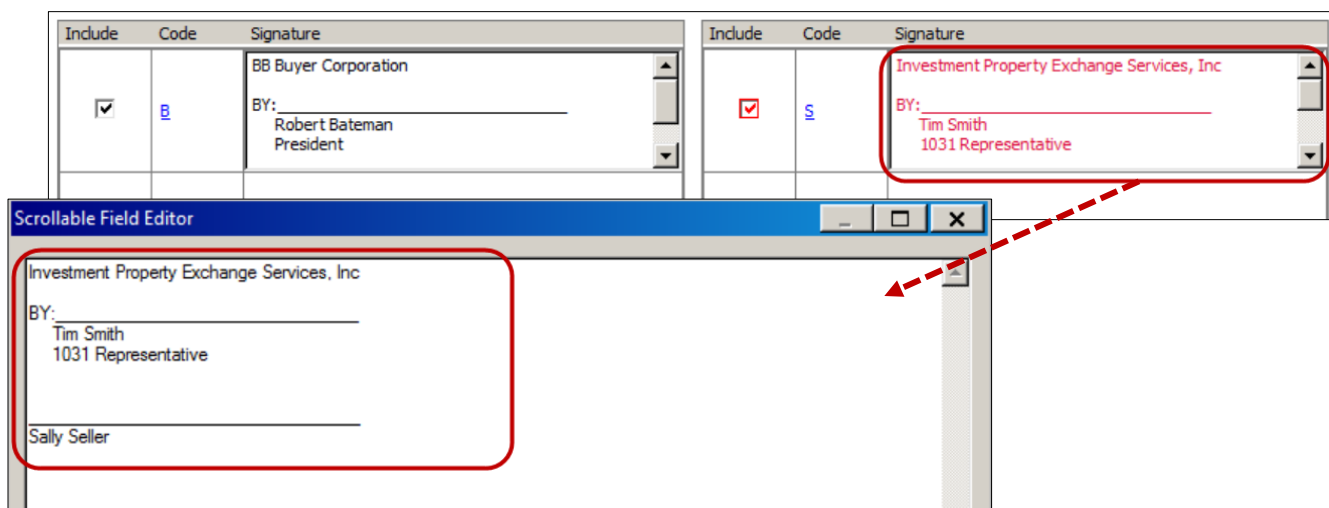
NOTE: This option requires the signature be modified of the party benefitting from the 1031 Exchange (i.e., Seller or Buyer) to include the Qualified Intermediary signature line.

FIRST: Draw all appropriate documents that require **only** the Buyer/Seller signature (e.g., deeds)

SECOND: Draw the CSS following the steps above

THIRD: When you are ready to draw documents that require **both** the Buyer/Seller and Exchange Company's signatures proceed with the next step.

1. Navigate to the **Statement Signatures & Footer** screen
2. In the **Signature** field of the party benefitting from the 1031 Exchange, add the **Q-Contact** signature block to the existing signature line



The screenshot shows two side-by-side signature lists and a 'Scrollable Field Editor' window. The left list shows 'BB Buyer Corporation' with a signature line for 'Robert Bateman, President'. The right list shows 'Investment Property Exchange Services, Inc' with a signature line for 'Tim Smith, 1031 Representative'. The 'Scrollable Field Editor' window shows the same 'Investment Property Exchange Services, Inc' signature block being added to the existing signature line of 'Sally Seller'.

3. **Preview** your document(s)
4. Click the **OK** button
5. **Distribute** as needed

NOTE: Please review the training module under [Escrow Administration-Training Modules](#) on the Intranet. You can always contact Settlement@fnf.com with any questions about correctly completing a 1031 Tax Deferred Exchange.