
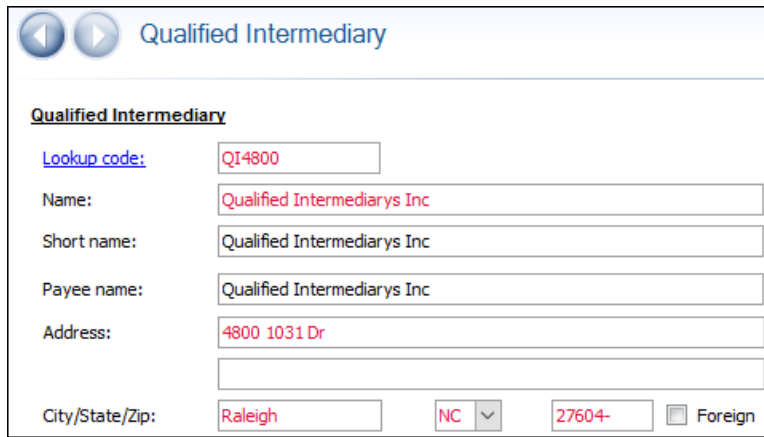


1031 EXCHANGE SETUP HUD

Follow these steps to prepare a 1031 Exchange, including: adding the Exchange Company; updating the signature details, the header (and footer) for the HUD-1 and/or Closing Statement; and setting the feature to automatically adjust diverted proceeds.

Order Contact Screen

1. Click the **Add Contact**  icon
2. Select **Qualified Intermediary** (which is the Exchange Company)
3. Add the appropriate Exchange Company from the lookup table



Qualified Intermediary

Qualified Intermediary

Lookup code:

Name:

Short name:

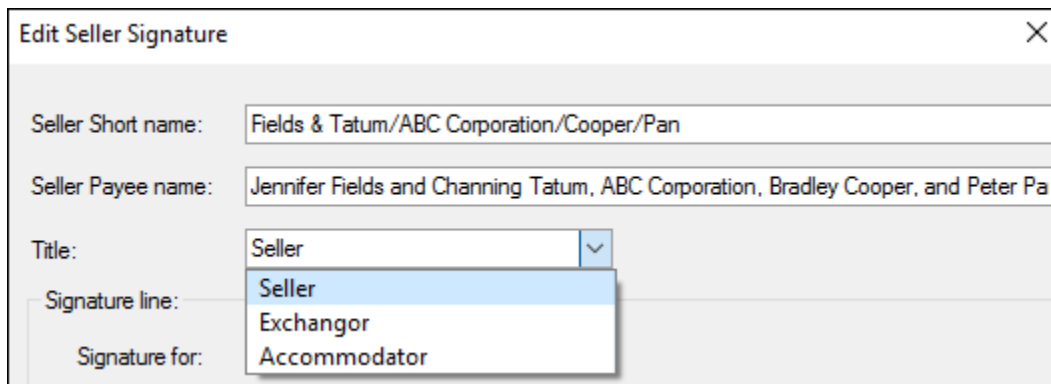
Payee name:

Address:

City/State/Zip: Foreign

Updating Signature

4. Navigate to the **Seller** screen
5. Click the **Edit Signature** button
6. In the **Title for HUD-1** drop-down, select **Exchanger** (this updates the heading on the signature lines and some documents)



Edit Seller Signature

Seller Short name:

Seller Payee name:

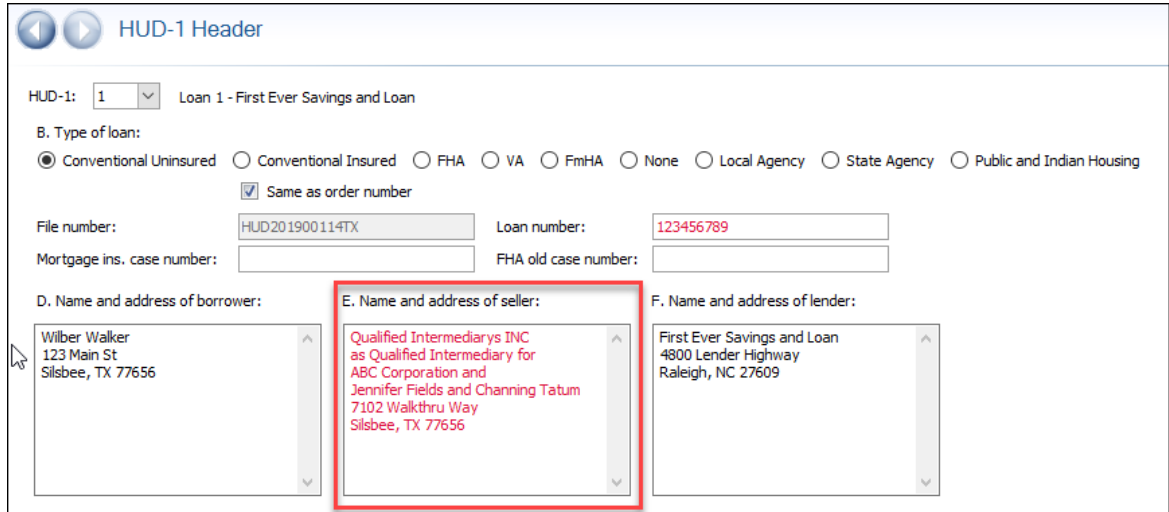
Title:

Signature line:

Signature for:

Updating the HUD-1/Closing Statement Header

7. Navigate to the **HUD-1 Header** screen
8. In the **Name and Address** of the party who is using the 1031 ... field, replace the default name and address with the Exchange Company's
9. Click the **OK** button (edits to Seller screen will not affect Section E of the HUD)



HUD-1: 1 Loan 1 - First Ever Savings and Loan

B. Type of loan:
 Conventional Uninsured Conventional Insured FHA VA FmHA None Local Agency State Agency Public and Indian Housing
 Same as order number

File number: HUD201900114TX Loan number: 123456789
Mortgage ins. case number: FHA old case number:

D. Name and address of borrower: Wilber Walker
123 Main St
Silsbee, TX 77656

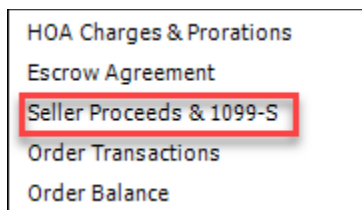
E. Name and address of seller: **Qualified Intermediarys INC
as Qualified Intermediary for
ABC Corporation and
Jennifer Fields and Channing Tatum
7102 Walkthru Way
Silsbee, TX 77656**

F. Name and address of lender: First Ever Savings and Loan
4800 Lender Highway
Raleigh, NC 27609

Setting the HUD-1 to Automatically Divert 1031 Proceeds

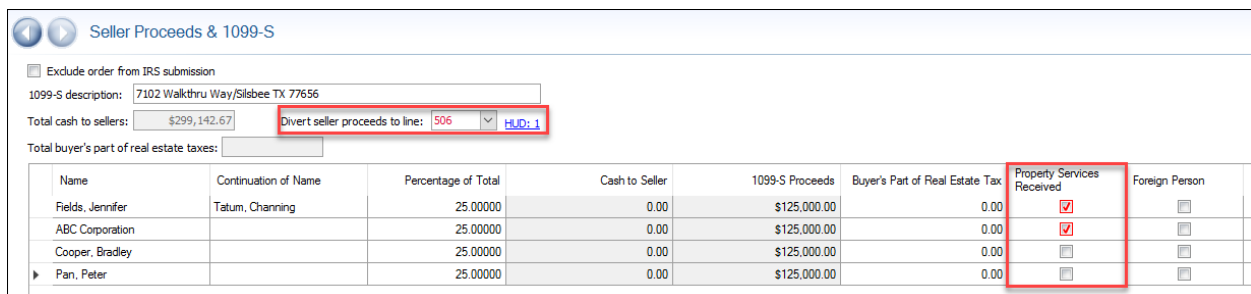
As you prepare the HUD-1/Closing Statement, you must send the proceeds to the Exchange Company. By diverting the proceeds, the bottom line amount will automatically adjust. You must also indicate that Property and/or Services have been received in this transaction.

10. In the **Escrow/Closing** screen, open the **Seller Proceeds & 1099-S** screen



HOA Charges & Prorations
Escrow Agreement
Seller Proceeds & 1099-S
Order Transactions
Order Balance

11. In the **Divert seller proceeds to** line drop-down, select a 500 or 1300 line on your HUD
12. Select the **Property Services Received** check box



Exclude order from IRS submission

1099-S description: 7102 Walkthru Way/Silsbee TX 77656

Total cash to sellers: \$299,142.67 Divert seller proceeds to line: 506 HUD: 1

Total buyer's part of real estate taxes:

Name	Continuation of Name	Percentage of Total	Cash to Seller	1099-S Proceeds	Buyer's Part of Real Estate Tax	Property Services Received	Foreign Person
Fields, Jennifer	Tatum, Channing	25.00000	0.00	\$125,000.00	0.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ABC Corporation		25.00000	0.00	\$125,000.00	0.00	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cooper, Bradley		25.00000	0.00	\$125,000.00	0.00	<input type="checkbox"/>	<input type="checkbox"/>
Pan, Peter		25.00000	0.00	\$125,000.00	0.00	<input type="checkbox"/>	<input type="checkbox"/>

Navigate to the section of the HUD that you diverted the fees to (in this case it was line on the **Additional Charges (1300)** screen)

13. In the line you selected to divert proceeds,
 - a. **Description:** Seller Proceeds
 - b. **HUD-1 To Code:** Q for Qualified Intermediary Contact

Description	Re	Seller	HUD-1 To Code	HUD-1 To Name
502 Settlement charges to seller (line 1400)		\$24,375.00		
503 Existing loan(s) taken subject to				
504 Payoff of first mortgage loan		\$123,735.06	P	Wells Fargo
505 Payoff of second mortgage loan		\$23,456.78	P2	1st Nationwide Mortgage Corp
506 Proceeds to 1031 Exchange Company		\$299,142.67	Q	Qualified Intermediary Inc
507 Dep. disbursed as proceeds				
508 All Deposits		\$3,010.00		
509 All Rents		\$1,029.03		

Drawing Documents

- FIRST:** Draw all appropriate documents that require **ONLY** the Buyer/Seller's signature (i.e. deeds)
- SECOND:** When you are ready to draw all other documents that require **BOTH** the Buyer/Seller and Exchange Company's signatures including the HUD-1, proceed with the next step.

14. Navigate to the **Seller** screen (the contact with Exchange Company)
15. Click the **Edit Signature** button

16. Edit the signature, as necessary, to reflect the Exchange Company and/or Buyer/Seller