




- 4800 Falls of Neuse Road, Suite 600
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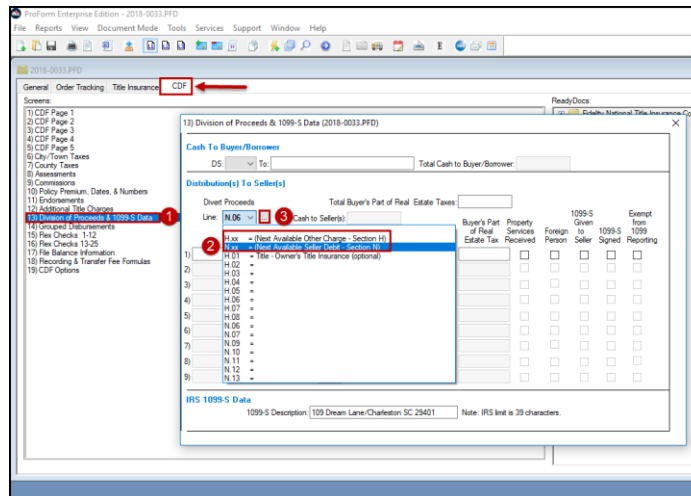
## 1031 EXCHANGE SETUP FOR A CLOSING DISCLOSURE SETTLEMENT TYPE

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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Line Detail (2018-0033.PFD)

**N. Due from Seller at Closing**  
Charges for Line 06 **4**

Description	Re	D.	Seller
01 Proceeds to §1031 Exchange Company		S	\$ 650,000.00

**a** Proceeds to §1031 Exchange Comp; Re: [ ] DS: **S b** To: The Qualified Intermediary Company Seller: 650,000.00

Address: 100 Oak Drive + Charleston, SC 29401 Process As: [ ]

Calculation Type: Basic Details Credit/Debit: [ ] Paid By: [ ]

Tolerance: [ ] Fee Type: [ ]

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)

General Order Tracking Title Insurance **CDF** ReadyDocs

Screens:

- 1) CDF Page 1
- 2) CDF Page 2
- 3) CDF Page 3
- 4) CDF Page 4
- 5) CDF Page 5
- 6) City/Town Taxes
- 7) County Taxes
- 8) Assessments
- 9) Commissions
- 10) Policy Premium, Dates, & Numbers
- 11) Endorsements
- 12) Additional Title Charges
- 13) Division of Proceeds & 1099-S Data** **6**
- 14) Uninsured Endorsements
- 15) Flex Checks 1-12
- 16) Flex Checks 13-25
- 17) File Balance Information
- 18) Recording & Transfer Fee Formulas
- 19) CDF Options

13) Division of Proceeds & 1099-S Data (2018-0033.PFD)

Cash To Buyer/Borrower  
DS: [ ] To: [ ] Total Cash to Buyer/Borrower: [ ]

Distribution(s) To Seller(s)

Divert Proceeds Total Buyer's Part of Real Estate Taxes: [ ]

Line	Percentage of Total	Div. Status	Cash to Seller	1099-S Proceeds	Buyer's Part of Real Estate Tax	Property Services Received	Foreign Person	1099-S to Seller	Exempt from 1099-S Reporting
1) Donald Duck and Daisy	100.00000	S	244 <b>6</b>	0.00 <b>7</b>	<input checked="" type="checkbox"/> <b>7</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/> <b>8</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2)					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3)					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4)					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5)					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6)					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7)					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8)					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9)					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

IRS 1099-S Data  
1099-S Description: 109 Dream Lane/Charleston SC 29401 Note: IRS limit is 39 characters.

Acknowledgment of Rec: [ ]



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## Drawing Documents

**FIRST:** Draw all appropriate documents that require signatures (deeds)

**SECOND:** When you are ready to draw all other documents, obtain the Exchange Company's signature including the next step.

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

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

1099-S Proceeds	Buyer's Part of Real Estate Tax	Property Services Received
250,000.00		<input checked="" type="checkbox"/>

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.

