



1031 EXCHANGE: FORWARD EXCHANGE PROCEDURAL OUTLINE



Accruit is a leading independent, national Qualified Intermediary (QI) with over 20 years in the 1031 exchange industry, providing 1031 exchange service across all 50 states and specializing in all types of exchanges from forward, reverse, built-to-suit/improvement to non-safe harbor exchanges.

Step 1:

Contact Accruit to start your 1031 Exchange

Provide all taxpayer information and documentation requested in your Welcome Email via the webform or email to the Client Service team member assigned to you to get exchange initiated.

Step 2:

Exchange Agreement will be initiated

The team member will use the information provided to prepare an Exchange Agreement for your signature.

Step 3:

Complete the Assignment of Relinquished Property Contract form

An Assignment of Relinquished Property Contract form will be prepared and provided for execution by the taxpayer. The executed Exchange Agreement together with a copy of the Assignment of Relinquished Property Contract should be emailed to your team member at Accruit.

Step 4:

Notify the buyer and all other parties of the intent to do a 1031 Exchange

There is no requirement for any party to confirm receipt of the notice of assignment however it might be advantageous to request such receipt in the unlikely event of an IRS audit. At the very least it must be tendered to the buyer and if possible, obtain the confirmation of receipt by the buyer. At times the closer takes care of this requirement.

Step 5:

Net proceeds from sale of relinquished property sent to Accruit

Funds should be sent via wire transfer using wire transfer instructions provided in the forward exchange document package or a check made payable to Accruit. The closer usually takes care of this. The taxpayer should expect to receive a 1099 from the settlement agent, the potential tax effect of sending the 1099 to the IRS will be negated later via a filing of an IRS Form 8842, confirming a successful exchange.



Step 6:

Written notice of Replacement Property Identification provided to Accruit

Within 45 days from the date of transfer of the relinquished property, signed written notice of the identification, or designation, of target property(ies) should be given to Accruit, or to any other non-disqualified person involved in the exchange. Once property is identified within the 45 day period, the only way to terminate the account early is if there occurs a material and substantial contingency provided for in writing and beyond the taxpayer's control.

Step 7:

Complete the Assignment of Replacement Property Contract form

An Assignment of Replacement Property Contract form will be prepared and provided to the taxpayer. The Assignment of Replacement Property Contract should be executed and sent via email to your team member at Accruit.

Step 8:

Earnest Money can be requested to be paid out of exchange funds

At any time, on or after property is designated, and assigned to Accruit, the taxpayer may submit a written request that earnest money be paid out pursuant to the provisions of the contract. A form is available and included in the package of exchange documents to make disbursement requests.

Step 9:

Notify the seller and all other parties of the intent to do a 1031 Exchange

There is no requirement for any parties to confirm receipt of the notice of assignment, however it might be helpful to obtain one for your file in the unlikely event of an IRS audit. At the very least it must be tendered to the seller and if possible, obtain the confirmation of receipt by the seller. At times the closer takes care of this requirement.

Step 10:

Request exchange funds be sent for close on the Replacement Property

At any time prior to closing on the purchase of the replacement property, the taxpayer may submit a signed request that available funds be wired, or a check prepared, to the settlement agent in connection with the purchase.

Step 11:

Taxpayer to complete Form 8824

Upon conclusion of the transaction, the taxpayer will receive a Summary Report from Accruit that can be used by the tax preparer to document the exchange. The taxpayer should report the exchange transaction on IRS Form 8824, together with any other applicable forms.



Accruit

CONTACT US TODAY!

800-237-1031

info@accruit.com

www.accruit.com