



1031 EXCHANGE: FORWARD EXCHANGE PROCEDURAL OUTLINE



Accruit is a leading national Qualified Intermediary (QI) and Exchange Accommodation Titleholder (EAT) 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 Speciality “Non-Safe Harbor Reverse” transactions.

Step 1:

Contact Accruit to start your 1031 Exchange

Provide all Exchanger information and documentation requested in your Welcome Email via the webform or email to the Exchange Operations 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 Exchanger. The executed Exchange Agreement together with a copy of the Assignment of Relinquished Property Contract should be emailed to your team member at Accruit, or signed electronically through Exchange Manager.

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 acknowledge receipt of the notice of assignment however it might be advantageous to request a written 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 through closing instructions provided by Accruit.

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 Exchanger 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.

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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 Exchanger. The Assignment of Replacement Property Contract should be executed and emailed to your team member at Accruit, or signed electronically through Exchange Manager.

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 Exchanger 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. Payment via wire transfer is recommended.

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 acknowledge receipt of the notice of assignment, however it might be advantageous to request written receipt 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 through closing instructions provided by Accruit.

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 Exchanger 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:

Exchanger to complete Form 8824

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



CONTACT US TODAY!

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