

ATTORNEYS' TITLE GUARANTY FUND, INC.

1099 Real Estate Tax Reporting Using REsource

A. Overview

Section 6045 of the Internal Revenue Code requires that the “person responsible for closing the transaction” report to the Internal Revenue Service all sales or exchanges of real estate, with certain exceptions, conducted by the real estate reporting person during the previous year. The IRS Form 1099-S is used for this purpose. REsource prints the required reporting information on the original IRS 1099-S and 1096 IRS forms.

Additionally, if you are the “person responsible for closing the transaction” under the above rules, then you must also provide the Sellers with a 1099-S statement on or after the closing date and before February 1 of the year following the year of the sale or exchange. REsource conveniently generates the 1099-S Form with the HUD-1 Settlement Statement for delivery to the Seller at the time of closing, if applicable.

Some transactions are exempt from reporting to the IRS such as when the transferor/seller is a corporation or if the sales price is \$250,000 or less (or \$500,000 if the Seller is married and filing jointly) and it is the Seller’s principal residence. Sellers must complete the Certificate for No Information Reporting form to claim the exemption. REsource also generates this document with the HUD-1 Settlement Statement.

For specific information regarding exempt or nonexempt transactions, reporting person, or IRS reporting requirements, please contact a member of the ATG Underwriting Department, legal@atgf.com, 217.403.0020, or 312.752.1990.

B. Required Data in REsource

For all sales, exempt or non-exempt, specific information must be entered in REsource to generate the proper reporting documents.

1. If you have not already done so, please contact the ATG REsource Help Desk at 888.776.4420 to provide ATG with your **Federal Identification Number**, contact name and phone number.
2. In addition to the sales price, closing date, Seller’s names and property information, the following information must be entered in the Seller’s tab;

- i. Go to **Order Entry** and **Buyer/Seller** tab. Select the **Sellers** tab.
- ii. **Tax ID (Social Security Number):** Required only if the sale or exchange will be reported to the IRS.
- iii. **Do not Generate 1099:** By default this box is checked. If a 1099 is required you must uncheck the box.

The screenshot shows the REsource software interface for the Seller tab. The form is titled "1 Seller" and "Sellers". It includes fields for Business Name, Seller details (Nm1, Nm2), Address, City, State, Zip, and Tax ID/SSN. A callout box points to the Tax ID/SSN field with the text "Tax ID/Social Security No." and another callout box points to the "Do Not Generate 1099" checkbox with the text "Do Not Generate 1099".

C. Reporting to the Seller at Closing or Seller Claiming Exemption at Closing

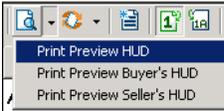
1. The following documents are available for printing with the HUD-1 Settlement Statement and should be used with all transactions, as applicable:
 - i. HUD-1 Signature Page.

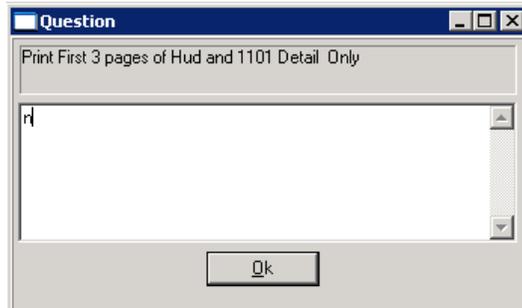
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ii. **Substitute Form 1099-S Proceeds from Real Estate.**

or

Certification for No Information Reporting on the Sale or Exchange of Principal Residence.

iii. A prompt will display when the **Print HUD** button  is selected on the **HUD Settlement Statement > Main** tab.



iv. To print only the first two pages of the HUD-1 Settlement Statement, click **OK** to the first prompt.

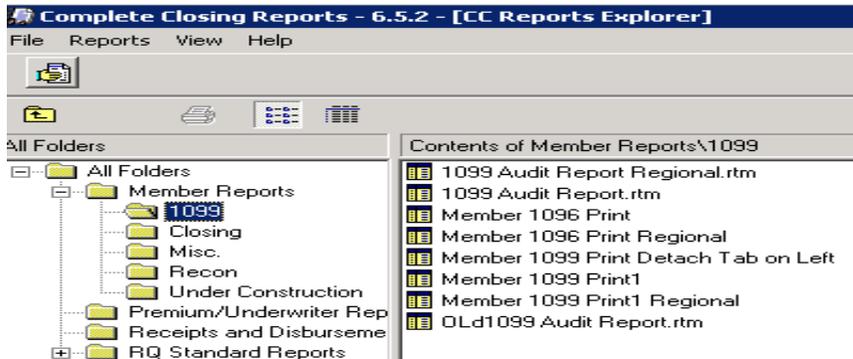
v. To print any remaining documents, change the **Y** to **N** and click **OK**. The following prompts will result:

1. **Print Signature Page (Y or N)**
2. **Print 1099-S (Y or N)**
3. **Print Certificate for No 1099-S Reporting (Y or N)**
4. **Print Receipts and Disbursement Summary (Y or N)**

NOTE: Receipts and Disbursements must be created and/or updated in **Check Writing** first. (For details please refer to the Check Writing section in the REsource User Manual).

D. Reporting to the IRS all non-exempt sales or exchanges.

1. From the REsource Desktop select **Complete Closing Reports**
2. Open the **Member Reports** folder and then the **1099** subfolder. The 1099 folder contains three reports;



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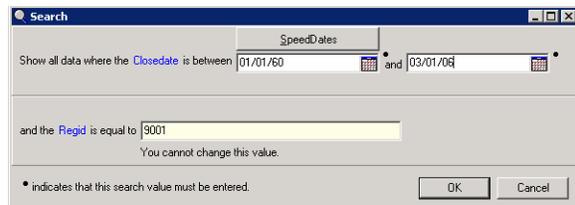
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1099 Audit Report: Lists file information necessary for the IRS reporting Form 1099-S. This report is based upon the closing date and is used to determine any missing information or exempt transactions prior to printing on the actual IRS 1099-S forms. All reportable transactions (the **Do Not Generate 1099** checkbox on the Seller tab of Order Entry is *not* checked) will be included in this listing.

Member 1096 Print: Prints the necessary information on the IRS Form 1096 that will accompany your IRS Form 1099-S. This contains the filer's name, address, and Federal Tax ID. This information must be entered in REsource by the REsource Help desk.

Member 1099 Print1: Prints the necessary information on the 2006 IRS Form 1099-S. The forms can be obtained from the IRS or an office supply store.

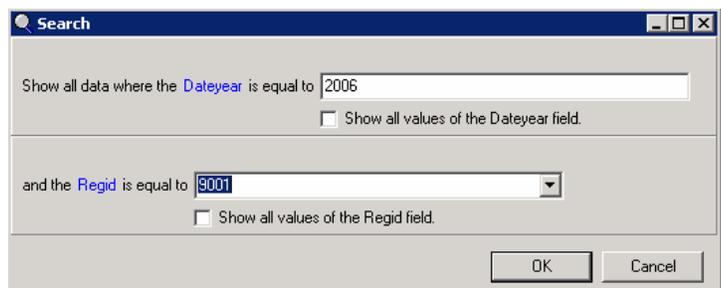
3. Select the **1099 Audit Report.rtm** and enter the closing date range, and click **OK**.
4. Click the printer icon  to print.
5. Review and update the Seller information.



Sample 1099-S Audit Report

1099S Audit Report						
File#	Close Date	Seller Information	Gross Proceeds	Box 4	Property Information	
050900100585	01/15/06	Mary Seller 123 W. Main st Tax ID ###-###-####	\$150,000		Chicago, IL	
050900100585	01/15/06	John Jones 123 Test Dr. Tax ID ###-###-####	\$150,000		Chicago, IL	
050900100575	01/18/06	Sam Seller 123 Test Drive Chicago, IL 60606 Tax ID ###-###-####	\$600,000	123 Oak	Chicago, IL	

6. Select the **Member 1096 Print** report and enter the year of closings to report and click **OK**.
7. Insert the **IRS Form 1096** into the printer.
8. Click the printer icon  to print.



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9. Select **Member 1099 Print1** report and enter the closing date range.
10. Insert the **2006 IRS 1099-S** forms in the printer in a quantity corresponding to the number of reportable transactions (three transactions will print on each Form 1099-S).

Search

Show all data where the **Closedate** is between 01/01/06 and 12/31/06

and the **Regid** is equal to 9001

You cannot change this value.

• indicates that this search value must be entered.

OK Cancel

11. Click the printer icon  to print.

NOTE: Adobe Reader is required. When printing on the IRS Forms 1096 and 1099, it is important to make sure that the **Page Scaling** is set to **None**. This setting will ensure that the printed information lines up with the IRS forms.

Print

Printer: HP LaserJet 6P

Status: Ready

Type: HP LaserJet 6P

Print Range

All

Current view

Current page

Pages from: 1 to: 3

Subset: All pages in range Reverse pages

Page Handling

Copies: 1 Collate

Page Scaling: None

Auto-Rotate and Center

Choose Paper Source by PDF page size

Print to file

Preview

Document: 8.5 x 11.0 in

Paper: 8.5 x 11.0 in

1/3 (1)

OK Cancel

Page Scaling