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Feb 10, 2010 12:08 PM

Accruit

Streamlining the management of like-kind exchanges

By Donald H. Kelley

Kelley Rating (one asterisk = lowest, five asterisks = highest):

- Ease of navigation, design of interface and learning curve *****
- Instructional documentation and help system ***
- Carries out the goal of the product as advertised *****
- Overall usefulness *****

[Accruit](#) claims that it provides the only comprehensive, integrated Internal Revenue Code Section 1031 like-kind exchange solution in the United States. Accruit's sole business is to facilitate like-kind exchanges. The Denver-based company offers a patented step-by-step web-hosted application for managing single or multiple exchanges. Accruit also generates the necessary documentation for the parties to the exchange and for the Internal Revenue Service, including the data required for completing Internal Revenue Service Form 8824.

Accruit serves as a qualified intermediary for like-kind exchanges. It provides information on various Section 1031 exchange solutions and assists in evaluating the applicability of a like-kind exchange to a client's situation. The Accruit web site includes a [blog](#) and extensive [resources](#) on exchange-related topics.

This review will focus on Accruit's Single Exchange platform, although it also provides a platform for Repetitive Exchanges (in which a client is involved with a number of exchange properties on a multiple exchange basis).

Accruit's [Benefit Calculator for Depreciable Assets](#) computes the amount that can be saved with a like-kind exchange as compared to an outright sale of the subject property.

Other Products and Information

In "[Like-Kind Exchanges Under IRC Code Section 1031](#)," the IRS provides background on like-kind exchanges and Form 8844 for reporting exchanges.

Several organizations provide services relating to Section 1031 exchanges.

[1031 Strategic Property Exchanges](#) provides qualified intermediary and related financial services

[Wells Fargo 1031 Exchange Services](#) provides qualified intermediary services, assistance in completing the exchange agreement and related documentation.

[Bankers Escrow Corporation](#) provides qualified intermediary and escrow services.

How Does It Work?

On Accruit's Single Exchange platform, the client is given access to a password protected web-based facility that accepts and processes client and transaction data. Individual passwords are generated by the system and maintained by the client. All clients have their own account pages with space for notes. Each page reflects the stage of the exchange, with titles such as Opened, Sale, Identification, Purchase, Completed and Closed. This system can create a group that helps a client track multiple exchanges.

Navigation begins with drop-down menus from a top bar. The Exchange menu directs the user to various tasks and classes of action including pages for the entry of buyer info, asset info and classification types whether it is by general asset class, or the North American industry classification system.

The process proceeds through the following pages:

The Exchange Summary page provides a dashboard view of all of a client's transactions and tabulates the details of each exchange. There is a summary page for each client, with each transaction listed separately. Columns are provided for the Exchanger Name (attorneys, accountants or other advisors may list multiple clients), Property Nickname, Property Transfer Date, Date Funds Received, Day 45 ID Sent, Day 180 Date, Restricted Account Balance, Unrestricted Account Balance and Partner Representative.

The Exchanger Information page is for new customers to enter information details. The user can enter the Exchanger Name and come back later to enter other information. The user may assign roles to various participants and assign access among them to selected areas of the website. Notification preferences may be assigned on a role basis, such as for an accountant or lawyer.

For each asset, the Exchange Documents page allows for the attachment and download of documents pending and the download of executed documents. The Exchange Documents page also tracks the sending of Notifications through the Exchange Notification page.

The Exchange Details page summarizes the Exchanger Details. It also summarizes and provides links to the Exchange Account Summary, Exchange Dates, Relinquished Property (may be several listed items), Replacement Property (may be several listed items), Exchange Documents and Exchange Notes (may be any desired notation).

The Relinquished Property page provides a page for tracking each exchanged item. It displays information on the Assets, Buyer Details, Settlement Company and Sale Details. Documents may be uploaded and attached to this page.

The Replacement Property page reflects the Purchase Summary, Seller Details, Settlement Company, Purchase Details and the Asset involved. The user can only select replacement property from the asset class of the property sold. A reverse exchange may be entered if the client needs to purchase a replacement asset before relinquishing an existing asset.

For transaction pages such as Relinquished Property and Replacement Property, the Save and Create button creates pages to sign. An electronic signature is available through Save and

Create. The user, however, can choose not to do an electronic signature. If the client never logs onto the website, reports and pages to sign can go to a second party so the clients can physically execute them.

The legal description of an item of real estate can have a short description entered on the web page with a full description scanned in as a graphic file and affixed to the client file.

The Exchange Account Balance page can be reached from the drop down menu at the top of each screen. It maintains data for the banking relationship and bank account information. Any notifications or instructions with bank information are sent by secured email.

The client initiates the movement of funds for transaction boot, or other purposes within the application. Funds are maintained and approved by individual account and are not comingled. Accruit states that they deal only with the nation's top rated financial institutions. Email notifications, as prescribed, are sent to the attorney, accountant, client or other designee as funds are disbursed.

The Accruit system includes process management. It tracks the critical date and remaining days and maintains an audit trail for the transaction.

Accruit stresses that client information is secured with the most reliable security solutions in an annually audited national data center. Backup data is stored off-site by an independent manager.

What Reports Are Furnished?

The transactional pages are ready for the client to sign after the lawyer creates the transaction.

Accruit prepares audit-ready documents at the end of the exchange for attachment to IRS Form 8824.

What About Help and Support?

Help screens are available for each screen that lists fields and requirements for data entry. Links to website information and the tax code are available. Help is also provided by email and phone; you can call a service representative during business hours.

Where Do You Get This Product?

The pricing starts at \$1,000 for a single exchange transaction having asset items in the same asset class. There are high volume break points for which the price is adjusted.

This service and the benefit calculator are available from:

Accruit, LLC

1514 Curtis Street, Suite 300

Denver, Colorado

Order Line Phone: 866-937-1031

Email: info@accruit.com

Website: <http://accruit.com/>

Bottom Line

The Accruit service furnishes an efficient way to handle the details of like-kind exchanges and all the associated document preparation and record keeping.

Trusts & Estates magazine is pleased to present the monthly Technology Review by Donald H. Kelley—a respected connoisseur of the software and Internet resources wealth management advisors use to further their practices.

Kelley is a lawyer living in Highlands Ranch, Colo. and is of counsel to the law firm of Kelley, Scritsmier & Byrne, P.C. of North Platte, Neb. He is the co-author of the Intuitive Estate Planner Software, (Thomson – West 2004). He has served on the governing boards of the American Bar Association Real Property Probate and Trust Section and the American College of Tax Counsel. He is a past regent and past chair of the Committee on Technology in the Practice of the American College of Trust and Estate Counsel.

Trusts & Estates has asked Kelley to provide his unvarnished opinions on the tech resources available in the practice today. His columns are edited for readability only. Send feedback and suggestions for articles directly to him at dhkelley@qwestoffice.net.

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