

Sale of Main Home Scenarios

Scenario #1— Clint Eastwood DOB: 5/30/1950 SSN: 643-00-0000 Phone 239-555-5555
Maggie Johnson DOB: 06/05/1955 SSN: 837-00-0000 Phone: 863-555-5555
Address: 123 Imaginary Ln; Lehigh Acres, FL 33936
Married— wants to file jointly

Clint and Maggie both have Social Security Income and Clint has a pension.
 Clint & Maggie sold their home in 20XX. Details on the sale are included. They are not sure how this will affect their return.

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT			
20XX <input type="checkbox"/> PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. <input type="checkbox"/> SEE THE REVERSE FOR MORE INFORMATION.			
Box 1. Name CLINT EASTWOOD		Box 2. Beneficiary's Social Security 643-00-0000	
Box 3. Benefits Paid in 20XX \$28,750.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$28,750.00	
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$27,014.80 Medicare Part B premiums deducted from your benefits \$1,735.20 Medicare Prescription Drug premiums (Part D) deducted from your benefits Total Additions \$1,735.20 Benefits for 20XX \$28,750.00		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld Box 7. Address CLINT EASTWOOD 123 IMAGINARY LN	

FORM SSA-1099 - SOCIAL SECURITY BENEFIT STATEMENT			
20XX <input type="checkbox"/> PART OF YOUR SOCIAL SECURITY BENEFITS SHOWN IN BOX 5 MAY BE TAXABLE INCOME. <input type="checkbox"/> SEE THE REVERSE FOR MORE INFORMATION.			
Box 1. Name MAGGIE JOHNSON		Box 2. Beneficiary's Social Security 837-00-0000	
Box 3. Benefits Paid in 20XX \$14,628.00	Box 4. Benefits Repaid to SSA in 20XX	Box 5. Net Benefits Paid for 20XX (Box 3 minus Box 4) \$14,628.00	
DESCRIPTION OF AMOUNT IN BOX 3 Paid by check or direct deposit \$12,892.80 Medicare Part B premiums deducted from your benefits \$1,735.20 Medicare Prescription Drug premiums (Part D) deducted from your benefits Total Additions \$1,735.20 Benefits for 20XX \$14,628.00		DESCRIPTION OF AMOUNT IN BOX 4 Box 6. Voluntary Federal Income Tax Withheld Box 7. Address MAGGIE JOHNSON 123 IMAGINARY LN LEHIGH ACRES, FL 33936	

<input type="checkbox"/> CORRECTED (if checked)						20XX Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
PAYER'S name Street address City or town, state or province, country, ZIP or foreign postal code Telephone no. PARAMOUNT PICTURES STUDIOS 5555 MELROSE AVE STE ZUKOR 1207 HOLLYWOOD CA 90038			1 Gross distribution \$38,500.00				
			2a Taxable amount \$32,000.00				
			2b Taxable amount not determined. <input type="checkbox"/>	Total Distribution <input type="checkbox"/>		Copy B Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. This information is being furnished to the IRS	
			3 Capital gain (included in box 2a).	4 Federal income tax withheld \$3,600.00			
PAYER'S TIN 13-2574663	RECIPIENT'S TIN 643-00-0000		5 Employee contributions/ Designated Roth contributions or \$6,500.00	6 Net unrealized appreciation in employer's securities			
RECIPIENT'S name Street address (including apt.no.) City or town, state or province, country, ZIP or foreign postal CLINT EASTWOOD 123 IMAGINARY LN LEHIGH ACRES, FL 33936			7 Distribution Code(s) 7	IRA/ SEP/ SIMPLE <input type="checkbox"/>	8 Other %		
			9a Your percentage of total distribution %	9b Total Employee Contributions			
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld	15 State/Payer's state no.		16 State distribution	
Account number (see instructions)			13 Date of payment	17 Local tax withheld	18 Name of locality	19 Local distribution	
Form 1099-R							

Sale of Main Home:

- Clint and Maggie sold their main home before retiring to Florida.
- The address of the home they sold was: 20 Century Fox Drive; Hollywood CA 90038

When asked, they provided this information:

When did you buy your? We bought it February 1980, on Valentine's Day—a perfect gift for us!

How much did you purchase it for? It cost us \$125,000

When did you sell it? We closed on the house June of last year 20XX.

How much did you sell it for? We sold it for \$749,000

Did you receive a tax form, 1099-S, for the sale of your home? No we did not.

**Always ask how much they actually received for the home. In this case, Ask: Did you actually receive the \$749,000? -No we got less

**Do you have your closing statement? Yes, here is the document (see document)

Based off of this information above and closing statement:

1. Do they have to report the sale of the home? _____
2. If yes, what would be the Capital Gains for the sale of this property? (See Schedule D) _____

If yes, ask: Did you make any major improvements to your home since you purchased it? No, we replaced the roof several times—last time was 3 years ago for \$35,000; replaced carpeting, painted quite a few times, and I think we had to have the den and garage rewired, central air conditioner replaced water softener, etc. Did you replace cabinets, remodel the kitchen/bathroom, add a deck, pool, etc.? No, we didn't.

Total AGI? _____ **Total Refund/Balance Due?** _____

Scenario #2— Clint Eastwood & Maggie Johnson

Sale of Main Home—version 2 Same as Before.. But now ...

Did you receive a 1099-S? No we did not

Did you make any major improvements to your home since you purchased it? Yes, we remodeled the kitchen and replaced all the windows to storm/energy efficient windows.

What was the cost of the remodel? We spent \$58,500 on the kitchen remodel in 2020

What was the cost of the windows? We spent \$46,250 on the windows 2022

Based off of this information alone:

1. Do they have to report the sale of the home? _____
2. If yes, what would be the Capital Gains for the sale of this property? (See Schedule D) _____

Total AGI? _____ Total Refund/Balance Due? _____

Scenario #3— Clint Eastwood & Maggie Johnson

Sale of Main Home—version 3 Same as Before.. But now ...

Did you receive a 1099-S? Yes we did (see document)

Did you make any major improvements to your home since you purchased it? Yes, we remodeled the kitchen and replaced all the windows to storm/energy efficient windows.

What was the cost of the remodel? We spent \$58,500 on the kitchen remodel in 2020

What was the cost of the windows? We spent \$46,250 on the windows 2022

Based off of this information alone:

1. Do they have to report the sale of the home? _____
2. If yes, what would be the Capital Gains for the sale of this property? (See Schedule D) _____

Total AGI? _____ Total Refund/Balance Due? _____

CORRECTED (if checked)

FILER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number The Closing Company, Inc. 9425 Sunset Drive, Suite 124, Hollywood CA 90038		1 Date of closing 06/08/20XX	OMB No. 1545-0997 Form 1099-S (Rev. January 2022) For calendar year 20 <u>XX</u>	Proceeds From Real Estate Transactions
FILER'S TIN 20-1044971		2 Gross proceeds \$ 749,000	TRANSFEROR'S TIN 643-00-0000	
TRANSFEROR'S name Clint Eastwood and Maggie Johnson Street address (including apt. no.) 123 IMAGINARY LN City or town, state or province, country, and ZIP or foreign postal code LEHIGH ACRES, FL 33936		3 Address (including city, state, and ZIP code) or legal description 20 Century Fox Drive; Hollywood CA 90038		Copy B For Transferor This is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.
Account number (see instructions)		4 Transferor received or will receive property or services as part of the consideration (if checked) <input type="checkbox"/>		
		5 If checked, transferor is a foreign person (nonresident alien, foreign partnership, foreign estate, or foreign trust) <input type="checkbox"/>		
		6 Buyer's part of real estate tax \$		

A. Settlement Statement

B. Type of Loan

<input type="radio"/> 1. FHA <input type="radio"/> 2. FmHA <input type="radio"/> 3. Conv. Unins. <input type="radio"/> 4. V.A. <input type="radio"/> 5. Conv. Ins.	6. File Number CA171	7. Loan Number ID:	8. Mortg. Ins. Case Num.
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C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BORROWER: Robert Redford
Address of Borrower:

E. NAME OF SELLER: Clint Eastwood and Maggie Johnson
Address of Seller:

F. NAME OF LENDER:
Address of Lender:

G. PROPERTY LOCATION: 20 Century Fox Drive; Hollywood CA 90038

H. SETTLEMENT AGENT: The Closing Company, Inc. TIN: 20-1044971
Place of Settlement: 9425 Sunset Drive, Suite 124, Hollywood CA 90038 Phone: 323-555-5555

I. SETTLEMENT DATE: 6/8/20XX **DISBURSEMENT DATE:** 6/8/20XX

J. Summary of borrower's transaction		K. Summary of seller's transaction	
100. Gross amount due from borrower:		400. Gross amount due to seller:	
101. Contract sales price	749,000.00	401. Contract sales price	749,000.00
102. Personal property		402. Personal property	
103. Settlement charges to borrower (Line 1400)	4,847.00	403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance:		Adjustments for items paid by seller in advance:	
106. City/town taxes		406. City/town taxes	
107. County taxes		407. County taxes	
108. Assessments		408. Assessments	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
120. Gross amount due from borrower:	753,847.00	420. Gross amount due to seller:	749,000.00
200. Amounts paid or in behalf of borrower:		500. Reductions in amount due to seller:	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settlement charges to seller (line 1400)	50,834.00
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204. Principal amount of second mortgage		504. Payoff of first mortgage loan	
205.		505. Payoff of second mortgage loan	
206.		506. Deposits held by seller	
207. Principal amt of mortgage held by seller		507. Principal amt of mortgage held by seller	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller:		Adjustments for items unpaid by seller:	
210. City/town taxes		510. City/town taxes	
211. County taxes from 01/01/17 to 02/03/17	834.12	511. County taxes from 01/01/17 to 02/03/17	834.12
212. Assessments		512. Assessments	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total paid by/for borrower:	834.12	520. Total reductions in amount due seller:	51,668.12
300. Cash at settlement from/to borrower:		600. Cash at settlement to/from seller:	
301. Gross amount due from borrower (line 120)	753,847.00	601. Gross amount due to seller (line 420)	749,000.00
302. Less amount paid by/for the borrower (line 220)	(834.12)	602. Less total reductions in amount due seller (line 520)	(51,668.12)
303. Cash (<input checked="" type="checkbox"/> From <input type="checkbox"/> To) Borrower:	753,012.88	603. Cash (<input checked="" type="checkbox"/> To <input type="checkbox"/> From) Seller:	697,331.88

Substitute Form 1099 Seller Statement: The information contained in blocks E, G, H, and I and on line 401 is important tax information and is being furnished to the IRS. If you are required to file a return, a negligence penalty or other sanction will be imposed on you if this item is required to be reported and the IRS determines that it has not been reported.

Seller Instructions: If this real estate was your principal residence, file Form 2119, Sale or Exchange of Principal Residence, for any gain, with your tax return; for other transactions, complete the applicable parts of Form 4797, Form 6262 and/or Schedule D (Form 1040).

L. Settlement charges				Borrower POC	Seller POC	Paid from Borrower's Funds at Settlement	Paid from Seller's Funds at Settlement
700. Total Sales/Brokers Com. based on price	\$749,000.00 @	6.0000 % =	44,940.00				
701.	22,470.00	3.0000 % to	Opulence International Realty LLC				
702.	22,470.00	3.0000 % to	One Sotheby International Realty				
703. Commission paid at settlement							44,940.00
704.		to					
800. Items payable in connection with loan:				Borrower POC	Seller POC		
801. Loan origination fee		% to					
802. Loan discount		% to					
803. Appraisal fee		to					
804. Credit report		to					
805. Lender's inspection fee		to					
806. Mortgage insurance application fee		to					
807. Assumption Fee		to					
808.		to					
809.		to					
810.		to					
811.		to					
900. Items required by lender to be paid in advance:				Borrower POC	Seller POC		
901. Interest from		to @ /day					
902. Mortgage insurance premium for		months to					
903. Hazard insurance premium for		years to					
904. Flood insurance premium for		years to					
905.		years to					
1000. Reserves deposited with lender:				Borrower POC	Seller POC		
1001. Hazard insurance		months @	per month				
1002. Mortgage insurance		months @	per month				
1003. City property taxes		months @	per month				
1004. County property taxes		months @	per month				
1005. Annual assessments		months @	per month				
1006. Flood insurance		months @	per month				
1007.		months @	per month				
1008.		months @	per month				
1009. Aggregate accounting adjustment							
1100. Title charges:				Borrower POC	Seller POC		
1101. Settlement or closing fee		to	The Closing Company, Inc.			950.00	950.00
1102. Abstract or title search		to	The Closing Company, Inc.				200.00
1103. Title examination		to					
1104. Title insurance binder		to					
1105. Document preparation		to					
1106. Notary fees		to					
1107. Attorney's Fees		to					
(includes above item numbers:)							
1108. Title Insurance		to	Fidelity National Title Insurance Company/The Closing			3,820.00	
(includes above item numbers:)							
1109. Lender's coverage (Premium):							
1110. Owner's coverage (Premium):	\$749,000.00		(\$3,820.00)				
1111. Endorse:							
1112. Municipal Lien Search APPROX		to	Reliable Lien Search				200.00
1113. Wire/Courier		to	The Closing Company, Inc.			50.00	50.00
1200. Government recording and transfer charges:							
1201. Recording fees	Deed	\$27.00	Mortgage(s) Releases			27.00	
1202. City/county tax/stamps	Deed		Mortgage(s)				
1203. State tax/stamps	Deed	\$4,494.00	Mortgage(s)				4,494.00
1204.			to				
1205.			to				
1300. Additional settlement charges:				Borrower POC	Seller POC		
1301. Survey		to					
1302. Pest Inspection		to					
1303.		to					
1304.		to					
1305.		to					
1306.		to					
1307.		to					
1308.		to					
1309.							
1400. Total settlement charges:							
(Enter on lines 103, Section J and 502, Section K)						4,847.00	50,834.00

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

 Joe McKinney Borrower

 Dassa Ofir Seller

 Borrower

 Seller

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused, or will cause, the funds to be disbursed in accordance with this statement.

The Closing Company, Inc.
 By: _____
 As Its Authorized Representative Date

WARNING: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.