**Q. 8054. Is a lender required to file a Form 1099-A with respect to a foreclosure?**

As discussed in Q6. and Q7., the foreclosure of secured property with respect to recourse or nonrecourse debt has income tax consequences. In either case, the lender acquires the property from the debtor. Consequently, the lender is required to issue a Form 1099-A (a copy to the IRS and a copy to the debtor). The Form 1099-A provides relevant information the debtor needs to determine the income tax consequences of the foreclosure.

For example, entered in Box 1 is the date of the foreclosure (treated as the date of sale). In Box 2, the outstanding balance of the debt immediately prior to the foreclosure is entered. In Box 4 and Box 6, the fair market value and the description of the property are entered, respectively. In Box 5, the lender indicates whether the lender was personally liable, i.e., whether the loan was recourse. If the box is checked, it is recourse, if not, it is nonrecourse.

See Q6 and Q7. to determine how to compute gain or loss and to what extent there may be discharge of debt income.