



OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

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FLORIDA BULLETIN 08-10

To: Florida Agents and Offices
From: Underwriting Department
Re: Computation of Documentary Stamps in a Short Sale Transaction
Date: August 25, 2008

Recently, it came to our attention that the Florida Department of Revenue ("DOR") took the written position that *Sec. 201.02, F.S.*, which imposes documentary stamp tax on a deed, required that any portion of the debt forgiven by the short sale lender(s) must be added to the purchase price to calculate the amount of the documentary stamp taxes due on the deed.

The example given by the DOR to compute the proper documentary stamp tax on a "short sale" transaction was as follows:

CURRENT MORTGAGE BALANCE:	\$ 200,000.00
SELLING PRICE:	\$ 150,000.00
AMOUNT FORGIVEN BY BANK:	\$ 50,000.00
TOTAL CONSIDERATION:	\$ 200,000.00

Therefore, DOR's initial position required documentary stamp tax to be paid on the \$200,000.00 amount.

On Thursday, August 21, 2008, we received a second "unofficial letter" from DOR which stated that it had received several inquiries concerning this issue, and the DOR was reviewing the matter. The letter went on to state that once DOR had determined the proper application of the documentary stamp tax law to short sale transactions, it would provide further guidance.

Clearly, this has created confusion in the marketplace. While Old Republic Title had serious disagreement with the initial interpretation by DOR, we believed, and stated to many who inquired, that compliance was the best course until further notice. Now, based on the more recent correspondence from DOR, there appears to be no definitive basis to require the payment of the documentary stamp tax on any portion of the debt discharged by a short sale lender. **Accordingly, unless and until we receive further guidance from DOR, we are advising agents to conduct business as usual and only collect and pay the tax on the contract purchase price.**

Recognizing the critical importance of this issue to all Florida closing Agents, Old Republic Title has decided to take a proactive approach and seek a final resolution of this controversy. In doing so, we will strongly advocate that DOR's initial position as set forth herein is erroneous. We have retained counsel in Tallahassee to voice our position and to encourage DOR to make a final official determination quickly. Obviously, this is a fluid issue and we will keep you informed as developments occur. In the meantime, please direct your questions to the Underwriting Department.