



## UNDERWRITING BULLETIN

To: Florida Agents and WFG employees  
From: Florida Underwriting Department  
Date: July 22, 2010  
Bulletin No: FL-10-3  
Name: Doc Stamps on Short Sale -- FINALLY

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Over the last two years, the question of whether doc stamps were due on the amount forgiven in a short sale has been the subject of far too much discussion in the title industry. Even the Florida Department of Revenue couldn't decide: First DOR said it wasn't taxable, then that it was, then they weren't sure – but were studying it, and finally concluded that it wasn't taxable.

The Florida legislature has now given us certainty.

The new statute, which became effective May 27, 2010, clarifies that Documentary Stamp Taxes are NOT due as to the amount of any unpaid indebtedness that is forgiven or released by the mortgage holder in conjunction with a short sale.

There are four conditions that must be met for this rule to apply:

- (a) The grantor's interest is encumbered by a mortgage or mortgages securing indebtedness in an aggregate amount greater than the consideration paid or given by the grantee.
- (b) A mortgagee releases the real property from its mortgage in exchange for a payment of less than the total of the outstanding mortgage indebtedness owed to the releasing mortgagee.
- (c) The releasing mortgagee does not receive, directly or indirectly, any interest in the property transferred.
- (d) The releasing mortgagee is not controlled by or related to the grantor or the grantee.

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