



Executive Director
Lisa Echeverri

August 7, 2008

Victoria P. Behm
Florida Underwriting Counsel
405 2nd Street South Suite C
Safety Harbor, FL 34695

Dear Ms. Behm:

The following is in response to your letter dated July 29, 2008, asking the Department's position on consideration when calculating documentary stamp tax on a "short sale" real estate transaction.

Due to the recent increase in declining property values here in Florida there has been an explosion of "short sale" transactions wherein the consideration or contract sales price is less than the total underlying indebtedness. In these transactions, property is conveyed to a third party purchaser and the existing lender agrees to satisfy the existing mortgage for a sum less than what is owed. In some cases the discounting lender will satisfy its mortgage and write off the total loss. In other cases the lender will satisfy the mortgage and take a promissory note from the seller for the shortage.

On a "short sale" of real property documentary stamp tax is due on the sale price plus any debt that is forgiven. Example: Current mortgage balance is \$200,000.00; real property is sold for \$150,000.00; Bank forgives debt of \$50,000.00. Total consideration for the transfer of the real property is \$200,000.00 upon which documentary stamp tax is calculated.

If you have further questions regarding this matter, you may contact Taxpayer Services by calling 1-800-352-3671, and for the hearing impaired, TDD at 1-800-DOR-TDD1 (1-800-367-8331). If you have specific questions and would like a written response, the request should be addressed to Taxpayer Services, Department of Revenue, 1379 Blountstown Highway, Tallahassee, Florida 32304-2716.

Sincerely,

Myra P. McKown
Tax Specialist II
Taxpayer Services Process

Control # 49119

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