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MEMORANDUM Ref #2008-09.4

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TO : ALL AGENTS

FROM: Craig R. Lynd (Counsel for KEL Title Insurance Group, Inc.)

DATE: 09/04/2008

RE : Short Sale transactions

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Please be advised the following policy regarding certain Short Sale transactions which are accompanied by a simultaneous flip.

**The Problem:** A short sale lender (the lender accepting less funds than it is otherwise entitled to) could theoretically make a claim that its satisfaction or agreement to enter the short sale transaction was obtained fraudulently. Particularly, if one of the parties involved is suggesting or providing information to the short sale lender about the property's value, then taking that parcel and selling it, typically the same day, for a much higher price. The relationship of the parties involved could be problematic if there is anything less than full disclosure. By way of example, the party negotiating the price with the short sale lender and the ultimate end buyer could be less than forthright in describing the situation depending on who his or her audience is at the time. Typically, these folks are doing whatever they can to make the deal go through.

**The Solution:** The Policy of KELITIG regarding short sales and simultaneous flips is that these transactions are prohibited. Short sales by themselves are fine and those transactions are encouraged with careful attention being paid to the closing instructions of the short sale lender.

**The Exception:** KELITIG will relax its policy as noted above provided that the law firm of Kaufman Englett and Lynd P.A., are engaged to facilitate the transaction which includes the negotiation of the short sale. This is the only way to assure KELITIG that the relationship of the parties involved in these transactions can not be challenged in the future.

For questions, please call Debra Winston of Kaufman, Englett & Lynd, P.A., via (407) 513-1900, ext. 7105.