TITLE NEWS

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The American Title Association

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New Orleans Convention Dates Set

The 1924 Convention of the American Title Association will be held in New Orleans, October 21-22-23 and 24 and bids fair to be the greatest meeting yet held.

Everyone has hoped for years to have a meeting in New Orleans, "America's most charming city," and likewise our good host and friend, Perry Bouslog has planned for years on entertaining us in his city.

So now every title man and woman in the country should have it in mind to go to New Orleans on the dates mentioned. The idea in having a four-day meeting is to provide ample time and opportunity for pleasure and sight-seeing. A national convention is a business proposition and as such will prove profitable but it likewise should be made a pleasure trip and one receive just as much from the trip, the pleasantness of it and the fellowship as from the business side.

So the first day will be an all day session of the meeting. The second will be a half day session in the morning only with a visit to the Latin Quarter in the afternoon and evening. The third day will likewise be a half day session with a boat ride in the afternoon, the banquet and a dance, "A Night in Dixie" for the evening.

Headquarters will be in the new "Roosevelt" one of the most interesting hotels of the South.

This is going to be a real convention. Everything is being planned so that the most good will be gotten from it, both as to value from the strictly business side and from the entertainment and social part.

There is no one in all the United States who has not wanted to go to New Orleans. This is the time to do it.

The Illinois Central is planning to run a special train from St. Louis. St. Louis is probably the logical gathering center and this special train feature would be fine. Everyone could get acquainted before the meeting.

So plan now, right now and let nothing interfere with your attending the Eighteenth Annual Convention to be held in New Orleans next fall.

MEMBERSHIP DRIVE TO CLOSE AND DIRECTORY HURRIED.

The Membership Campaign will close May 1 and work on the directory rushed so that it can be distributed in the shortest possible time. Much has already been done on it and the lists of members will be checked and revised at once.

Only members of the different state associations and those holding individual memberships in the national will be listed. There have been a number of inquiries if this directory will include the name of every abstracter and title company in the country whether members or not. No names will appear or be listed who ARE NOT MEMBERS OF THE ASSOCIATION. It is for members only.

There are several reasons why one should belong to his trade or commercial organization. There are many benefits to be derived from such membership, and one of the best things coming from membership in the title association is listment in the directory.

It is planned to issue one every two years, and to give it wide circulation throughout the country. Being listed therein will have a value many times of the dues.

TEXAS MEETING, SAN ANTONIO, MAY 19-20-21.

The 1924 Convention of the Texas Association will be held in San Antonio on the above dates. There should be a record-breaking crowd at this meeting. Texas is somewhat large in size, and the distance from one side to the other considerable more than in most of the other states but Texas abstracters should forget about those things this time and go to San Antonio for their annual convention.

It has been the pleasure of the Executive Secretary to attend the last two meetings of the Texas Association and they have been very fine. Extra efforts have been put forth this year to make the 1924 meeting the best yet. The meeting place is ideal, San Antonio being one of the most charming cities in the whole country. It is easy to reach, centrally located and President Massey deserves a large crowd at this meeting where he will be host.

The Texas Association is the largest state organization and has always been one of the most active. The officers this year have been following the example of those before them for the past years and given generously of their time and efforts.

This will be a most profitable and interesting meeting and every titleman and woman in the state is urged to attend.

PENNSYLVANIA MEETING IN MAY

The Third Annual Convention of the Pennsylvania Title Association will be held in Atlantic City on May 15 and 16.

The meeting place and program outlined make the prospects of this meeting very attractive. An opportunity for a week end vacation is afforded, adding to the social and acquaintanceship features.

The past two conventions of this association have presented very pretentious and interesting programs. This one will be just as much so and a profitable time is in store for those who will attend.

Numerous committees have been appointed to work out the details.

Frederick P. Condict, Vice President of the American Title Association will attend and give an address on some special title subject and also to extend greetings from the national association.

No business man ever lost anything by packing more quality into his service or product than the buyer expects. It is a truism to say that the man who gives more value than the letter of his contract calls for, is not going to have difficulty in getting another contract.

The man who continually talks about the other fellow's business does more hard hammering, restful advertising than the local newspaper can do in a month.

"THE EVIDENCING OF LAND TITLES."

By E. J. Stason, of the Sioux City, Iowa Bar.

(Note: The first installment of this article appeared in the February "Bulletin." This is the second and last.)

Title Insurance.

After careful investigation, and consideration, the writer is of the opinion that satisfactory relief from present conditions, and satisfactory provision for the future, can be attained only through title insurance. There are a number of legal definitions of title insurance all couched in somewhat similar language, one of these being as follows:

Title insurance is "a contract to indemnify against loss through defects in the title to real estate or liens or incumbrances thereon." (Cooley on Insurance, Vol. I, p. 12).

In other words, title insurance is a contract by which the insurer, for a valuable consideration, agrees to indemnify the insured in a specified amount against loss through defects in the title to real estate in which the insured has an interest, either as owner or mortgagee.

The sole object of title insurance is to cover possibilities of loss through defects that may affect or invalidate titles. It is for the assumption of whatever risk there may be in such connection that the premium is paid to the company which issues the policy, "Title insurance is not guesswork, nor is it a wager. It is based upon careful investigation of the muniments of title, and the exercise of judgment by skilled conveyancers. * * * A policy of title insurance means the opinion of the company which issues it as to the validity of the title, backed by an agreement to make that opinion good, in case it should be mistaken, and loss should result in consequence to the insured." (Foehrenback vs. German American Title Insurance Co. (Pa), 12 L. N. S. 465).

A policy of title insurance means that the attorneys of the insurance company, who are especially skilled in real estate law, have examined the title by means of the written information furnished them by the company, and have rendered their opinion to the effect that the title is a safe risk, and the company backs their opinion with an absolute guaranty. Under the abstract-opinion system there is practically no guaranty.

Almost every conceivable risk in commercial life may in practice be covered by an insurance policy. Is there any reason why the risk of the loss of the title to valuable real estate should not be covered by such a policy? Modern commercial life is gradually coming to realize the necessity of such insurance. The first policies were written about forty years ago. These policies, generally speaking, are of two kinds, one an owner's policy sometimes called a fee policy, and the other a mortgagee's policy.

Right of State to Regulate.

It is generally conceded that title insurance should, like other insurance, be subject to state regulation. Corporations engaged in the business are incorporated under the general law of the state, or under special acts, and are subject to the supervision of the insurance commissioner, or some such officer.

In Pennsylvania the Title Insurance companies operate under special statutes.

In Texas there are two statutes under which title insurance companies may operate. One is the general incorporation law authorizing corporations to engage in the title insurance business, and the other is the banking and insurance law, under which the commissioner of insurance regulates and inspects the affairs of each company, just as the banking commissioner regulates and inspects the affairs of the state banks.

In Oklahoma title insurance companies operate under the provisions of the statute relating to trust companies. They are authorized to guarantee titles to real estate. In order to do so, they must deposit fifty thousand dollars in securities with the state treasurer, and are under the direct supervision of the banking department.

In the State of Washington, title insurance companies are under state supervision and regulation, and are required to keep a deposit with the state, varying according to the size of the county.

In Illinois title insurance companies are organized under the general incorporation law, and qualify under the trust company and guaranty statute.

In New York the older companies were organized under special charters. At present they are organized under the general insurance law, and are subject to the supervision of the superintendent of insurance.

In Ohio the statute provides for the formation of title guaranty and trust companies, with authority, among other things to prepare and furnish abstracts and certificates or statements of title to real estate, bonds, mortgages and other securities. Such a corporation is not permitted to do business until its capital stock amounts to at least one hundred thousand dollars, fully paid, up, and until it has deposited with the state treasurer fifty thousand dollars in securities. Such a corporation is not permitted to do business in more than one county in the state, unless it deposits with the state treasurer an additional sum of fifty thousand dollars for each additional county in which it proposes to do business.

In Iowa there is no special statutory provision authorizing the writing of title insurance. In response to a letter to the Insurance Department, I have the following reply:

"I may say that insurance companies are only permitted to write in the State of Iowa such risks as are defined under the provisions of Section 1079 of the Code, as amended. Therefore, in the absence of any specific provision in the law, authorizing the writing of title insurance, this department is without authority to permit same."

It is evident that so far as this state is concerned, it will be necessary to have appropriate legislation enacted before it will be possible for any corporation to engage in the business of writing title insurance. Such an act should be passed, and the Iowa Association of Title Men would render a distinct service to the people of the state if it would prepare a bill to that end, and submit it, or cause the same to be submitted, to the next General Assembly, and see that it is passed in proper form.

Title Insurance In Other States.

It will be impossible for Iowa to be a pioneer in this field of activity, for the reason that other states have accomplished much in the way of title insurance, through corporations organized, as stated, either under the general incorporation law, or under special acts.

The Chicago Title & Trust Company wrote its first policy in 1888. The growth has been steady, from a few policies in that year to forty thousand in 1921; insurance for the latter year aggregating $333,910,000 of which $218,360,000 represented owner's insurance, and $115,549,000 represented mortgage insurance. In Chicago loan companies generally accept a title guarantee policy in lieu of an abstract of title. A Chicago business acquaintance stated to me recently, that he makes it a rule never to buy a piece of real property, without a guarantee title policy.

In New York City there are five title insurance companies. The secretary of the Title Guaranty & Trust Company writes that his company commenced active business in 1888, and in 1921 it wrote 31,170 policies; that almost everyone makes use of title insurance; that the lawyers do not seem to care to make title examinations or abstracts; that the average lawyer turns business of that kind over to a title company, and that the loan companies in the vicinity of Greater New York not only accept policies, but practically refuse to loan without them.

The vice president of the Lawyer's Title & Trust Company of New York City writes that title insurance in that state has been in use since 1883; that since that date insurance in excess of ten billion dollars has been written, principally in Kings, Queens, Nassau, Richmond, and Westchester counties and that title policies are generally accepted, although some of the savings banks still call for the abstract of title, but the number of these is steadily growing less.

The secretary of the Real Estate Title Insurance Company of Minneapolis writes that title insurance has been in use in that state since 1885; that it has not grown to any large extent,

and is not generally used; that the certificate of title is most generally used; that the company issues both title insurance policies and certificates of title, and the number of certificates issued exceeds by a large percentage the number of policies; that every one does business with an abstract of title, except when the premises are under the Torrens Law, and that is used but little.

Title insurance in Pennsylvania was originated by the Real Estate Title Insurance & Trust Company of Philadelphia in 1876. The writer is informed that "the growth of the business has been tremendous" in that city, that that company alone has issued two hundred and eighty-eight thousand policies; that business men in Philadelphia almost universally take the title policy in lieu of the abstract of title, and that in the opinion of the informant, writing for the company, "title insurance is the only practical and satisfactory way of handling titles, but it is not as profitable as some people think."

The vice president of the Title Guaranty & Trust Company of Tulsa, Oklahoma, writes that his company wrote the first policy in 1919, and since then the company has experiencd a healthy growth. He states further that "we have one loan company here which will not make a loan on property unless we issue a mortgage policy thereon. Another loan company does not use the mortgage policy, but relies upon the owner's policy as evidencing sufficient title for loans. It very agreeably admits that by such action it cuts us out of the mortgage policy premium and also relieves itself from an examiner's fee by its own attorneys."

I have a very instructive letter from the secretary of the Stewart Title Guaranty Company of Texas, which maintains offices in Houston, Dallas, Galveston, San Antonio and El Paso. This letter is in part as follows:

"We started insuring land titles in the fall of 1905; at that time there was no act permitting incorporation of companies for this purpose, so we operated as a partnership. Soon after, an act was passed, and in 1908 we incorporated. We have spread our business so that it now takes in five cities here in Texas.

"The business has been very slow in this state, it has been a hard fight and has required considerable time, patience and expense to get the public to understand the nature of our business. We have on our heels, who are continuously fighting us, the attorneys, and the public seems to be satisfied with their opinion in the majority of cases. I don't suppose in any of the cities where we operate, except Galveston, that we insure more than 10 per cent of the titles. How much longer it will be before title insurance becomes universal in Texas, if it ever does, is hard to say.

"There is but one answer to this question, whether it is acknowledged by business men or not, and that is that the system has many advantages over the old method. However, here, as well as in other cities in Texas, where we operate, except Galveston, the business public is usually tied up with some lawyer who controls the business along this line, and always advises them to stay clear of title insurance. The reason for this is obvious.

"Very few loan companies, except those which we control, accept our Guaranties, for the reason they usually have their own attorneys. The Manhattan Life Insurance Company makes a great many loans in Texas and they accept our policies. Local loan companies usually have an attorney on their board, who is also their legal advisor, and he controls the title end of the business."

I have other communications from different title corporations which are equally interesting and informative, but those referred to will give a fair impression of what title insurance companies are doing in other states. There are nearly one hundred of these companies doing business in thirty-one states. This is pretty conclusive proof that title insurance is coming into general use.

Bearing upon the progress that title insurance is making in business circles, it may be of interest to you to know that shortly after the Federal Farm Loan Board began active operations, in the way of making farm loans, the presidents of the twelve farm loan banks gave consideration to the proposition of the United States Fidelity & Deposit Company of Maryland, to the effect that that company, with its twenty million dollars of assets, proposed to guarantee. to the government, by a blanket bond, the titles of all mortgages taken to secure loans made by the Farm Loan Banks, the titles all to be examined by attorneys selected and approved by the bonding company. Those who were interested in this proposal offered as an argument in its favor that it would mean a saving of at least ten dollars on each mortgage loan made. On one hundred thousand loans this would mean a saving of one million dollars.

Those interested in this proposal believe that growing out of the present chaotic condition of the title business will come a system whereby the abstractor will continue his work as in the past, and that his work will be guaranteed, not only to the man ordering the abstract, but to all persons who acquire any interest in the property covered by the title guaranteed. This can be accomplished by the title company, with a competent staff of experts, securing a list of competent abstracters throughout the county, known to be careful and responsible, upon whose certificates the insurance companies absolutely depend.

The Policy.

Policies of insurance issued by title insurance companies are substantially as follows:

Policy No..... Order No....... Amount......

For value received the .... Company, hereafter called the Company, a corporation incorporated under the laws of the State of .... and duly authorized by the State Insurance Commissioner to insure titles in said state, doth hereby insure, subject to the annexed conditions, hereby made a part of this policy, RICHARD ROE, his heirs and devisees, hereinafter called the insured, against loss or damage, not exceeding FIVE HUNDRED Dollars which the insured may sustain by reason of any defect in the insured's title to all the estate or interest in the premises specified and described in Schedule A, hereto annexed and hereby made a part of this policy, or by reason of liens or incumbrances charging the same, at the date of this policy, saving and excepting, and this policy does not insure against loss and damage by reason of any estate, or interest defect, lien, incumbrance or objection noted in annexed Schedule B, which is a part hereof. Any loss under this policy is to be established in the manner provided in said conditions and shall be paid upon compliance by the insured with and as prescribed in said conditions, and not otherwise.

IN WITNESS WHEREOF .... Company has caused these presents to be executed by its president and secretary and its corporate seal to be affixed this .... day of .... 19........, at .... o'clock, a. m.

Mortgagee policies are of similar character, save that they insure the interest of the mortgagee.

Schedule "A" sets forth the interest owned by the policy holder, and the description of the property.

Schedule "B" usually includes those matters which affect the title, but are not necessarily, a matter of record such as boundaries, existence of easements of way, possessory rights not shown of record, claims under unrecorded instruments, material and labor liens not recorded, municipal assessments, prior to the time they are made a matter of record, and known and specified mortgage liens. As against these matters the title companies do not insure.

The conditions of the policy are usually that the company shall have the right to defend the insured in case of adverse action, and shall be given notice in writing within a stated time of the service of notice of suit; that the company shall have the right of subrogation in case it pays a loss; that upon payment of a mortgage by the mortgagor, all liability of the company ceases, and that in case of foreclosure the policy shall cover any estate vested in the insured by virtue of that proceeding.

Cost of Title Insurance.

The title insurance premium varies in different places, depending, of course, to a large extent upon the cost of making the necessary investigation

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APRIL, 1924.

BUILDING ESCROW BUSINESS.

By Kenneth E. Rice, Escrow Officer, Chicago Title and Trust Company.

For twenty-five years the company with which I am connected had had an escrow department doing a comfortable business from the steady patronage of a small clientele of large dealers. But it was not growing. We set out to discover why.

We approached the lawyers. Most of them favored escrow service but objected to fees based upon the amount of work entailed. They were unable to tell in advance what the cost would be and their clients were likely to object to the fees when reported. A few of them also felt it was an encroachment on their business.

We went to the realtors. They objected on two grounds: They wanted to close deals in their own offices and they wanted the deposits of earnest money.

To overcome the weaknesses this survey revealed, our first step was to standardize fees on a new flat rate basis and to publish the schedule in the newspapers, in the real estate and law papers and to circularize with them. The step proved immediately popular and has been one of the big factors in the department's growth. It is true that we very frequently receive escrows in which we are required in clearing up a title—to redeem from foreclosure or other judicial sales, redeem from tax sales, tax forfeitures and otherwise incur costs several times more than scheduled fee. But experience has shown in each such case that what we occasionally lose on account of our flat rates is more than made up by the staunch friends we win. It is a very rare case, indeed, where any deviation from the rule is allowed, on account of extra service.

Next, to meet the realtors' objections that escrow took business out of their offices a new sales contract and escrow form was perfected, which was a great improvement over current forms on the market and was distributed free of charge on request. This new form was made the basis of the first advertising campaign because it made possible "escrow service by mail." It is worth noting, however, that as soon as this objection had been met, it ceased to operate—our business has grown among the realtors, not because of "mail service," but because our office is a central meeting place for clients in different parts of the city and because escrow is the only adequate protection where one deals with strangers. A number of complicated three-cornered deals, put through without a hitch or entanglement, won more realtors to escrow service than we could have hoped. And the persistent hammering on the slogan, "Broker, Bridge That Title Gap," has had its effect.

The advertising campaign included large space advertising in the newspapers and a "professional" campaign in the real estate and law papers on the theme of the broker's and lawyer's responsibility to protect his client's interest by "bridging the gap." The newspaper campaign was a "consumer" series on escrow service.

Card blotters carrying escrow news and argument were enclosed with every statement of the credit department and with every preliminary opinion of title issued during the month by the title insurance department—an average of 7,000 a month.

The campaign was launched in October and carried through to the holidays. There was an immediate response, and a 100 per cent increase in business was noted—this volume being maintained even after the advertising stopped. No further publicity was attempted during the spring rush, except the real estate and law paper campaigns and the blotter enclosures

This fall a new campaign was worked out. This time, it was decided not to use any newspaper space. Two facts influenced this decision: Newspaper space was "consumer appeal," and yet because most of the escrow business comes from the lawyer and realtor, whose interests must be safeguarded, newspaper copy lacked the punch of ordinary "direct appeal." One could not talk about "the gap" to the consumer, and moreover, the whole idea of escrow service was too technical for any casual presentation to people who did not even know the meaning of the term.

The new campaign was a series of eight letters, mailed one a week to every realtor and lawyer. Each letter covered a single feature of escrow work. The frequency of mailing increased the force of the positive information they contained. Instance after instance was cited and the moral punched home. The letters brought business.

A real estate firm was given permission to put on its letterhead: "As a further service to clients, all deals closed through Escrow Department, Chicago Title and Trust Company." This statement has appropriate place in the firm's advertising and as a number of very large deals were closed not long after by these realtors it had the effect of waking up other concerns, one of which took the trouble to write in: "Why didn't we think of that before; it's a grand idea."

The volume of escrow business has tripled since the program of expansion was launched eighteen months ago. The exclusive escrow personnel has increased from seven to twenty-four, the floor space has doubled, and in the next sixty days will be tripled. This growth has been achieved not simply as "supplementary title insurance," (carrying forward title insurance to the "later date") but because realtors and lawyers are realizing more and more the peculiar value of escrow service, regardless of what evidence of title is used.

The company has particular satisfaction in the fact that the new volume is coming directly from the lawyers and realtors—the lawyers bringing about eighty per cent. We feel that this is proper, that the suggestion to the consumer should come not from us, but from his attorney or broker and we have based our entire expansion program upon this thesis. We made a test of this some months ago when a young attorney complained that escrow was gradually eliminating lawyers in real estate deals. We found that in eighty per cent of our deals, one or both of the parties were represented by legal counsel. This is, however, quite logical since the attorney by the peculiar nature of his training is primarily interested in seeing that his clients either give or receive good title to the property in question.

Training a competent staff to handle such a volume of business was something of a problem. We found it impracticable to use real estate men—too often they had their own methods which it was difficult for them to forget. Our best men have been young law students. With night law school attendance and our own "escrow school" once a week, these men are soon developed into competent assistants to first handle simple escrows and then complicated transactions.

But, after all, the key to any success is in courteous and competent service. We have endeavored to make the whole tone of the department meet that ideal. The importance of such an attitude is stressed again when an occasional lawyer or realtor, imperfectly trained or inexperienced in real estate matters, brings in a client to close a deal. We are under obligation to see the deal through in proper fashion without revealing the shortcomings of such a lawyer or broker to his client. That requires not only escrow knowledge, but tact. But such service is building for the department a goodwill beyond value.

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in order to ascertain the condition of the title. That is, it costs much more in New York City than it does in Minneapolis, for obvious reasons. In the latter city an owner's policy for one thousand dollars costs $15.00, and a mortgagee's policy for one thousand dollars cost $12.00. In Seattle an owner's policy for one thousand dollars costs $20.00, and a mortgagee's policy for a thousand dollars costs $15.00. In Chicago an owner's policy for one thousand dollars costs $24.00, and a mortgagee's policy for one thousand dollars costs $35.00. In New York City the minimum charge for an ordinary policy for one thousand dollars is $65.00.

It appears to be a rule that if the owner of the property already has an abstract made by a competent abstracter, the insurance premium is less than where he does not have one.

There are two determining factors in fixing the premium to be paid for title insurance, namely, the cost of examining a risk, and the probability of loss, both of which are fixed with a reasonable margin of safety. Of the gross rate it is generally computed that three-fourths of the premium is for the examination of the title, and one-fourth for the risk.

The rates of insurance of the nearly one hundred companies engaged in the business are practically the same as those established almost twenty-five years ago. The average rate outside of the larger cities is one per cent of the value of the property insured, with a fixed minimum charge. The rate exceeds one per cent on the smaller policies and is less than one per cent on the larger ones. As the bulk of the insurance is written in connection with the purchase of property, the purchase price is taken as the basis of value in determining the premium. In case of insurance of the interest of a mortgage, the amount of the mortgage is the basis for determining the amount of the premium. If a property owner desires to have his title insured, an appraisement of the value of the property is obtained for the purpose of determining the amount of the premium. The Real Estate Title Insurance Company of Minneapolis insures the owner for twenty years. The mortgagee policy insures the mortgagee on his loan, and insures the fee, if a foreclosure ensues, for a period of twenty years.

It will be observed that these charges are less, as a rule, than the charges made to a property owner where he is required to have one or two continuations of his abstract, at an expense of from $5.00 to $25.00 and is required to pay the charge for an examiner's opinion, ranging from $10.00 to $50.00. In addition, the property owner saves very much in time and annoyance, which, if it could be converted into money, frequently amounts to several times the cost of even the continuations and the examiner's opinion. The insurance companies appear to be able to deliver a title policy within forty-eight hours, and frequently within a shorter time, of the receipt of the application.

Advantage of Title Insurance.

The advantages of title insurance are similar to those of fire, burglary, and other forms of property insurance. It indemnifies the owner against loss, arising from defective title. Other indirect benefits are the following:

Since the company stands to lose, it is going to see to it that the title is as nearly perfect as it is possible to make it.

All the property owner has to do is to pay the premium, and in case of threatened loss, to report the possible loss to the title company. He need give the matter no further concern.

He is saved harmless from all loss or expense on account of defects existing at the time the policy is issued.

In case the one carrying the policy is the owner and wishes to transfer his property, he can do so almost immediately by assigning the policy along with the assignment of his fire insurance. The purchaser then presents the policy to the company, and a new one is issued in his name for a nominal additional charge.

Title insurance adds credit and value to all titles insured and even in case of doubtful titles, the owner is able to transfer or mortgage them. For such titles an additional charge is made for the additional risk.

If a property owner wishes to place a mortgage upon his property he makes the usual arrangements regarding the loan, and provides the lender with a mortgagee's policy which is issued at a small additional expense, the additional expense, being for the examination of the records from the date of the owner's policy held by the mortgagor.

In case of the transfer or mortgage of a title, the owner simply hands to the purchaser or mortgagee a certificate instead of a bulky abstract growing continually larger.

The owner of real estate can handle it by transfer or mortgage almost as readily as he can his personal property. He does not have to wait for days—it may be weeks—until the abstract has been continued, and then wait for an indefinite time to have it examined, and the examiner's requirements complied with.

Partisans and Opponents.

It is found in actual experience that title insurance is favored by those who desire to avoid the unwieldy and expensive abstract and the examiner's opinion method, by those desiring a method less expensive, by those who want to have financial responsibility back of the certificate of title, and also by those who want the title to real estate so assured that real property can be readily sold or pledged in order to raise money for usual business purposes, and especially in case of emergency. Title insurance is therefore favored by the banks and trust companies, and by brokers who handle real estate securities. The financial institution desires that their real estate be made as nearly liquid as possible in these days of rapid conversion of assets.

Title insurance is opposed, as already stated, by title examiners, and by the conservative business institutions whose employees have become accustomed to the abstract-examiner's opinion method, and do not want to change. It is mere inertia in most instances.

The abstracter need not be unduly alarmed by the growth of title insurance. The insurance company must have an abstracter's records and they must be kept up to date. If a title company undertakes to issue policies in counties other than the one in which its principal office is located, an abstracter, and an abstract plant, must be maintained in each of such counties. There is, therefore, no special reason why the abstracter should fear that the title insurance business will deprive him of his vocation. Two operations are required in the issuance of any policy: First, the compilation of the record history of the title, and second, the determination of the legality of the title to be insured, judged by the law in force in the particular locality. The first operation is that to be performed by a competent abstracter; and the second by obtaining the opinion of a competent title examiner to the effect that the title is a safe one upon which to issue a policy.

In the event of the general adoption of title insurance, some abstracters and some title examiners may be supplanted, but they are as unable to stop the progressive spirit which moves the world, as the stage coach driver, who carried the mail, was unable to hold back the progress made in the dissemination of information by radio, or the delivery of mail by aeroplane. The writer is firmly of the opinion that requisitions, searches and abstracts belong to the days of the stage coach; that some better method will supercede them and that the united opposition of abstracters and title examiners will not be able to prevent the change.

"I Did Not Have Time." These are the five most dangerous words in the English language. They mark the dividing line between success and failure for hundreds of millions of human beings.

There are two sciences which every man ought to learn—first, the science of speech; and, second, the more difficult one of silence.—[Socrates.

Abstracts of Land Titles—Their Use and Preparation

This is the second of a series of articles or courses of instruction on the use and preparation of abstracts.

From the three preceding installments of this series we have found that an abstract is a brief of the records, that everything of record must be noted thereon and it is the abstracters duty to know what all to show and how to find it in the records. We will now briefly consider the ways and means for a searcher to know what records must be inspected and how he may know where to find all of the various matters.

It must necessarily be by a key or index system to the records. There are two kinds: private and country. The private records are those owned and kept up by an abstracter or title company and the others are those provided for and kept up by the county. Such indexes are called "numerical" or "tract" indexes and are so arranged that a record for each tract of land or lot is provided for and all conveyances and matters affecting the land can be posted on the particular piece conveyed or concerned.

The private indexes of the title companies are kept to date by taking off the information from the instruments filed daily and posting them thereon.

Some counties do not keep up a numerical index, in fact as a rule a majority of those throughout the United States do not have a General Index or one where the names of the grantors are listed alphabetically and the instrument is not posted against the land. It is almost impossible to "chain" a title from general indexes alone. Numerical indexes in county offices are found oftener in the middle west and the newer counties where provision was made for them at the organization of the county government. They are usually kept up very well and will very often be supplemented by a general index.

There are probably more abstracters or people making abstracts in the business to-day who have no plant or set of books of their own and rely entirely upon the county ones than there are those having them. But if a prophecy is in order, one will be made that the day is coming when such will not be the case for as titles become older and more complicated, communities grow and some have very rapid growths, the county indexes become unreliable to the point of being useless, and service cannot be rendered from them. The suggestion is here made to those who expect to stay in the business, get all from it possible and survive, that they make plans immediately to build a plant or some kind of a system of indexes for their own office.

The many reasons for this are obvious. County records cannot be considered with favor nor recommended for many reasons. They are inaccurate and unreliable to such an extent that an abstracter always assumes additional liability by relying upon them. They always will be so as long as constantly changing new county officials knowing nothing of the work come into office, and with their assistants and office force changing accordingly. A county office will have a rush of business, no extra clerical hire is available, and mistakes are made in the turmoil.

County offices are frequently crowded and with not enough space for the recorder without allowing any for the abstracter or many abstracters as there usually are in places where the county indexes are used. Frequently two or three abstracters want to use the same tract book at the same time and delay is caused by having to wait. Working conditions in most court houses are far from satisfactory and the abstrater relying entirely upon the county records is inconvenienced by the facilities provided and conditions existing.

County indexes provide only for the matter recorded in the recorder's office and a search must be made in every other office, while with the private books or "plant" the abstracter can post suits, city vacations, and everything found in every office in the city and county on his one index and have the whole thing in one place and at his finger tips.

The abstracter using county indexes must necessarily spend a great deal of his time at the court house. This takes him away from his own office, and destroys the privacy of business because all the abstracters in town will be in the register's office a great deal of the time and each know of the other fellow's business.

No set of county indexes is going to be complete, accurate, safe and full enough to meet the needs, help express individuality of work and enable the abstracter to render the best service and meet the ever increasing demands progress and commerce are making upon the title business.

The above mentioned are just a few of the many reasons why anyone expecting to go into the business or get all out of it possible if already engaged therein should have his own plant. No matter what the conditions, the amount of business or the size of the place, it will pay some one in the end to build his own indexes or abstract books.

These remarks on county indexes are not made to belittle the abstracter now using them and who does his work from the county records alone. Many of the best abstracters making very fine abstracts have never worked from anything but county records. They are merely statements of fact as anyone will admit. Likewise the following points on the advantages of having one's own plant are given merely to bring out the value of the privately owned and operated system.

In the first place they are yours, accessible at any and all times, convenient, for your exclusive use, permitting you to do the bulk of the work in your own office and at your own time. You are safer because they are more accurate and complete and contain not only the instruments in the recorder's office, but probate, civil and all court matters, irregular and miscellaneous instruments, and the many other things affecting any piece of property.

If there is a boom either from commercial activity or the discovery of valuable minerals, the one with a plant will be able to render the better and quickest service and get the bulk of business.

A title plant increases in value all the time and always represents a substantial investment.

Once a system or set of books is started, never let it get behind or discontinue keeping it posted to date. Sometimes one will wonder if it really pays to do so and let it drop, thinking the county indexes are good enough. This is the biggest mistake anyone could make. Who knows what will happen,—the possibilities for growth either steady or unexpected with possibly the discovery of oil which means a rush of business for the abstracter.

Which recalls to mind a circumstance of this kind. An abstracter was doing business in an average county. He had a good set of books and later acquired the only other set by buying out his competitor. The county kept up a numerical index too, and soon another abstracter—"curbstonen"—came to town and started making them off the records. He got along all right so the established abstracter thought he would use the county records too and not be to the expense and trouble of keeping his up. Fifteen years went by and the county records were serving him well enough. An oil well was brought in—the rush began, orders for work came in and both the original and the curbstone abstracter were swamped. The territory was limited to a few townships all in one range book and it was a constant fight for that one lone range book which was the index for all the land in the oil territory. Soon others came in and began to make abstracts from the records. The register's office was swamped with leases, assignments, royalty deeds, etc., so that it took one clerk's time to keep that book posted. Later they got behind with it, the office was swamped and it was generally one grand riot. If that set of abstract books had been kept up, the one having them would certainly have had an advantage.

One of the biggest assets too and a business getter for an abstracter is to have his books and be able to give information to real estate men and the general public about pieces of property, the owner, the mortgages on it, etc. It is a mighty good thing to have everyone coming to your office for information pertaining to the titles to the land in your county.

So if you do not have a plant, start one to-day, by taking off the daily transfers from now on, and working back until it is complete.

Suggestions for Plants.

It is extremely hard to recommend the best type of plant for general use and along lines that would apply in many cases, so just a few suggestions and ideas are offered.

The reasons for its being difficult and hardly within the province of this discussion is because of the various conditions existing in many places, the different kinds of abstracts used which must of necessity influence the kind of indexes used, and for the further reason that most plants in operation to-day are the continuation of some scheme started years ago. There are just as many different kinds of systems as there are abstracters and abstracts.

There are just two facts however that will prove whether a system is a good one or not. 1—Can you turn out accurate work from it in the shortest possible time? 2—Is the cost of maintenance or overhead at a minimum?

There are many abstract plants which never have and never will be money makers because they are too elaborate and the expense of maintaining them eats up all the profit or earnings of the office. The tendency of the average abstracter is to have everything imaginable and a very elaborate scheme of things. Then too it used to be that the abstracter thought he almost had to have more than there was in the recorder's office, just as the old time lawyer thought he had to have all the law in his head. Now, both in the case of the abstracter and the lawyer, the advantage is to know where to go to get the things, information, etc., when you want them. Many of the present title systems too are being kept up on the same lines as started twenty, thirty or forty years ago and are cumbersome for present day needs.

It used to be that an abstracter with a set of books would make an abstract from them entirely. He had everything necessary on them and had no occasion to refer to the records for information. But changes in business conditions, demands for fuller showings, the many affidavits, leases, miscellaneous instruments, and with the ordinary conveyances full of clauses, exceptions and the like, one can hardly expect to keep up with all the work involved but must have more of a code or key system where it can be ascertained to what records to go.

A vast majority of the property moves slowly—there is not much turnover. Certain sections will have a development and experience the activity while other parts will not see a dozen sales or conveyances in a year. There will be a part where there is a foreign settlement and the property will not average a sale in 10 years while in another there will be a period of trading and speculation or large tracts will be broken up for truck gardens and the like.

This brings out the surprising fact, as one abstracter found from keeping records, that 70 per cent of the transfers are dead or slow of ever appearing on an abstract, so why be to a lot of expense in keeping a record of them in some complicated system when it may be years before any money will be made from showing them on an abstract, if ever.

A plant for a city of 30,000 would not be the most applicable for one of ten times that size or even less, where speed is required, and the vast number of transfers and work requires key or code systems, and where title insurance is growing in favor and through it many of the titles are becoming "registered" in the title companies office.

The kind of abstracts too regulates the most desirable system. In a majority of states granting and habendum clauses, full acknowledgments and other things are not shown in full, while in Missouri, Colorado, Montana, Oklahoma and others it is the custom to set all these things out in full.

In those states where the more simple chain is the custom, the title company can have a complete take-off in their own office, but in the others this would be an exhausive undertaking and since so much must be taken from the records, a more brief system can be used altogether.

But for the average county, a most desirable plant is one where a full take off is gotten from the records daily and the information posted on a brief numerical. The full take off is desirable because it constitutes a complete plant with all information needed to do work from the material in the office and expedites production, while at the same time means the building of a valuable piece of property.

The ideal plant would be to have a photo copy of the take-offs. A great deal of interest is being shown in this kind of a system as the machines have been perfected, now print on both sides of a durable paper and of which there is a sufficient supply. The only question about such a system is whether you have room and equipment to handle it and the matter of expense. Money can be made however from outside commercial work and many uses that can be made from such a piece of equipment right in the general business. The Cameragraph Co. has worked out a system whereby the abstracter does the recording for the county by photographing the instruments, and gives the abstracter a copy for himself.

A full take off is applicable to the average office. This can be done to a great extent by abbreviation. The take-off should be done on typewriter paper 8½x11 inches, transferred to a binder at the office for temporary use until sufficient of them have accumulated for binding into a permanent record. Take the Grantors, Name and status; Grantee; Date; Nature of Instrument: Date Acknowledged; Before Whom; Consideration; Book and Page of Record; Description (complete); Exceptions: Notation of any Irregularities.

Copies of all Miscellaneous Instruments, Affidavits, etc. are very valuable things to have, and arrangements can usually be made with the recorder to furnish carbon copies of them made at the time of recording.

In addition to all conveyances and other instruments of writing filed for record, a search of the various courts should be made daily and the suits, mechanics liens, noted as filed and a notation of them posted against the land involved.

Likewise the probate court should be visited and as soon as the inventories of estates or any papers in an estate filed listing or showing the real estate owned are filed, an entry of the estate should be posted on the numerical index on each piece of land described or known to be involved.

Arrangements for a take off of these various suits and estates can usually be made with some clerk in the clerks and probate offices who can furnish them as filed.

It is very necessary that these court take offs be secured especially from the civil courts, and immediately posted on the abstract books. Many times suits to quiet title, suits on contracts and other actions are brought against parties whose names do not yet appear in the title. Defendants in a quiet title suit may be those way back in the chain and which the abstracter would have no occasion to catch in his usual judgment and suit search against parties mentioned in the later part of the abstract. Probably every abstracter knows of cases where a suit to quiet title was had, not shown on the abstract at the time of securing judgment, the land had changed hands once or more times since without the abstract having been brought to date and maybe years later when it was continued again, the suit would not be caught because the abstracter would not and neither would he have occasion to look up suits, etc., against the defendants in the quiet title suit. The later examination would again reveal the necessity for a quiet title action, it would be brought, although absolutely unnecessary and need not have been done had it been possible to have caught some notice of the previous action.

Another very valuable book or index for an office is an index of all estates filed for probate in the probate court, and listed under the name of the party. In other words, a duplicate of the index in the probate court. This is recommended in addition to posting them when possible on the numericals as stated above. It will prove very handy many times, and one will be surprised at the number of occasions there will be to see if this and that estate has been probated.

Some offices also keep up a suit pending and judgment docket. This is unnecessary in the majority of cases and for the big average of abstract offices, the keeping up of such an index is a thing more expensive, troublesome and annoying than justifiable and is impractical because one must almost be a clerk of the court to keep up with the various suits, when they become judgments, and when the many judgments are released as they are from time to time. The clerks' records ordinarily are satisfactory enough, although in some states and places, the

laws are such and the records of the clerks' office are kept in such a way as to make it necessary for the abstracter to keep some such an index in order to be safe. Then too it is necessary in many of the larger cities, where there are so many of them and some special scheme must be had to provide a better system for speed and accuracy than kept by the court itself.

In addition to the regular tract or numerical indexes where a scheme is provided for posting things against the land itself, the question of indexing blanket deeds, affidavits, certificates and special instruments of every kind and imaginable description filed and in which no property is described is an always perplexing problem to the abstracter and there are many ideas on the subject.

These miscellaneous instruments are the basis of many titles, in fact almost every title now is based somewhat upon affidavits, and other irregular instruments so that it is very important to keep a careful record of them as the passing of time makes them more and more difficult to secure. And may the suggestion be given here and now, that when you, an abstracter and supposed title man, draw any affidavit, certificate or other miscellaneous instrument, do not fail to put in a description of the land affected so that it may be indexed accordingly.

All such instruments should be posted against the land when it is given in them or known to affect and also posted on a special miscellaneous index arranged alphabetically and posted under the topic, subject or person's name about which they are intended to explain. They can always be found on the numerical and if sometime later it is necessary to have additional facts, or the same thing for another piece of property, this double indexing might provide information, give a clue as to the party who had made the one before and who could again.

Plats are another most necessary part of the abstract office. Every time a plat of a new addition or survey is filed, make a copy of it for your office the same as you would take off a deed or mortgage. A plat is a necessary and regular part of every abstract and the day is coming when no examiner will look at one without a plat attached. It is also one of the best things for service to the customer and a money maker for the office.

(Continued in May issue.)

THE MISCELLANEOUS INDEX

Being a review of interesting matters presented to the Secretary's office

"Real Estate Magazine," the publication of the Real Estate Board of Philadelphia, has an article on "Title Insurance" by Henry R. Robins in the March number.

The talk was given by Mr. Robins at a meeting of the Board and the report states, "Mr. Henry R. Robins, an acknowledged authority upon the subject, spoke upon "Title Insurance" at the first winter meeting of the Real Estate Forum of the Philadelphia Real Estate Board in the assembly room on the evening of Wednesday, January 30, 1924. The assembly room was crowded. President John G. Williams of the Board presented Mr. Philip N. Arnold, chairman of the Forum Committee, who in turn introduced Mr. Robins."

The same publication also has an article on the "Necessity for Schools of Real Estate" by an instructor for the Y. M. C. A. schools of Philadelphia, in which the intricate details of a real estate deal are mentioned and special stress laid upon the necessity of the real estate broker exercising the utmost care and attention to title matters in order that no error in the deal or transaction of the present time will effect the title and cause trouble for the future.

Verily, most verily, do the title men say "amen" to this. Carelessness of the many who undertake to act as title experts and attend to the title matters of real estate deals is the cause of 99 per cent of the trouble today and the dissatisfaction with the present title system. Real estate men should either learn how to attend to the details of title or else let some one look after them who does know.

Many title companies issue some periodical publication of interest on title matters.

The latest is that of the Land Title Abstract & Trust Co., Cleveland, Ohio, who issues "The Land Title Review," a monthly publication devoted to the interests of the employes of the company. James J. Shepro is editor, with our old friend, Charles C. White, as advisory editor. Be careful, Mr. Editor, what kind of advice your advisory editor gives, especially if it is about golf.

Longview, Washington, the model or rather modern and complete city, built to order by the Long-Bell Lumber Co., finds itself with excellent title service in the opening of an office by the Washington Title Insurance Co. whose home office is Seattle.

The company entered into a contract on November 14, 1922, with the Long-Bell Co., to furnish title insurance to all purchasers of the company's property in Cowlitz County, and on December 1, 1922, purchased the L. C. Mann Abstract Co. plant.

It was later thought best to re-check and re-make an entirely new set of take-offs and indexes of the records of the county, which job has been completed and a fine plant established.

The Washington Title Insurance Co. announces that same has been sold to the Longview Title Co., who will also act as agent for the Seattle Co., in the issuance of Title Insurance.

Ralph H. Foster is Vice President and Manager in charge.

Every abstracter is sometimes asked to make up an abstract, or continue one and not certify to it. This is a question every abstracter should consider. There are many points to be raised in objection to his complying with such a request, none in favor of it. Many abstracters absolutely refuse to let anything go out from their office without being certified to, and this is undoubtedly the proper stand to take. An abstract without a certificate, even a continuation without one is nothing at all, and can very easily reflect upon the abstracter and often get him into serious trouble.

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912,

Of Title News, published monthly at Mount Morris, Illinois for April, 1924.

State of Kansas }
County of Reno } ss.

Before me, a Notary Public, in and for the State and county aforesaid, personally appeared Richard B. Hall, who, having been duly sworn according to law, deposes and says that he is the editor of the Title News and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, The American Title Assn., Hutchinson, Kansas; Editor, Richard B. Hall, Hutchinson, Kansas; Managing Editor, Richard B. Hall, Hutchinson, Kansas; Business Manager, Richard B. Hall, Hutchinson, Kansas.

2. That the owner is: (If the publication is owned by an individual his name and address, or if owned by more than one individual the name and address of each, should be given below; if the publication is owned by a corporation the name of the corporation and the names and addresses of the stockholders owning or holding one per cent or more of the total amount of stock should be given.) The American Title Association, George E. Wedthoff, President, Bay City, Mich.; Richard B. Hall, Secretary, Hutchinson, Kansas; T. M. Scott, Treasurer, Paris, Texas.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

RICHARD B. HALL.

Sworn to and subscribed before me this 26th day of April, 1924.

(SEAL) GUY W. MORTON,
Notary Public.

(My commission expires February 18, 1925.)